



# OFFICE OF THE AUDITOR GENERAL



## **Report to the House of Assembly on the Business Plan**

**For the Year Ended  
March 31, 2015**

# Office of the Auditor General Newfoundland and Labrador



The Auditor General reports to the House of Assembly on significant matters which result from the examinations of Government, its departments and agencies of the Crown. The Auditor General is also the independent auditor of the Province's financial statements and the financial statements of many agencies of the Crown and, as such, expresses an opinion as to the fair presentation of their financial statements.

## VISION

*The Office of the Auditor General is an integral component of Government accountability.*

| <b>Head Office Location</b>   | <b>Mailing Address</b>  | <b>Regional Office Location</b>                                       |
|---|---|---|
| 5-7 Pippy Place<br>St. John's<br>Newfoundland and Labrador<br>Canada<br>A1B 3X2 | P.O. Box 8700<br>St. John's<br>Newfoundland and Labrador<br>Canada<br>A1B 4J6<br><b>Telephone:</b> (709) 729-2695<br><b>Email:</b> oagmail@oag.nl.ca<br><b>Website:</b> www.ag.gov.nl.ca/ag | 1 Union Street<br>Corner Brook<br>Newfoundland and Labrador<br>Canada |



**AUDITOR  
GENERAL**  
of Newfoundland and Labrador

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September 30, 2015

The Honourable Wade Verge, M.H.A.  
Speaker  
House of Assembly

Dear Sir:

In compliance with the *House of Assembly Accountability, Integrity and Administration Act* which prescribes the application of the *Transparency and Accountability Act*, I have the honour to submit herewith, for transmission to the House of Assembly, my Report on the Business Plan of the Office of the Auditor General for the year ended March 31, 2015.

As an Officer of the House of Assembly, the Auditor General provides an independent, unbiased and informed opinion on matters that are considered to be significant to the Members of the House of Assembly. The Office is committed to promoting accountability and encouraging positive change in the stewardship, management and use of public resources.

This Report to the House of Assembly is for the year ended March 31, 2015, and is the first Report related to the Office's *Business Plan, 2014 - 2017*. That Plan was presented to the Speaker of the House of Assembly on June 30, 2014. This report is designed to provide Members of the House of Assembly with a full overview of the operations of the Office during 2014-15: our plan, our budget and the results achieved. I am accountable for the actual results reported.

A professional team makes the work of the Office possible. I thank them for their dedication and continued commitment to high quality standards in their work.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Terry Paddon'.

**TERRY PADDON, CPA, CA**  
**Auditor General**

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**CHAPTER**  
**1**  
**OVERVIEW**

### 1.1 Responsibility

The House of Assembly is responsible for overseeing the activities of Government and for holding Government accountable for its management of public money and other public resources. The Government reports to the House of Assembly on a regular basis with information about how public funds are used. The Office of the Auditor General is an independent resource available to the House of Assembly to assist in the financial oversight process.

The primary characteristic of the Office of the Auditor General is the independent, non-partisan, nature of the office which is intended to ensure objective oversight of the operations of Government. This role is an integral component of the accountability relationship which exists between all levels of Government through to the House of Assembly.

The Auditor General has a responsibility to report directly to the House of Assembly. In accordance with the *Auditor General 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. The Office of the Auditor General recognizes that the continued relevance and credibility of its reports is of paramount importance if the Office is to meet the needs of the Members of the House of Assembly.

### 1.2 Mandate

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

- The Auditor General is the independent auditor of the financial statements of the Province and expresses an opinion annually as to the fair presentation of those financial statements.
- Where appointed by statute or 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 independent auditor.
- The Auditor General reports to the House of Assembly on any significant results of audits, examinations and inquiries of Government departments, Crown corporations or Crown agencies.

- The Auditor General, where in his or her opinion such an assignment does not interfere with the Auditor General's primary responsibilities under the *Auditor General Act*, may carry out special assignments whenever requested by the Lieutenant-Governor in Council, the House of Assembly or the Public Accounts Committee.

### 1.3 Vision

The Office of the Auditor General is an integral component of Government accountability.

### 1.4 Mission

By March 31, 2017, the Office of the Auditor General will have enhanced its provision of high quality audit services to the House of Assembly. The measure and associated indicators of this mission are:

Measure:

Enhanced provision of high quality audit services

Indicators:

- Developed and implemented a performance audit methodology that incorporates value-for-money.
- Improved timelines for completing financial statement audits, as compared to 2012-13 baseline.
- Developed and implemented an employee performance management program.

### 1.5 Values

Values are the fundamental principles that guide behaviour and decision making. They are the critical success factors that are essential to effective performance-based planning because they underline the decision-making process, impacting the ability of any organization to achieve defined goals and objectives. Clear communication and articulation of values promotes alignment between organizational culture and achievement of outcomes.

Above all else, the Office of the Auditor General must have independence, credibility and integrity. These are essential to everything we do; critical to our success.

### *Independence*

The Office of the Auditor General must remain independent of Government and the Government Entities it audits. This independence is fundamental to the Office's ability to ensure objective oversight of the operations of Government. This role is an integral component of the accountability relationship which exists between all levels of Government through to the House of Assembly.

The Office of the Auditor General demonstrates its independence in fact and in appearance by remaining non-partisan; avoiding perceived and real conflicts of interest (politically, financially and personally); adhering to professional codes of ethics and standards; and conducting audits with objectivity, basing opinions on facts, not on pre-conceived opinions, free from influence or control by others in matters of opinion.

### *Credibility*

To successfully fulfill our mandate, the Office of the Auditor General must provide reports and audit opinions that are considered credible by the House of Assembly and the public at large. Credibility provides value to our primary clients and stakeholders and focusing us to produce work on topics that are appropriate, timely and relevant.

The Office of the Auditor General strives to achieve credibility by producing results that are based on evidence and compliance with rigorous professional and office standards. Internal quality control measures, coupled with adherence to high-quality work ethics, produce results that reinforce our credibility. Additionally, the Office establishes its credibility by conducting relevant performance audits that evaluate value-for-money in consideration of efficiency, effectiveness and economy.

### *Integrity*

The Office of the Auditor General holds integrity as a priority value. This is demonstrated through an uncompromising and predictably consistent commitment to rigorous professional standards. Integrity is also demonstrated through consistency in action and application of moral and ethical principles. The Office of the Auditor General consistently maintains the confidences of its auditees, considers all relevant perspectives when making decisions and remains objective, free from other influences.

## **1.6 Lines of business**

The Office of the Auditor General delivers on its mandate through the following lines of business:



### *Audit of the 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 Chartered Professional Accountants of Canada. 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 on the Financial Statements to the Province.

### *Performance Audit*

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

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

The findings of the performance audits are reported in the Auditor General's Report to the House of Assembly on Reviews of Departments and Crown Agencies.

Performance audits also result in recommendations which are designed to improve processes and overall performance in the delivery of public services, and in the management of public money and other resources. It is important that Government carefully consider these recommendations and take appropriate action. Therefore, we monitor the extent to which Government implements our recommendations. We commence monitoring of recommendations approximately two years after a recommendation has been made and will continue to monitor recommendations until they are fully implemented or otherwise resolved for a maximum period of four years. We report the status of the implementation of recommendations annually in the Update on Prior Years' Recommendations.

### *Special Assignments*

A special assignment is completed in response to a request from the Lieutenant-Governor in Council, or a resolution by the House of Assembly or the Public Accounts Committee. The nature and scope of these assignments vary, depending on the nature of the request. A special assignment will result in a report of findings to whoever makes the request.

### **1.7 Primary clients**

Primary clients are any person, group, or organization served by or utilizing the programs, services and/or products offered by the entity. Identifying the primary client and then determining whether their needs are being met helps an organization determine its priority issues, ensure its mandated obligations are met, and drive the organization's vision and mission.

The primary client of the Office is the House of Assembly. The Office has a significant number of internal and external stakeholders which are:

- Speaker of the House of Assembly
- Members of the House of Assembly
- General Public
- House of Assembly Management Commission
- House of Assembly Audit Committee
- Public Accounts Committee
- Government Departments and Crown Agencies

### **1.8 Organizational structure**

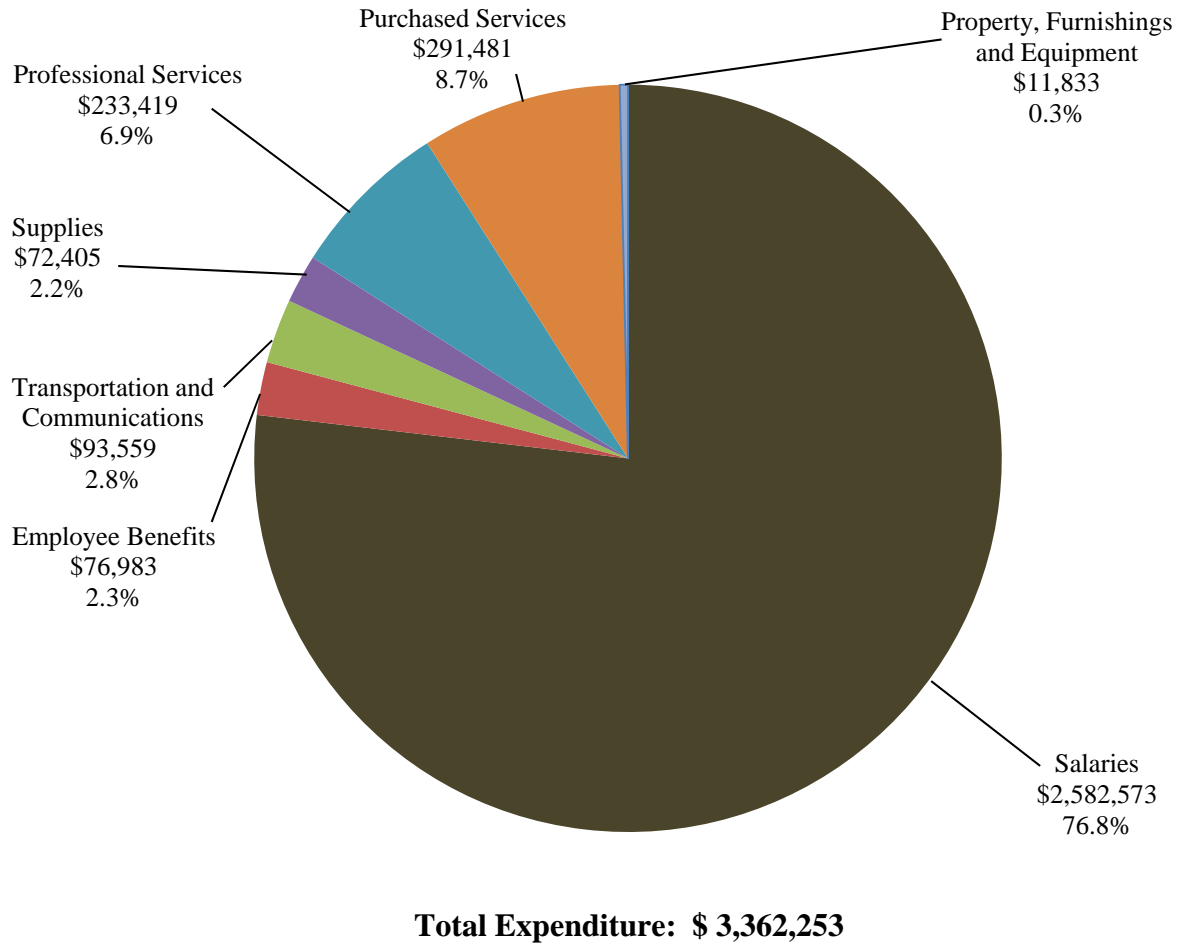
As at March 31, 2015, the Office employed 39 staff (20 male, 19 female) with 34 staff (17 male, 17 female) located at our St. John's office and the remaining 5 staff (3 male, 2 female) located at our Corner Brook office.

### **1.9 Expenditures**

Figure 1 provides details on the \$3,362,253 million in gross expenditures (excluding statutory salaries of \$172,185) incurred by the Office for the year ended March 31, 2015.

**Figure 1**

**Gross Expenditures of the Office of the Auditor General  
For the Fiscal Year Ended March 31, 2015**



Approximately 86% of the Office’s gross expenditures relates to spending on salaries and office accommodations. The balance of expenditure relates to the normal functioning of the Office and includes staff training and professional development and travel.

**CHAPTER**  
**2**  
**HIGHLIGHTS AND**  
**ACCOMPLISHMENTS**

## Highlights and Accomplishments

Following is a summary of key highlights and accomplishments for our Office during the fiscal year ending March 31, 2015.

### 2.1 Distribution of Audit Work

The work of the Office is distributed along three broad categories, financial statement audits of the Province and Crown Agencies, Performance Audits and Special Projects. Table 1 provides the budgeted and actual hours by the type of work carried out during the year. The information is provided on a calendar year basis to coincide with our audit cycle.

**Table 1**

#### **Distribution of Audit Work For the Calendar Year Ended December 31, 2014**

|  | BUDGET        |              | ACTUAL        |              |
|--|---------------|--------------|---------------|--------------|
|  | Hours         | %            | Hours         | %            |
| Financial Statement Audit of the Province    | 10,010        | 22.6         | 10,995        | 25.5         |
| Financial Statement Audits of Crown Agencies | 11,896        | 26.9         | 13,267        | 30.9         |
| Performance Audits                           | 22,380        | 50.5         | 17,691        | 41.2         |
| Special Projects                             | -             | -            | 1,015         | 2.4          |
| <b>TOTAL</b>                                 | <b>44,286</b> | <b>100.0</b> | <b>42,968</b> | <b>100.0</b> |

### 2.2 Reports issued to the House of Assembly

During 2014-15, the Office issued 4 reports to the House of Assembly:

- A report to the House of Assembly on our *2013 Update on Prior Years' Report Recommendations* was submitted to the Speaker of the House of Assembly and released publicly on May 2, 2014. That report included an update on the status of implementation of the 622 recommendations from the 2008 to 2011 Annual Reports.

- On May 8, 2014, the Lieutenant-Governor in Council, under Section 16.(1) of the *Auditor General Act*, requested that the Office inquire into and report on any and all aspects of a contract between the Department of Transportation and Works and Humber Valley Paving Ltd. related to Project Number 1-12PHP. The report resulting from this review was presented to the Minister of Finance on September 29, 2014.
- The Office completed the audit of the Public Accounts of the Province for the year ended March 31, 2014. A report to the House of Assembly on the *Audit of the Financial Statements of the Province of Newfoundland and Labrador* was submitted to the Speaker of the House of Assembly on November 5, 2014. That Report provided information on key indicators of the state of Government's finances and highlighted a number of specific areas including: the financial condition of the Province and retirement benefits.
- A report to the House of Assembly on *Reviews of Departments and Crown Agencies* was submitted to the Speaker of the House of Assembly and released publicly on December 15, 2014. That report included 4 separate performance audits undertaken by the Office during the year.

### **2.3 Financial Statement Attest Audits**

The Office performed the financial statement audit and issued Independent Auditor's Reports on the Province's Consolidated Summary Financial Statements and 23 Crown agencies (Appendix I). Issues identified during these audits were reported to management for their consideration. The Office also reviewed available financial statements and management letters for 26 Crown agencies which were audited by private sector auditors during the year (Appendix II).

### **2.4 Canadian Council of Legislative Auditors**

All legislative audit offices in Canada are members of the Canadian Council of Legislative Auditors (CCOLA) which serves to promote professional legislative auditing in Canada. This membership enables our employees to participate on various CCOLA committees and groups established to address issues of common concern such as professional practice, performance audits or human resources. During 2014-15, the Office and the Public Accounts Committee jointly hosted the 2014 Annual Conference of the Canadian Council of Public Accounts Committees and the Canadian Council of Legislative Auditors. In addition, the Office has membership on most CCOLA committees and groups.

### **2.5 Professional Development**

As part of our efforts to continue providing meaningful professional development to our staff, a concentrated effort was made during the year to provide staff with opportunities for professional and leadership development. In particular, staff were provided professional development courses in performance audit and report writing along with ongoing coaching in leadership.

### **2.6 New location of the Office of the Auditor General**

During 2014-15, the Office moved to a new location at 5-7 Pippy Place in St. John's.

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**CHAPTER  
3  
PERFORMANCE**

In 2014, a new Business Plan was developed which was designed to guide our Office for the fiscal years from April 1, 2014 to March 31, 2017. This section provides an update on the planned performance associated with each strategic issue from our Plan for the year 2014-15.

### Update on Progress Related to Strategic Issues, Goals and Objectives

#### 3.1 Issue #1: Performance Audit Methodology

The Office of the Auditor General promotes accountability and encourages positive change in the stewardship, management and use of public resources by conducting audits/reviews of Government departments and Crown agencies. In the future, our Office intends to conduct audits with a greater emphasis on whether Government is achieving value-for-money in the delivery of public services, and the management of public money and other resources. As a result, greater emphasis will be placed on determining whether Government programs are being managed with due regard for economy and efficiency, and whether there are measures in place to determine their effectiveness. Our performance audit methodology is being revised to incorporate value-for-money concepts to accommodate our increased emphasis in this area.

**Goal:** By March 31, 2017, the Office of the Auditor General will have implemented a performance audit methodology that incorporates value-for-money.

**Objective:** By March 31, 2015, the Office of the Auditor General will have developed a performance audit methodology approach which incorporates value-for-money.

**Measure:** Developed performance audit methodology approach.

| <b>Performance Audit Methodology</b> |   |   |  |
|--------------------------------------|---|---|--|
|                                      | <b>Planned Performance for 2014-15</b>              | <b>Actual Performance for 2014-15</b>   | <b>Explanation of Variance (if applicable)</b> |
| 1                                    | Reviewed best practices within other jurisdictions. | <p>During 2014-15, performance audit methodologies were obtained from three other jurisdictions with performance audit methodologies that could be easily adopted by our Office.</p> <p>Based on this review, best practices were identified for each phase of a performance audit - planning, examination and reporting.</p> | N/A  |

## Performance

| <b>Performance Audit Methodology</b> |  |   |  |
|--------------------------------------|--|---|--|
|                                      | <b>Planned Performance for 2014-15</b>   | <b>Actual Performance for 2014-15</b>   | <b>Explanation of Variance (if applicable)</b> |
| 2                                    | Developed options for aligning the Office's current audit methodology with an approach which incorporates value-for-money. | <p>During 2014-15, the Office developed an implementation plan for aligning its current audit methodology with an approach which incorporates value-for-money.</p> <p>Implementation of the performance audit methodology will occur in three phases. The first phase of the three phase implementation plan, the planning and risk assessment sections and associated training, was completed during 2014-15.</p>  | N/A  |
| 3                                    | Identified and prioritized training requirements of staff and the resources needed to deliver that training.               | <p>During 2014-15, training needs were identified and prioritized as a result of discussions with staff and an analysis of current performance audit procedures.</p> <p>Training related to the risk assessment and planning sections of a performance audit were identified as training priorities as they correspond to the first phase of our three phase implementation plan.</p> <p>During 2014-15, training opportunities, including relevant on-the-job training and mentoring, were provided to staff in accordance with the requirements and priorities identified. The Office offered formal training to staff related to the risk assessment and planning sections of performance audit.</p> | N/A  |

*Objective:* By March 31, 2016, the Office of the Auditor General will have initiated the implementation of a new audit methodology which incorporates value-for-money.

*Measure:* Continued with the implementation of a new audit methodology which incorporates value-for-money.

*Indicators:* Completion of the second phase of the three phase implementation plan which includes the examination and reporting phases of performance audits.

Identification of ongoing training requirements to ensure staff receive the appropriate training.

Ongoing monitoring of the implementation process to ensure that the new audit methodology is being implemented as intended.

### 3.2 Issue #2: Timeliness of Financial Statement Audits

In order for financial statement information to be beneficial to users, it has to be relevant. One of the ways relevance is achieved is by ensuring the information is received by users and decision makers in a timely manner as the usefulness of information for decision making declines as time elapses. The Office of the Auditor General is the independent auditor of the Province's financial statements and the financial statements of several Crown agencies. Our primary objective is to improve the timeliness of the audit of the Province's financial statements. We will consult with Government and review our audit approach to identify opportunities to improve the timeliness of the audit of the Province's financial statements. Improving the timeliness of the completion of Crown agency financial statement audits also provides users of these financial statements with more relevant information. Therefore, we will consult with Crown agencies and review our audit approach to identify opportunities to improve the timeliness of the audits of their financial statements.

*Goal:* By March 31, 2017, the Office of the Auditor General will have improved the timelines for completing financial statement audits.

*Objective:* By March 31, 2015, the Office of the Auditor General will have identified viable options to improve the timelines for completing financial statement audits.

*Measure:* Identified viable options.

## Performance

| <b>Timeliness of Financial Statement Audits</b> |  |  |  |
|---|--|--|--|
|   | <b>Planned Performance<br/>for 2014-15</b>   | <b>Actual Performance<br/>for 2014-15</b>  | <b>Explanation of<br/>Variance<br/>(if applicable)</b> |
| 1   | Reviewed current audit methodologies and experiences in completing previous financial statement audits to identify reasons for unacceptable timelines. | <p>During 2014-15, the Office reviewed current audit methodologies, the application of these methodologies, and past experiences to identify reasons for not completing audits within established timelines.</p> <p>As a result of this review, the Office determined that unacceptable timelines were caused primarily by delays in receiving information from auditees, the quality of information received from auditees, and insufficient staff resources available to complete all audits within the established timelines.</p> | N/A  |
| 2   | Consulted with auditees to identify viable options for improving upon timelines.   | <p>During 2014-15, the Office met with auditees to identify options for improving upon timelines.</p> <p>Where practical, any viable options that were identified were pursued.</p> <p>These options included having auditees provide better quality information in a timelier manner and the Office performing certain audit procedures earlier in the audit process.</p>   | N/A  |
| 3   | Defined acceptable turnaround times for completing financial statement audits.   | The Office has always been committed to completing audits of financial statements such that all auditees meet their statutory requirements.  | N/A  |

## Performance

| <b>Timeliness of Financial Statement Audits</b> |  |  |  |
|---|--|--|--|
|   | <b>Planned Performance<br/>for 2014-15</b> | <b>Actual Performance<br/>for 2014-15</b>  | <b>Explanation of<br/>Variance<br/>(if applicable)</b> |
|   |  | <p>For Crown agencies, the statutory requirement is commonly six months after the entities' year ends. However, best practices indicate that the relevance of the financial statements to users and decision makers would be improved if the audits were completed within three months of the entities' year ends.</p> <p>The statutory deadline for the release of the financial statements of the Province is January 31, ten months after the year end. Our Office and the Office of the Comptroller General both recognize that releasing the Province's financial statements earlier than the statutory deadline would improve the relevance of the information to the users and decision makers.</p> <p>To improve the timeliness and relevance of Crown financial statement audits, efforts were made during 2014-15 to complete these audits within three months of the entities' year ends, with consideration for our own legislative responsibilities and resource availability. In addition, the Office has worked with the Office of the Comptroller General to improve on the timeliness of the completion of the audit of the financial statements of the Province.</p> |  |

## Performance

| <b>Timeliness of Financial Statement Audits</b> |  |   |  |
|---|--|---|--|
|   | <b>Planned Performance<br/>for 2014-15</b>                                       | <b>Actual Performance<br/>for 2014-15</b>   | <b>Explanation of<br/>Variance<br/>(if applicable)</b> |
|   |  | For the year ended March 31, 2014, 17 out of 23 entities were issued an audit opinion within three months of the entities' year ends. In addition, the audit opinion on the consolidated summary financial statements of the Province of Newfoundland and Labrador was issued on October 29, 2014, three months earlier than the prior year.  |  |
| 4   | Identified and prioritized staff training requirements and the resources needed. | <p>During 2014-15, training needs were identified and prioritized. These training needs related to risk assessment, responding to assessed risks, and managing the audit engagement.</p> <p>During 2014-15, training opportunities, including relevant on-the-job training and mentoring, were provided to staff in accordance with the requirements and priorities identified. For example, the senior management group participated in a course related to file review methodologies.</p> | N/A  |

*Objective:* By March 31, 2016, the Office of the Auditor General will have implemented new/revised audit methodologies for improving the timelines for completing financial statement audits.

*Measure:* Implemented new/revised audit methodologies for improving the timelines for completing financial statement audits.

*Indicators:* Implementation of any new/revised audit methodologies which have been identified for improving the timelines for completing financial statement audits.

Identification of ongoing training requirements to ensure staff receive the appropriate training.

Ongoing monitoring of the implementation process to ensure that new/revised audit methodologies are being implemented as intended.

### **3.3 Issue #3: Employee Performance Management**

In order to deliver upon its mandate, the Office of the Auditor General relies upon a team of professionals. An employee performance management program is crucial in the development and maintenance of a team of competent professionals. Regular performance appraisals, a key part of ongoing professional development, encourage staff to succeed and reinforce the importance of quality work and compliance with professional standards and our Office's policies. We will develop and implement a new employee performance management system that clearly communicates employee performance expectations, evaluates employees' performance against these expectations, and provides support to employees in their ongoing professional development.

During 2014-15, the Office did not achieve two out of three planned performance indicators. Consequently, the Office did not achieve its objective of defining the purpose/intent of the employee performance management program. The Office recognizes the importance of an employee performance management program to the professional development of staff and delivery on our mandate. Therefore, during 2015-16, the Office will increase its efforts to define the purpose and intent of the employee performance management program in addition to achieving our 2015-16 objective of developing an employee performance management program.



## Performance

**Goal:** By March 31, 2017, the Office of the Auditor General will have implemented a methodology to evaluate employees' performance that includes employee feedback and identification of professional development needs.

**Objective:** By March 31, 2015, the Office of the Auditor General will have defined the purpose/intent of the employee performance management program.

**Measure:** Defined purpose/intent of program.

| <b>Employee Performance Management</b> |  |   |   |
|--|--|---|---|
|  | <b>Planned Performance<br/>for 2014-15</b>   | <b>Actual Performance<br/>for 2014-15</b>   | <b>Explanation of<br/>Variance<br/>(if applicable)</b>  |
| 1                                      | Reviewed best practices to determine typical components and processes of employee performance management programs. | <p>During 2014-15, the Office established a committee to guide the implementation of an employee performance management program.</p> <p>The committee collected information on various performance management programs from other Legislative Audit Offices and compiled examples of the components and processes of a typical performance management program including competencies, procedures for evaluating staff, methods of identifying training needs and monitoring procedures.</p> | N/A   |
| 2                                      | Consulted with staff to identify current challenges and options for overcoming these challenges.                   | Consultation with staff did not occur.  | Due to the scope of the employee performance management program and other ongoing commitments of the Office, it was decided to defer consultation with staff until 2015-16. |

## Performance

| <b>Employee Performance Management</b> |  |   |   |
|--|--|---|---|
|  | <b>Planned Performance<br/>for 2014-15</b>   | <b>Actual Performance<br/>for 2014-15</b>                 | <b>Explanation of<br/>Variance<br/>(if applicable)</b>  |
| 3                                      | Identified management and employee expectations of a performance management program. | Management and employee expectations were not identified. | Identification of management and employee expectations would occur during consultations with staff, which have been deferred until 2015-16. |

*Objective:* By March 31, 2016, the Office of the Auditor General will have developed an employee performance management program.

*Measure:* An employee performance management program will have been developed.

*Indicators:* An employee performance management program will have been developed.

The employee performance management program will be presented to staff, and will include the program's objectives, and operating policies and procedures.

Consult with staff as we further develop the program to ensure that the program satisfies the expectations of the Office and staff.

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**CHAPTER**  
**4**  
**OPPORTUNITIES AND**  
**CHALLENGES AHEAD**

Following is a summary of opportunities and challenges anticipated for our Office during the fiscal year ending March 31, 2016 and beyond:

### **4.1 Amendments Required to the *Auditor General Act***

Changes to the *Auditor General Act* (the *Act*) continue to be a priority for the Office and amendments to the *Act* have been proposed. These proposed changes should meet the needs of the House of Assembly and are consistent with the mandate of a modern Auditor General's office. The current *Act* was assented to in October 1991. Since that time, many changes have occurred in both the Office and the legislative auditing community generally. Several amendments to the *Act* are required to ensure that our governing legislation allows the Office to serve the members of the House of Assembly in the most effective manner possible.

### **4.2 Office Resource Management**

The Office will be challenged in 2015-16, and beyond, to match resources with scheduled audits. While our attest audit line of business consumes approximately 50% of our budgeted time, the performance of this work is concentrated during the period May to August as a result of the Province and most Crown agencies having a March 31 year end. Given the legislative deadlines in place and the desire to have financial statements available as soon after year end as possible, there are limited opportunities available for flexibility in scheduling the completion of this work. The Office will continue to explore alternatives that will ensure continued improvement in the timeliness of completion of all attest audits. Both the Office and the Government and its Crown agencies have a desire to improve accountability through the more timely release of financial statements.

### **4.3 Performance Audits**

Conducting relevant performance audits is a critical part of how the Office meets our mandate of promoting accountability and creating positive change in Government. To be effective in creating that positive change, performance audits must be timely and relevant to the public and the House of Assembly. Performing appropriate risk evaluations of Government programs continue to be a priority and a challenge. To assist in completing performance audits that have relevance and which are effective in creating positive change, the Office has developed a new methodology for our performance audit practice and the implementation of the new methodology is currently ongoing.

### **4.4 Professional Development**

The Office is committed to ensuring that all staff are equipped with the proper skill set to complete the work assigned. The challenge is to provide the appropriate soft skills as well as the technical training required. The Office will look for opportunities to provide the required training through collaborating with other legislative audit offices, Government and our professional accounting body. The Office is presently collaborating with other legislative audit offices to develop a methodology to identify the appropriate training needs related to financial statement attest audits, performance audits, soft skills, and information technology.

### **4.5 Peer Review**

To ensure the Office's work is of the highest quality and in compliance with generally accepted accounting principles and generally accepted auditing standards of the Chartered Professional Accountants of Canada, the Office participates in the peer review program offered through the Canadian Council of Legislative Auditors. In addition, the Office participates in the practice inspection program of the Association of Chartered Professional Accountants of Newfoundland and Labrador. During 2015-16, peer reviews of attest audit files by other legislative audit offices are scheduled to be completed. These reviews by our peers provide the Office the opportunity to improve our quality control process and identify training requirements for staff.

**CHAPTER**  
**5**  
**FINANCIAL INFORMATION**

This section includes the audited financial statements of the Office for the year ended March 31, 2015.



Financial Information

Office of the Auditor General

Province of Newfoundland and Labrador

March 31, 2015



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| Schedule of Expenditures and Related Revenue           | 4           |
| Schedule of Gross Expenditures and Unexpended Balances | 5           |
| Notes to the Financial Information                     | 6-7         |



## Independent auditors' report

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

At the request of the Clerk of the House of Assembly, and in accordance with Section 32 of *The Auditor General Act*, we have audited the supplementary financial information of the Office of the Auditor General, Province of Newfoundland and Labrador as at March 31, 2015, the schedule of expenditures and related revenue and the schedule of gross expenditures and unexpended balances, for the year then ended.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on this financial information based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial information 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 entity's internal control.

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Grant Thornton LLP, A Canadian Member of Grant Thornton International Ltd



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the 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, 2015, and the results of its operations for the year then ended in accordance with policies disclosed in Note 2.

**Other matters**

This financial information, which has not been, and was not intended to be, prepared in accordance with Canadian generally accepted accounting principles, is solely for the information and use of the House of Assembly Management Commission to comply with the Act. This information is not intended to be used for any other purpose.

*Grant Thornton LLP*

St. John's, Canada


June 25, 2015

Chartered Accountants

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

| Year Ended March 31         | 2015                | 2014                |
|-----------------------------|---------------------|---------------------|
| <b>Assets</b>               |                     |                     |
| Current                     |                     |                     |
| Audit fees work in progress | \$ -                | \$ 173,668          |
| Accountable advance         | 700                 | 700                 |
| Prepays                     | <u>25,053</u>       | <u>29,686</u>       |
|                             | <u>\$ 25,753</u>    | <u>\$ 204,054</u>   |
| <b>Liabilities</b>          |                     |                     |
| Current                     |                     |                     |
| Accrued paid/annual leave   | \$ 1,038,384        | \$ 973,639          |
| Accrued payroll             | 51,955              | 41,510              |
| Accrued overtime            | 1,117               | 2,684               |
| Accrued severance pay       | <u>473,727</u>      | <u>502,747</u>      |
|                             | <u>\$ 1,565,183</u> | <u>\$ 1,520,580</u> |

Basis of accounting (Note 2)

 Auditor General

See accompanying notes to the financial information.

# Financial Information

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## Office of the Auditor General Province of Newfoundland and Labrador Schedule of Expenditures and Related Revenue

| Year Ended March 31                    | 2015                | 2015                | 2014                |
|--|---------------------|---------------------|---------------------|
|  | Actual              | Original<br>Budget  | Actual              |
| <b>Executive Support</b>               |                     |                     |                     |
| Salaries                               | \$ 224,976          | \$ 226,500          | \$ 221,070          |
| Salaries (statutory)                   | 172,185             | 173,100             | 178,029             |
| Employee benefits                      | 10,500              | 5,000               | 5,069               |
| Transportation and<br>communications   | 10,747              | 20,200              | 16,874              |
| Professional services                  | -                   | 5,000               | -                   |
| Purchased services                     | 3,585               | 6,000               | 197                 |
|  | <u>\$ 421,993</u>   | <u>\$ 435,800</u>   | <u>\$ 421,239</u>   |
| <b>Administrative Support</b>          |                     |                     |                     |
| Salaries                               | \$ 208,973          | \$ 209,500          | \$ 209,600          |
| Employee benefits                      | 7,812               | 8,500               | 4,983               |
| Transportation and<br>communications   | 31,179              | 40,500              | 26,846              |
| Supplies                               | 72,405              | 99,400              | 85,510              |
| Professional services                  | -                   | 6,000               | 1,030               |
| Purchased services                     | 287,896             | 251,800             | 182,573             |
| Property, furnishings and<br>equipment | 11,833              | 31,100              | 25,943              |
|  | <u>\$ 620,098</u>   | <u>\$ 646,800</u>   | <u>\$ 536,485</u>   |
| <b>Audit Operations</b>                |                     |                     |                     |
| Salaries                               | \$ 2,148,624        | \$ 2,277,100        | \$ 2,278,851        |
| Employee benefits                      | 58,671              | 81,300              | 66,102              |
| Transportation and<br>communications   | 51,633              | 73,500              | 59,801              |
| Professional services                  | 233,419             | 100,000             | 9,800               |
|  | <u>2,492,347</u>    | <u>2,531,900</u>    | <u>2,414,554</u>    |
| Revenue – Provincial                   | <u>(349,655)</u>    | <u>(262,700)</u>    | <u>(244,580)</u>    |
|  | <u>\$ 2,142,692</u> | <u>\$ 2,269,200</u> | <u>\$ 2,169,974</u> |
| Net expenditures                       | <u>\$ 3,184,783</u> | <u>\$ 3,351,800</u> | <u>\$ 3,127,698</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                                | 2015             | 2014             |
|--|------------------|------------------|
| Original budget estimates (net)                    | \$ 3,351,800     | \$ 3,165,800     |
| Add: revenue estimates net of statutory payments   | <u>89,600</u>    | <u>91,600</u>    |
| Total appropriation                                | <u>3,441,400</u> | <u>3,257,400</u> |
| Total net expenditure                              | 3,184,783        | 3,127,698        |
| Add: revenues in excess of statutory payments      | <u>177,470</u>   | <u>66,551</u>    |
| Total gross expenditure (budgetary, non-statutory) | <u>3,362,253</u> | <u>3,194,249</u> |
| Unexpended balance of appropriation                | \$ <u>79,147</u> | \$ <u>63,151</u> |

See accompanying notes to the financial information.

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Office of the Auditor General  
Province of Newfoundland and Labrador  
Notes to the Financial Information  
March 31, 2015

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**1. Nature of operations**

The *Auditor General Act* 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.

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**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 Related Revenue 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 and Related Revenue. 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**

Audit fee revenue is recorded on the modified cash basis as payment is received on the Schedule of Expenditures and Related Revenue. Audit fees work in progress on the Supplementary Financial Information are on the accrual basis of accounting, and are based on expenses incurred by year end, that management estimates will be recovered through sales invoices after year end.

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Office of the Auditor General  
Province of Newfoundland and Labrador  
Notes to the Financial Information  
March 31, 2015

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

**Operating expenses**

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

**Severance pay**

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees upon nine years or more of service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Province.

**Income taxes**

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

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3. Commitments

The Office is committed to annual rental payments for the next five years as follows: 2016 - \$233,109; 2017 - \$233,109; 2018 - \$216,099; 2019 - \$203,949 and 2020 - \$169,957.

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4. Employee future benefits

Under the *Auditor General Act*, all persons employed in the Office of the Auditor General are employees for the purposes of the *Public Service Pensions Act, 1991*, 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.

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5. Subsequent event

Effective April 1, 2015, the Office of the Auditor General no longer invoices for its audit services. As a result, no work in progress was recorded at March 31, 2015 and no revenue will be recorded in the 2015/16 and later fiscal years.

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## APPENDICES

**APPENDIX**

**I**

**FINANCIAL STATEMENTS**

**AUDITED BY THE OFFICE OF THE AUDITOR GENERAL**

**Province of Newfoundland and Labrador**

Consolidated Summary Financial Statements

**Crown Corporations and Agencies**

Business Investment Corporation  
C.A. Pippy Park Commission  
C.A. Pippy Park Golf Course Limited  
Heritage Foundation of Newfoundland and Labrador  
Livestock Owners Compensation Board  
Newfoundland and Labrador Arts Council  
Newfoundland and Labrador Crop Insurance Agency  
Newfoundland and Labrador Housing Corporation  
Newfoundland and Labrador Immigrant Investor Fund Limited  
Newfoundland and Labrador Industrial Development Corporation  
Newfoundland and Labrador Legal Aid Commission  
Newfoundland and Labrador Municipal Financing Corporation  
Provincial Advisory Council on the Status of Women - Newfoundland and Labrador  
Provincial Information and Library Resources Board  
Research & Development Corporation of Newfoundland and Labrador  
Student Loan Corporation of Newfoundland and Labrador  
The Rooms Corporation of Newfoundland and Labrador

**Other**

Director of Support Enforcement  
Newfoundland and Labrador Government Sinking Fund  
Office of the High Sheriff of Newfoundland and Labrador  
Office of the Public Trustee  
Province of Newfoundland and Labrador Pooled Pension Fund  
Supreme Court of Newfoundland and Labrador

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**APPENDIX**  
**II**  
**CROWN ENTITY FINANCIAL STATEMENTS**  
**AUDITED BY PRIVATE SECTOR AUDITORS**

Atlantic Lottery Corporation, Inc.  
Board of Commissioners of Public Utilities  
Canada-Newfoundland and Labrador Offshore Petroleum Board  
Central Regional Health Authority  
Chicken Farmers of Newfoundland and Labrador  
College of the North Atlantic  
Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador  
Credit Union Deposit Guarantee Corporation  
Dairy Farmers of Newfoundland and Labrador  
Eastern Regional Health Authority  
Labrador – Grenfell Regional Health Authority  
Marble Mountain Development Corporation  
Memorial University of Newfoundland  
Memorial University of Newfoundland - Pension Plan  
Multi-Materials Stewardship Board  
Municipal Assessment Agency Inc.  
Nalcor Energy  
Newfoundland Hardwoods Limited  
Newfoundland Ocean Enterprises Limited  
Newfoundland and Labrador Centre for Health Information  
Newfoundland and Labrador English School District  
Newfoundland and Labrador Film Development Corporation  
Newfoundland and Labrador Liquor Corporation  
Newfoundland and Labrador Sports Centre Inc.  
Western Regional Health Authority  
Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador

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**APPENDIX**

**III**

**ANSWERS TO FREQUENTLY ASKED QUESTIONS**

**ABOUT THE OFFICE OF THE AUDITOR GENERAL**

### **What is the Auditor General's Role in Public Sector Accountability?**

Public sector accountability is based on the premise that governing bodies are best served by knowing whether the responsibilities conferred on government departments and agencies are satisfactorily performed and intended results are achieved. The Auditor General brings an independent audit process to the manner in which these conferred responsibilities are discharged in the public sector and reports directly to the House of Assembly on the results of these audits. The role of the Auditor General complements the accountability relationship which exists between Government, its departments, agencies of the Crown and the House of Assembly.

### **How is Government Accountable to the House of Assembly?**

The way Government spends public money is very important to Newfoundlanders and Labradorians.

Control of the public purse is carried out on behalf of the people by their elected representatives, the Members of the House of Assembly. While it is up to Government to draft budgets and spending estimates, Government cannot collect or spend taxpayers' money without the approval of the House of Assembly. After Government spends the money entrusted to it, there is an obligation to report back to the House of Assembly on how the money was used. This, the obligation to answer for actions taken, is the basis of the accountability relationship that exists between Government and the House of Assembly. As the governing body in this accountability relationship, 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 assurances 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 Government?

### **What is the role of Legislative Auditors?**

The House of Assembly in this Province, as in Legislative Assemblies in other jurisdictions in Canada, uses the services of an Auditor General to assist it in carrying out its oversight responsibilities. Historically, the Assemblies have understood well the need for an independent Legislative Auditor and recognized the position's unique contributions to the public accountability process.

From the view of legislators, the value of Legislative Auditors has not simply been in their technical expertise, it has also been in their ability to conduct audits that may not please those being examined, and to report their findings publicly. This has made their roles indispensable. They have subjected the operations of the public sector as a whole to regular, independent examinations, acting first and foremost in the public interest, as acknowledged champions of open and transparent government.

Defining the unique and vital role of Legislative Auditors in the public accountability process revolves around four key points:

- their independence;
- their mandate;
- their reporting obligations; and
- their expertise in public sector matters.

As a result of working exclusively in the public sector, Legislative Auditors have acquired extensive corporate and operational knowledge of Government. They are specialists in the field of public sector auditing and their credibility with legislators (for example, on topics such as emerging public sector trends and accountability issues) is thus well established. Given their extensive interaction with legislators, Legislative Auditors are in the notable position of being aware of, and understanding legislators' concerns.

Furthermore, having a whole-of-Government mandate has allowed Legislative Auditors to speak to legislators about broad Government matters and to better identify those accountability and performance issues that have the greatest impact on Government. As a consequence, Legislative Auditors are better able to promote consistency of accounting across government organizations, and to make informed decisions about the selection, conduct and reporting of audits.

### **Why is Independence the Cornerstone of Legislative Auditing?**

Independence, the state of being impartial and free from bias and conflicts of interest, is the cornerstone of legislative auditing. Anything that impedes an honest, straightforward and sincere approach to the performance of an audit will reduce public confidence.

In Canada, Legislative Auditors enjoy the confidence of legislators and the public, and their independence is unquestioned. The fact that this independence is largely backed by legislation instills public confidence in the process. For instance, were a legislative audit to reveal significant matters critical to government, those matters would, by law, have to be made known to legislators and the public.

The legislation under which the Office of the Auditor General in Newfoundland and Labrador operates is the *Auditor General Act*. This legislation was assented to on October 31, 1991.

### **What is Professional Independence?**

To be independent in appearance as well as in fact, Legislative Auditors have been granted the freedom to act without undue direction or interference from government.

In practice, and subject to legislation and professional standards, this means that Legislative Auditors are able to determine when and how audits will be conducted and who will conduct them. It is they, for the most part, who have the license to set the audit program for their jurisdictions, choosing the bodies to be audited and determining the nature and scope of audits to be conducted.

From a public accountability perspective, this degree of independence is crucial. Only in this way can there be assurance that all matters of importance are subject to thorough examination, no matter how the results might reflect on those being audited.

### **What is Personal Independence?**

Bolstering the independence of Legislative Auditors even further, legislators, not Government, generally make decisions pertaining to the appointment, tenure, reappointment, remuneration and resources of Auditors General. Such decisions are overseen and approved by each Legislative Assembly as a whole.

In this Province, the House of Assembly has assured this independence by appointing the Auditor General for a 10 year non-renewable term as an Officer of the House of Assembly, with removal permitted only for cause or incapacity. As well, the *Auditor General Act* provides the Auditor General with immunity from legal action.

### **How do Legislative Auditors differ from Other Audit Professionals?**

Being an Officer of the House of Assembly means being, above all, responsive to the Assembly's interests and wishes. This position as an Officer of the Assembly, combined with the responsibility to audit the whole of Government, is what sets Legislative Auditors apart from other audit professionals working in the public sector.

### **What is meant by “whole-of government” mandate?**

The Auditor General is the only official channel through which the House of Assembly is regularly and consistently kept informed of Government's stewardship of public funds.

The House of Assembly has granted the Auditor General a “whole-of government” mandate, covering organizations as diverse as Government departments, agencies, commissions, boards and Crown corporations. In this way, the House of Assembly is assured of receiving the Auditor General's conclusions and recommendations for the entire Government entity, regardless of whether or not the executive branch of Government has hired a private sector auditor to audit a specific organization or program of Government.

### **What is the Breadth of Audit Coverage?**

Legislative Auditors in Canada meet their auditing objectives by examining a very broad range of issues. These issues are not necessarily the same ones encountered in the private sector, mainly because of the basic differences between organizations in the private sector and those in government. For example, because government organizations have public policy objectives, the results of their operations cannot be assessed based solely on their financial statements.

Recognizing this distinction, Legislative Assemblies have broadened the scope of the work that Legislative Auditors may do to obtain the information they need to hold government accountable. This information focuses on the financial and operational performance of government organizations and their compliance with authorities.

### **To whom does the Auditor General Report?**

As an independent Officer, the Auditor General reports directly to the House of Assembly, at least annually, on anything the Auditor General feels should be brought to the Members' attention. The reports become a matter of public record and cover a wide range of issues of interest to legislators and the public, including compliance, evaluation of accountability relationships, management practices and control systems, and review of program results compared to established criteria. Having one auditor reporting to the House of Assembly is an efficient and effective means of ensuring that Members receive the information they need to hold Government accountable. The Auditor General also has direct access to the Public Accounts Committee. This provides a formal means of discussing reported audit findings with Members.

### **To whom are the Legislative Auditors Accountable?**

Questions are raised from time to time about what the appropriate involvement and role of a Legislative Auditor should be and to whom Legislative Auditors are accountable?

The fact is, Legislative Auditors fulfil a distinctive position in the accountability regime of governments. They have been able to serve the accountability relationship between government and the Legislative Assembly because they have sufficient independence from government to be credible, they have mandates that are set out in legislation, and they have the forums to report directly to their Assembly. Moreover, they have acquired the necessary expertise to carry out their role effectively.

Such independence as that bestowed on Legislative Auditors requires that they themselves be accountable to their respective Legislative Assemblies. This means that Legislative Auditors are obligated to report directly to the Assembly on how they carry out their responsibilities and how the services they are providing add value to the accountability process.

The resources available to the Auditor General are determined through discussion with the House of Assembly Management Commission. This Commission is a Committee of the House of Assembly, over which the Speaker of the House presides, and is responsible for all matters of financial and administrative policy affecting the House of Assembly, its offices (including the Office of the Auditor General) and its staff. The *Auditor General Act* requires that estimates of the sums required to be provided by the Legislature for the payment of salaries and other expenses of the Office of the Auditor General be submitted to the Commission for its approval. As well, each year, the financial statements for the Office are to be audited by an auditor appointed by the Commission, with the audited statements being tabled in the House of Assembly.

### **Who Audits the Auditor General?**

Each year, the financial statements for the Office are to be audited by an auditor appointed by the House of Assembly Management Commission, with the audited statements being tabled in the House of Assembly.

As well, the Public Service Commission, the Government Purchasing Agency and the Office of the Comptroller General have the authority to and regularly review related aspects of the Office's operations.

Furthermore, a sample of our audit files are periodically reviewed by a representative of another Canadian Legislative audit office to ensure that our files comply with Canadian generally accepted auditing standards.

Finally, the Office participates in the Practice Inspection Program of the Association of Chartered Professional Accountants of Newfoundland and Labrador to ensure we maintain an appropriate level of quality and adhere to appropriate standards.

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