



# REPORT OF THE AUDITOR GENERAL

To the House of Assembly



On the Operations of the Office of the Auditor General

For the Year Ended  
31 March 2006

## **Auditor General of Newfoundland and Labrador**

**Location:** 15 Dundee Avenue  
Mount Pearl, NL  
A1N 4R6

**Mail:** P.O. Box 8700  
St. John's, NL  
A1B 4J6

**Telephone:** (709) 729-2695  
**Fax:** (709) 729-5970  
**E-Mail:** [auditorgeneral@gov.nl.ca](mailto:auditorgeneral@gov.nl.ca)  
**Web:** [www.gov.nl.ca/ag](http://www.gov.nl.ca/ag)

### **Mission Statement**

*The Office of the Auditor General serves the House of Assembly by providing independent examinations of Government and its entities.*

*As legislative auditors, we audit financial statements and other accountability documents, evaluate management practices and control systems, and determine compliance with legislative and other authorities.*

*Our purpose is to promote accountability and encourage positive change in the stewardship, management and use of public resources.*



## Office of the Auditor General of Newfoundland and Labrador

### Head Office

15 Dundee Ave., Mount Pearl  
Box 8700 ♦ St. John's, NL ♦ A1B 4J6  
T: 709-729-2695 ♦ F: 709-729-5970  
Email: [adgopp@gov.nl.ca](mailto:adgopp@gov.nl.ca)

### Auditor General

John L. Noseworthy, CA  
T: 709-729-2700  
Email: [jnoseworthy@gov.nl.ca](mailto:jnoseworthy@gov.nl.ca)

### Regional Office

76 Mount Bernard Ave., Corner Brook  
Box 2006 ♦ Corner Brook, NL ♦ A2H 6J8  
T: 709-637-2295 ♦ F: 709-637-2595

17 January 2007

The Honourable Harvey Hodder, M.H.A.  
Speaker  
House of Assembly

Dear Sir:

In compliance with the *Auditor General Act*, I have the honour to submit herewith, for transmission to the House of Assembly, my Report on the Operations of the Office of the Auditor General for the year ended 31 March 2006.

Respectfully submitted,

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

**JOHN L. NOSEWORTHY, CA**  
**Auditor General**

## TABLE OF CONTENTS

Chapter		Part	Page
1	<b>Reflections of the Auditor General</b>		1
2	<b>Our Mandate</b>		
	Accountability and the Role of the Legislative Auditor	2.1	5
	Independence: The Cornerstone of Legislative Auditing	2.2	6
	A Comprehensive Legislative Mandate	2.3	7
	Reporting to the Legislative Assemblies	2.4	8
	Expertise in Public Sector Matters	2.5	8
	To Whom are the Legislative Auditors Accountable?	2.6	8
	The Office of the Auditor General in Newfoundland and Labrador	2.7	9
3	<b>Planning Our Work</b>		
	Strategic Plan	3.1	13
	Annual Operational Plan	3.2	15
4	<b>Performance Accountability</b>		
	Financial Statement Audits	4.1	17
	Legislative Audits	4.2	20
	Monitoring Crown Agency Reports	4.3	23
	Special Assignments	4.4	24
	Report Publishing	4.5	26
5	<b>Financial Accountability</b>		
	Expenditure of the Office	5.1	27
	Financial Statements	5.2	28
6	<b>Our People</b>		
	Our Employees	6.1	33
	Supporting our Work	6.2	36
	Human Resource Initiatives	6.3	37
	Involvement with the Profession	6.4	39

## TABLE OF CONTENTS

Chapter		Part	Page
7	<b>Other Matters</b>		
	Public Accounts Committee Hearings	7.1	41
	Eastern Conference of Legislative Auditors (ECOLA)	7.2	41
	Canadian Conference of Legislative Auditors (CCOLA)	7.3	41
	Special Reports to the House of Assembly	7.4	41
	Opportunities and Challenges	7.5	42
<b>Appendices</b>			
	<i>Auditor General Act</i>	I	43
	Departmental Audits Performed by the Office of the Auditor General	II	53
	Agencies of the Crown Whose Financial Statement Audits are Performed by the Office of the Auditor General	III	55
	Agencies of the Crown Whose Financial Statement Audits are Performed by Private Sector Auditors	IV	57

CHAPTER  
1  
REFLECTIONS OF THE  
AUDITOR GENERAL

---

## Reflections of the Auditor General

---



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. I would welcome feedback from any Member of the House of Assembly that would assist me with this goal.

This Report to the House of Assembly on the operations of the Office of the Auditor General is intended to provide a clear focus on the accountability of my Office. My goal is to provide all Members of the House of Assembly with a full accounting of what happened at the Office during the year - our plan, our budget and the results achieved. This information is provided in seven sections as follows:

**Chapter 1** provides my reflections on the operations of the Office for the year.

**Chapter 2** provides information on the mandate of the Office of the Auditor General.

**Chapter 3** provides information on our Strategic Plan and our annual Operational Plan. The Office is proactive in planning and focusing its resources to achieve the objectives outlined in its strategic and operational plans.

**Chapter 4** provides a comparison of our performance against the goals established for our lines of business outlined in the Strategic Plan.

**Chapter 5** provides information related to our financial accountability. During the 2006 fiscal year, the Office incurred total net expenditures of \$2.3 million in order to complete our work. Our budget is provided by the Commission of Internal Economy and approved by the House of Assembly. Salaries for our 42 staff (37 in our head office and 5 in our regional office in Corner Brook) account for over 84% of total expenditures.

**Chapter 6** provides information on our people. Our staff are our most valuable resource and it is their knowledge and skills that determine the quality of our work.

**Chapter 7** provides information on additional matters related to the Office.

---

## Reflections of the Auditor General

---

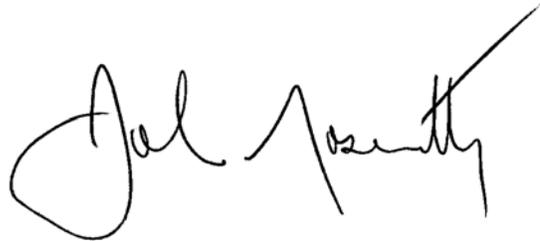
The following are highlights of our work during the year:

- The Office completed the audit of the Public Accounts of the Province for the year ended 31 March 2006. My *Report on the Audit of the Financial Statements of the Province* was submitted to the Speaker of the House of Assembly and released on 13 December 2006. This Report provided information on key indicators of the state of Government's finances and highlighted a number of specific areas - the Financial Condition of the Province, Pensions, Group Health and Group Life Retirement Benefits, Internal Audit, Environmental Liabilities, and the *Transparency and Accountability Act*.
- My *Report on Reviews of Departments and Crown Agencies* will be submitted to the Speaker of the House of Assembly by 31 January 2007. This Report will include separate items on projects undertaken by my Office during the year as well as an update on the status of recommendations from prior years' report items.
- The Office performs the financial statement audit of 30 Crown agencies. Issues identified during these audits were reported to management for their consideration. The Office also reviewed available financial statements and management letters for 35 Crown agencies which were audited by private sector auditors during the year. Information relating to these reviews will be included in my *Report on Reviews of Departments and Crown Agencies*.
- During the year the Office commenced a review of constituency allowances claimed by Members of the House of Assembly. The Office's work resulted in the issuance of 9 reports relating to excess constituency allowances claimed by 5 Members and 2 reports relating to double billings by 2 Members. The reports were provided to the Lieutenant-Governor in Council and tabled in the House of Assembly, along with a report on issues relating to payments made by the House of Assembly to certain suppliers. In July 2006, the Lieutenant-Governor in Council requested that the Office review all constituency allowances paid to Members for the period covering the fiscal years ending 31 March 1990 to 2006. The first part of this review, relating to excess constituency allowance claims, has now been completed and the report is with the Commission of Internal Economy for their consideration and response. The second part of the review relating to the appropriateness of expenditures claimed and adequacy of supporting documentation is ongoing and is expected to be completed in 2007.
- On 22 November 2006 the House of Assembly, by resolution, requested that the Office “investigate all the details and circumstances of the fibre optic deal” announced by Government. This work has begun and the report is expected to be completed in 2007.

## Reflections of the Auditor General

I am continually looking for ways to improve the clarity and conciseness of the reports I provide to the Members of the House of Assembly. Since I was appointed as Auditor General in 2002, I have provided a separate Report on the Operations of the Office of the Auditor General - in the past this information was included with the results of reviews of agencies and departments. In 2005 I introduced a new reporting style for the reports. This year, a Director of Information Resources joined our executive team to lead strategic planning and implementation of information resource standards, practices and policies. The Director will also work with staff to streamline internal and external communications and further enhance the report writing process. In the coming year, our reports may be published on a periodic rather than an annual basis and will be improved with the addition of summary sheets that highlight key findings from individual departmental and agency reviews.

As with any professional office, my staff is its most important resource. I am very pleased with their performance during the past year and I thank them for their continued hard work, professionalism and dedication.

A handwritten signature in black ink, appearing to read "John L. Noseworthy". The signature is fluid and cursive, with a long, sweeping line extending from the end of the name.

**JOHN L. NOSEWORTHY, CA**  
**Auditor General**



CHAPTER  
2  
OUR MANDATE

### 2.1 Accountability and the Role of the Legislative Auditor

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, it 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: (1) overseeing the activities of Government; and (2) 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 Government?

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.

### 2.2 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 31 October 1991. The full text of the *Auditor General Act* is presented as Appendix I to this Report.

#### 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 licence 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.

#### Personal Independence

Bolstering the independence of Legislative Auditors even further, legislators, not government, generally make decisions pertaining to the auditors' appointment, tenure, reappointment, remuneration and resourcing. 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.

### 2.3 A Comprehensive Legislative Mandate

Being an Officer of the House of Assembly means being, above all, responsive to the Assembly's interests and wishes. This position as the Assemblies' Officer, 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.

#### 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.

#### 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, operational and compliance-with-authorities performance of government organizations.

### **2.4 Reporting to the Legislative Assemblies**

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.

### **2.5 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.

### **2.6 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 fulfill 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. This Report is one of the means by which this accountability reporting is provided.

In Newfoundland and Labrador, the resources available to the Auditor General are determined through discussion with the Commission of Internal Economy. 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.

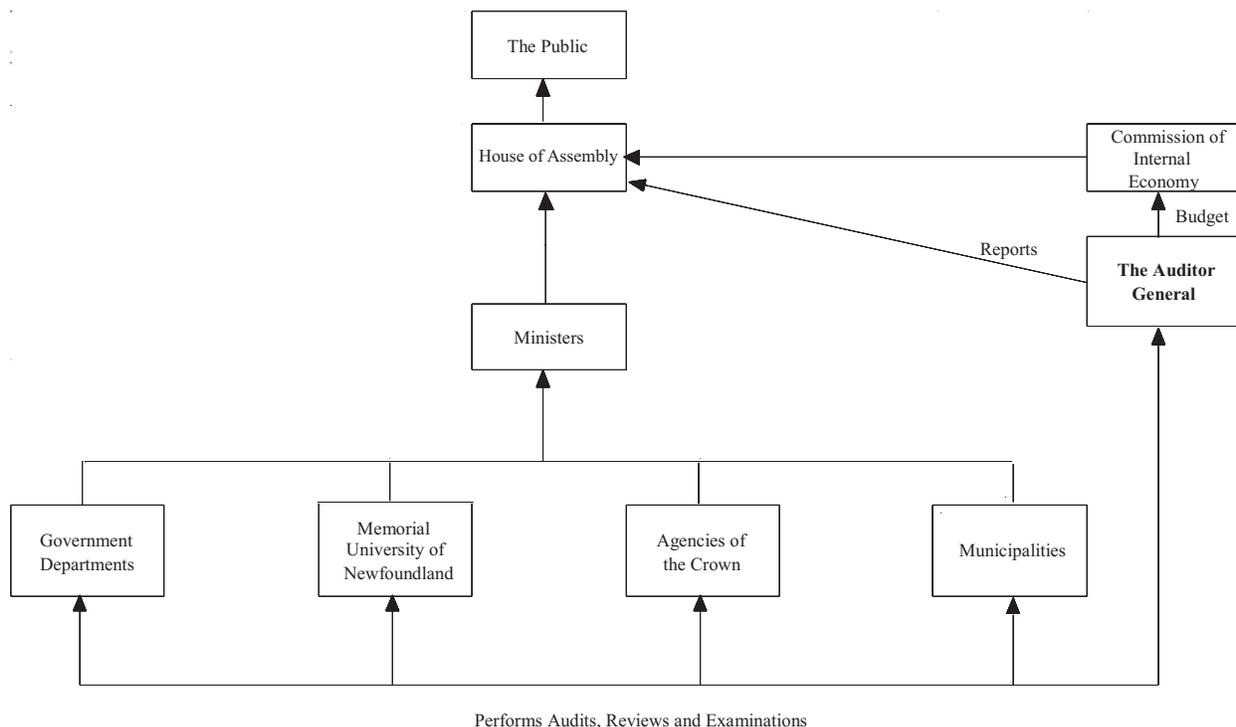
### **2.7 The Office of the Auditor General in Newfoundland and Labrador**

The Office of the Auditor General in Newfoundland and Labrador is the independent Legislative Auditor of Government, its departments, all agencies of the Crown and Memorial University of Newfoundland. Implicit in the *Auditor General Act* is the requirement for the Auditor General to provide the House of Assembly with timely, relevant information, necessary to enhance public sector accountability and performance.

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, Memorial University of Newfoundland, municipalities, and the House of Assembly, as illustrated in Figure 1.

Figure 1

### Office of the Auditor General Accountability Relationship



In addition to allocating our resources to perform the above audits, reviews, and examinations, we may also receive requests to complete special assignments. Under the *Auditor General Act*, these special assignments may be requested by either the House of Assembly, the Public Accounts Committee or the Lieutenant-Governor in Council. In these special assignments, the Auditor General reports to whomever makes the request.

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 on these financial statements.

A list of Departmental audits performed by our Office is included as Appendix II. A list of agencies of the Crown whose financial statement audits are performed by our Office is included as Appendix III. A list of agencies of the Crown whose financial statement audits were performed by private sector auditors during the year is included as Appendix IV.

Section 12 of the *Auditor General Act* requires the Auditor General to report, at least annually, on:

- the work of the Office;
- whether, in carrying out the work of the Office, the Auditor General received all the information including reports and explanations required;
- the results of the examination of the Province's financial statements;
- audits, examinations and inquiries performed under the *Act*; and
- the results of the examination of the accounts of the Province calling attention to anything the Auditor General considers significant relating to:
  - collections of public money;
  - disbursements of public money;
  - instances where accounts have not been faithfully and properly kept;
  - instances where assets acquired, administered or otherwise held were not adequately safeguarded or accounted for;
  - instances where accounting systems and management control systems that relate to revenue, disbursements, the safeguarding or use of assets or the determination of liabilities were not in existence, were inadequate or had not been complied with; and
  - any 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.

---

## Our Mandate

---

CHAPTER  
3  
PLANNING OUR WORK

### 3.1 Strategic Plan

Strategic planning is the process by which an organization envisions its future and develops the necessary procedures to achieve that future. It identifies strengths, weaknesses, and opportunities in order for an organization to identify future directions, goals and expected outcomes. Strategic planning is also required to develop an entity's mission, values and lines of business. It ensures effective utilization of an entity's human and financial resources at an operational level to achieve its objectives.

The Office developed its first Strategic Plan in 1994 and continues to revise this Plan on a regular basis to reflect changes in our work environment. The latest revision, April 2004, is designed to take us through to the end of fiscal 2008. The process has resulted in the identification of an Office mission statement along with related values and lines of business.

#### **Mission Statement**

*The Office of the Auditor General serves the House of Assembly by providing independent examinations of Government and its entities.*

*As legislative auditors, we audit financial statements and other accountability documents, evaluate management practices and control systems, and determine compliance with legislative and other authorities.*

*Our purpose is to promote accountability and encourage positive change in the stewardship, management and use of public resources.*

#### **Values**

We believe in independence for our Office, integrity in our conduct and quality in our work. Therefore, we will:

*Maintain our independence and avoid the perception of bias;*

*Ensure credibility and relevance of our work;*

*Strive for excellence in our work and seek continuous improvement in our use of technology, methodology and training;*

*Treat all external parties with courtesy and respect; and*

*Conduct ourselves according to the highest professional standards.*

We believe everyone should be treated with fairness and respect. Therefore, in our Office, all employees:

*Are recognized and valued for contributions;*

*Communicate openly and work together as a team;*

*Receive necessary opportunities for professional and personal growth; and*

*Are accountable for quality performance and encouraged to improve processes.*

### **Lines of Business**

Analysis of our mandate, mission and values, review of environmental trends and our vision of the future all support the allocation of resources to the following lines of business:

- Financial Statement Audits
- Legislative Audits
- Monitoring Crown Agency Reports
- Special Assignments
- Report Publishing

These lines of business and related challenges, strategies and objectives form the major segment of our Strategic Plan.

In addition to the Office's Strategic Plan, we also developed an Information Technology (IT) Strategy. The IT Strategy focused on the use of information technology to improve business processes, specifically in the areas of audit services and the annual report process. The Strategy also provides a focus for our information technology requirements such as hardware, software applications, and required training.

### 3.2 Annual Operational Plan

In order to operationalize our Strategic Plan and our Strategic Goals, in December of each year our Executive and Management Group develop an annual Operational Plan for the period 1 January to 31 December of the following year. This Plan includes a listing of all financial statement audits, legislative audit projects and any other audit work planned for the year. For each audit, the Plan details the assignment of managers and estimates the time and resources required.

In developing our Operational Plan we first estimate the total number of hours available to the Office by applying the annual standard of 1,820 hours for each of our staff. We then provide for such areas as annual leave and other types of leave to arrive at total controllable hours. We also deduct the estimated hours provided for professional development to arrive at the number of hours available for our various audit work.

The available hours are assigned to our five lines of business. These are: financial statement audits; legislative audits; monitoring Crown agency reports; special assignments; and report publishing. Each member of our audit staff is accountable to a Manager for completion of their audit assignments and is required to submit a weekly time report which records the number of hours spent in the previous week on the various assignments. In addition, each Manager is in turn required to report to the Executive Committee on the progress made in completing the assigned work.

---

## Planning Our Work

---

CHAPTER  
4  
PERFORMANCE  
ACCOUNTABILITY

Our Office is accountable to the House of Assembly for its performance. This section of the Report provides a comparison of our performance against the goals established for the five lines of business outlined in the Office Strategic Plan.

### 4.1 Financial Statement Audits

A financial statement audit enables the Auditor General to express an opinion as to the fair presentation of the Public Accounts of the Province and the financial statements of Crown agencies. The opinion is based on an independent assessment and therefore adds credibility to the information to which it is attached.

#### Goal 1.1

Complete our audit of the financial statements of the Province by 30 September of each year and complete all other financial statement audits within three months of their fiscal year end.

#### Status

My Auditor's Report on the audit of the financial statements of the Province was dated 18 October 2006 due to the late receipt of information to complete the audit.

Of the 30 Crown agency financial statement audits that we perform, 22 were issued within three months of the fiscal year end.

The remaining 8 either did not provide draft financial statements or did not provide supporting information for audit in sufficient time for completion within three months. At the date of this report, we have been unable to complete the financial statement audits of 4 of these 8 entities because the entities have not provided the necessary information. The 4 entities are Newfoundland Government Fund Limited, Newfoundland and Labrador Legal Aid Commission, C. A. Pippy Park Commission and C.A. Pippy Park Golf Course Limited.

### Goal 1.2

Provide the House of Assembly with our report on the audit of the financial statements of the Province by 30 November of each year.

#### Status

Our report on the audit of the financial statements of the Province for the year ended 31 March 2006 was submitted to the Speaker of the House of Assembly and released on 13 December 2006. We were unable to submit the report prior to then as the Public Accounts had not been tabled.

### Goal 1.3

On an annual basis, determine during the audit planning cycle which audit procedures can be eliminated or changed in order to reduce time and costs while meeting professional standards. As a result, each time budget will be established to meet audit requirements.

#### Status

Prior to the commencement of each audit, as part of the planning phase, the time budget was reviewed to determine whether there were areas where the audit time could be reduced. At the conclusion of each financial statement audit, the time spent on the audit was reviewed in detail and compared with the original time budget. All audit procedures have been rationalized and are necessary in order to meet professional standards.

### Goal 1.4

Complete all audits (Crown agencies and financial statements of the Province) within budget for time and cost, and monitor actual time and cost relative to budget. Our target for success is to be within a 10% variance of budget for time and cost.

#### Status

Of the 30 Crown agency financial statement audits that we performed, in 11 instances the time and costs exceeded the budget by more than 10%. In some instances, this was planned and necessary in order to provide training for junior staff. In other instances, variances were caused by particular circumstances associated with the agency being audited.

The audit of the financial statements of the Province was completed within the set goals.

### Goal 1.5

Conduct all audits in accordance with professional standards and comply with internal Office policy. All financial statements and management letters will be subjected to a professional practice and challenge review process. Our target for success is 100% compliance.

#### Status

The Office uses the Canadian Institute of Chartered Accountants' Professional Engagement Manual as a financial statement audit manual to guide staff and promote consistency in our audit work. To ensure compliance with Canadian generally accepted auditing standards, each financial statement audit file is reviewed and challenged in detail by an Audit Manager. In addition, all financial statements are reviewed by our Professional Practice Group and the Office's Executive before they are released. As a result of these processes, all financial statement audits were conducted in accordance with professional standards and internal Office policy.

During the past year, as required by Canadian generally accepted auditing standards, we formalized our Office's audit quality control policies. We enhanced our quality control manual and provided training courses to all of our staff in the policies and their responsibilities for compliance. This enhanced the policies which have been part of our practice for many years. In addition, during the year certain of our audit files were reviewed by a representative from another Canadian Legislative audit office. That review disclosed that our files comply completely with Canadian generally accepted auditing standards.

### Goal 1.6

Communicate with all auditees on an annual basis to ensure that good quality information required to be audited is available on a timely basis.

#### Status

Prior to the commencement of all financial statement audits correspondence was sent to all auditees requesting the necessary information needed to complete the audit on a timely basis.

### Goal 1.7

Provide senior officials with an opportunity to meet and discuss the audit and findings.

### Status

Audit staff met with senior officials of all auditees. Furthermore, all auditees were either written or contacted directly by the Auditor General and provided with an opportunity to discuss the audit and/or findings.

## 4.2 Legislative Audits

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

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

### Goal 2.1

Continue to use risk-based audit management. The Executive Committee will meet with Audit Managers on an annual basis to obtain an overview of the departments and agencies for which they have been assigned responsibility. We will also have an annual meeting with all audit staff to identify possible legislative audit projects.

### Status

Although there is no substitute for professional judgement in determining what work we perform, we have developed a computerized risk based audit management system known as The Audit Universe Monitoring System (TAUMS) to assist us with the selection of legislative audit projects. The system was developed in 1996 and is located on the network server in our Corner Brook Regional Office. This system contains financial and other relevant information from all Crown agencies and departments as well as issues raised in management letters. The information storage and retrieval features of TAUMS permit us to prioritize projects during our planning process and ensure that staff are assigned to issues requiring attention.

The Executive Committee met with Audit Managers to obtain an overview of potential projects relating to the departments and agencies for which they were assigned responsibility. A meeting was held with all audit staff to identify possible projects for our 2006 audit cycle.

### **Goal 2.2**

The Executive Committee will meet with each Audit Manager on a bi-weekly basis to discuss the status of each legislative audit.

#### **Status**

Although meetings were not always held on a bi-weekly basis, the Executive Committee did meet regularly with each Audit Manager to discuss the status of each legislative audit.

### **Goal 2.3**

Provide senior auditee officials with an opportunity to meet and discuss the audit and findings.

#### **Status**

At the commencement of all legislative audits senior officials were contacted and provided an opportunity to meet and discuss the audit. At the conclusion of the audit, senior officials were provided with an opportunity to meet and discuss the findings.

### **Goal 2.4**

Ensure a high level of quality in the legislative audit process by subjecting all reports to quality control criteria and a professional practice and challenge review process.

#### **Status**

All legislative audit work is carefully planned, conducted, monitored, and reviewed in accordance with Canadian generally accepted auditing standards. The reports from this work are the final published product provided to Members of the House of Assembly. Therefore, it is imperative that the documents be factual, relevant and understandable. To achieve this objective, over the years we have undertaken a number of initiatives.

Such initiatives include a rigorous challenge review process at various levels in the Office including the Executive and Professional Practice, and by providing draft reports to senior Government and Crown agency officials for validation and comment. During the year, all legislative audits were subjected to this process. In addition, to improve consistency in our various reports, we provide specialized software to all audit staff dealing with written communications. As well, during the year we hired a Director of Information Resources to work closely with the audit staff and to review all reports for readability, style and consistency.

### **Goal 2.5**

Monitor the degree to which positive change has occurred resulting from implementation of our recommendations or evidence that major issues will be addressed. Our target for success is that 80% of all recommendations be implemented within two years of our report date.

### **Status**

In 1996, we established a process to measure the extent to which Government implements our recommendations. It is our intention to monitor and update the recommendations in each report two years after it has been issued. Monitoring will continue until we are reasonably satisfied that the issues are being adequately addressed or are no longer valid.

For the 11 years from 1994 to 2004 this Office made 1,192 individual recommendations through our various reports which were tabled in the House of Assembly. We are pleased to note that, for 1,014 or 85.1% of these recommendations, satisfactory progress has been made or the recommendations are no longer applicable.

In Chapter 3 of our 2006 Report to the House of Assembly on Reviews of Departments and Crown Agencies we will provide an update on prior year's report items.

### **Goal 2.6**

Provide the House of Assembly with at least two reports each year on reviews of departments and Crown agencies.

### Status

Our 2006 Report to the House of Assembly on Reviews of Departments and Crown Agencies will be provided to the Speaker for tabling in the House of Assembly before the statutory deadline of 31 January 2007. In the coming year, our reports will be published on a periodic rather than an annual basis.

#### **Goal 2.7**

Provide the House of Assembly with an accountability report on our Office by 31 January of each year.

### Status

This report on the operations of our Office was provided to the Speaker before the statutory deadline of 31 January 2007 for tabling in the House of Assembly.

## **4.3 Monitoring Crown Agency Reports**

Our role is to assess all Crown agencies over an appropriate number of years and to report on their accountability, management practices and control systems, their compliance with legislation, their performance related to established criteria, and any weaknesses or other issues which we feel should be brought to the attention of the House of Assembly.

#### **Goal 3.1**

Review the auditor's report, audited financial statements, recommendations to management, annual report, and any other relevant reports of each of the Crown agencies.

### Status

We have developed and are using a database system known as “The Audit Universe Monitoring System”. This system contains financial and other relevant information on all Crown agencies and departments as well as issues raised in management letters. We also review annual reports of Crown agencies which we audit.

#### **Goal 3.2**

Maintain “The Audit Universe Monitoring System” to record relevant reports of each of the Crown agencies.

### Status

“The Audit Universe Monitoring System” is updated as financial statements and reports are received from the auditors of Crown agencies.

#### Goal 3.3

Contact private sector auditors to arrange for receipt of financial statements and management letters on a timely basis and monitor receipt of this information.

### Status

Although the Office is proactive in requesting financial statements and related management letters, in most cases we do not receive the information on a timely basis. Usually, we have to issue a follow-up letter before the information is received.

#### Goal 3.4

The annual report to the House of Assembly shall include a report on monitoring of Crown agencies.

### Status

There will be a part in our Report to the House of Assembly on Reviews of Departments and Crown Agencies which will contain the results of this monitoring work for the 2006 fiscal year.

## 4.4 Special Assignments

Under Section 16 of the *Auditor General Act*, the Auditor General may accept assignments from the House of Assembly, the Public Accounts Committee and the Lieutenant-Governor in Council. The results of these assignments are reported to the body making the request and also referenced in our Report to the House of Assembly on Reviews of Departments and Crown Agencies.

#### Goal 4.1

Strive to perform special assignments whenever requested.

### Status

During the year the Office commenced a review of constituency allowances claimed by Members of the House of Assembly. The Office's work resulted in the issuance of 9 reports relating to excess constituency allowances claimed by 5 Members and 2 reports relating to double billings by 2 Members. The reports were provided to the Lieutenant-Governor in Council and tabled in the House of Assembly, along with a report on issues relating to payments made by the House of Assembly to certain suppliers. In July 2006, the Lieutenant-Governor in Council requested that the Office review all constituency allowances paid to Members for the period covering the fiscal years ending 31 March 1990 to 2006. The first part of this review, relating to excess constituency allowance claims, has now been completed and the report is with the Commission of Internal Economy for their consideration and response. The second part of the review relating to the appropriateness of expenditures claimed and adequacy of supporting documentation is ongoing and is expected to be completed in 2007.

In November 2006 the House of Assembly, by resolution, requested that we “investigate all details and circumstances of the fibre optic deal” announced by Government. This work has begun and the report is expected to be completed in 2007.

### Goal 4.2

Report on all special assignments conducted within six months of beginning our work.

### Status

Our work on the special assignments from the Lieutenant Governor in Council and the House of Assembly are ongoing and our reports will be tabled in the House of Assembly when the projects have been completed.

### Goal 4.3

Subject all special assignment reports to quality control criteria and a challenge review process.

### Status

Our quality control and challenge review process requires that all audits, reviews, or assignments be subject to quality control criteria and a formal challenge review process. Our quality control policies require that all work is carefully planned, conducted, monitored, and reviewed in accordance

with Canadian generally accepted auditing standards. The reports from this work are the final published product provided to Members of the House of Assembly. Therefore, it is imperative that the documents be factual, relevant and understandable. We utilize a rigorous challenge review process at various levels in the Office and we formally validate all information with those involved in the process.

### 4.5 Report Publishing

The *Auditor General Act* requires that we report, at least annually, to the House of Assembly on the results of our examination of the Province's financial statements and on the results of any audits, examinations or inquiries which we have performed. In addition, when we have completed a financial statement audit, we attach our auditor's report to the financial statements and issue a management letter to the entity examined. When we perform a legislative audit, we issue a management report which includes the entity's response to any comments made.

#### Goal 5.1

Provide our reports to the House of Assembly in compact disc format to supplement existing formats.

#### Status

Our Report to the House of Assembly on the Audit of the Financial Statements of the Province of Newfoundland and Labrador for the year ended 31 March 2006 was provided on compact disc format. Future reports will continue to be available on compact disc.

#### Goal 5.2

Provide staff with direction relating to the Office's existing auditing policy on drafting reports and emphasize the need for consistency in report drafting.

#### Status

The Office has a standard format, as outlined in our Auditing Policy 10, for preparing draft reports. In addition, to improve consistency in our various reports, we provide specialized software for all audit staff dealing with written communications. As well, during the year we hired a Director of Information Resources to work closely with our staff to further streamline the report writing process.

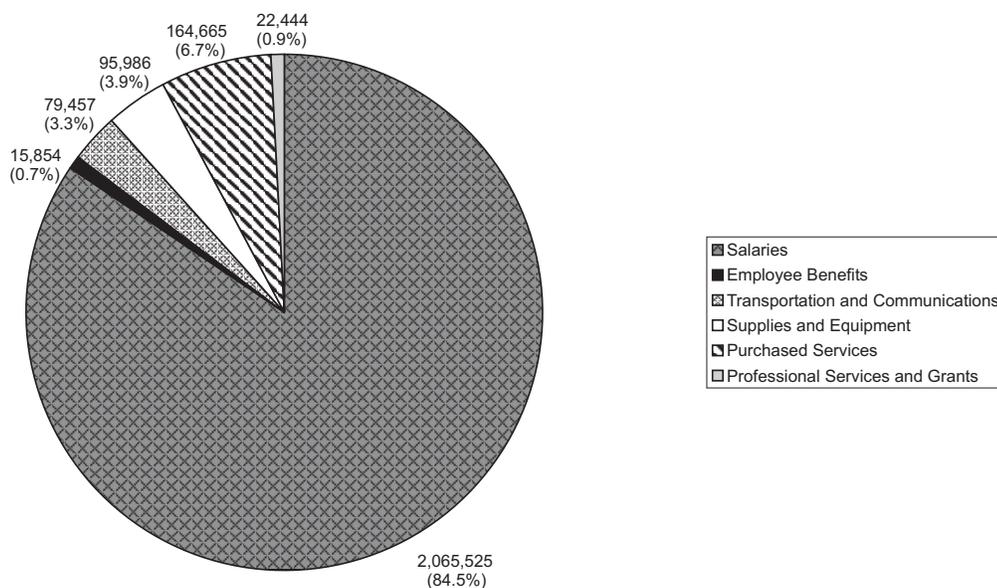
CHAPTER  
5  
FINANCIAL  
ACCOUNTABILITY

### 5.1 Expenditure of the Office

The net expenditure of the Office totalled \$2.3 million for the year ended 31 March 2006. The Office operated within the budget provided by the Commission of Internal Economy and approved by the Legislature. Information on the total expenditure of the Office for the year ended 31 March 2006 is presented in Figure 2.

**Figure 2**

#### Expenditure of the Office Year Ended 31 March 2006



Approximately 90% of the Office's total expenditure relates to non-discretionary spending for such items as salaries, rent, equipment rental and telephone. As a result, the Office has a very small amount of discretionary spending.

In accordance with Section 33 of the Auditor General Act, estimates for the Office of the Auditor General are approved by the Commission of Internal Economy for inclusion in the Estimates of the Province. Section 32 of the Act requires that the accounts of the Office be audited annually by an independent public accountant appointed by the Commission. At the time of preparation of this Report, an independent auditor had not been appointed to audit the financial statements of the Office. Therefore, the financial information included in this Report is the information included in the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund of the Province for the year ended 31 March

2006 along with other accrual information submitted by our Office to the Office of the Comptroller General as part of the preparation of the Public Accounts. When an independent auditor has been appointed by the Commission of Internal Economy and has performed an audit of this information, the audited financial statements will be presented to the Speaker for tabling in the House of Assembly.

### **5.2 Financial Statements**

The following are the unaudited financial statements for the Office for the year ended 31 March 2006.

**OFFICE OF THE AUDITOR GENERAL  
PROVINCE OF NEWFOUNDLAND AND LABRADOR  
Schedule of Assets and Liabilities  
As at 31 March 2006**

	<u>2006</u> \$	<u>2005</u> \$
<b>ASSETS</b>		
<b>Current</b>		
Audit fees billed and in progress	76,015	58,314
Travel imprests	1,200	1,200
Accountable advance	200	200
	<hr/> 77,415	<hr/> 59,714
<b>LIABILITIES</b>		
<b>Current</b>		
Accrued leave	650,550	625,341
Accrued payroll	57,454	55,873
Accrued severance pay	466,318	477,040
Accrued overtime	5,337	7,635
	<hr/> 1,179,659	<hr/> 1,165,889

Unaudited

## Financial Accountability

**OFFICE OF THE AUDITOR GENERAL  
PROVINCE OF NEWFOUNDLAND AND LABRADOR  
Schedule of Expenditure and Related Revenue  
Year ended 31 March 2006**

	<u>2006</u>			2005
	<u>Actual</u>	<u>Estimates</u>		<u>Actual</u>
	\$	<u>Amended</u>	<u>Original</u>	\$
		\$	\$	
<b>EXECUTIVE SUPPORT</b>				
Salaries	137,467	137,500	137,500	137,467
Salaries (statutory)	124,195	118,900	118,900	118,914
Employee benefits	2,155	4,000	4,700	2,285
Transportation and communications	13,739	17,000	17,000	6,462
Professional services	1,230	14,000	14,000	4,035
Purchased services	282	700	700	3,932
	<b>279,068</b>	<b>292,100</b>	<b>292,800</b>	<b>273,095</b>
<b>ADMINISTRATIVE SUPPORT</b>				
Salaries	188,385	216,900	216,900	207,937
Employee benefits	2,700	3,000	3,000	507
Transportation and communications	28,980	38,200	38,200	26,295
Supplies	54,392	59,500	69,300	15,994
Professional services	924	3,600	3,600	-
Purchased services	164,383	170,000	170,000	161,559
Property, furnishings and equipment	41,594	42,400	32,600	6,303
Grants and subsidies	9,100	9,300	9,300	9,250
	<b>490,458</b>	<b>542,900</b>	<b>542,900</b>	<b>427,845</b>
<b>AUDIT OPERATIONS</b>				
Salaries	1,615,478	1,632,700	1,732,700	1,525,383
Employee benefits	10,999	11,100	9,900	33,849
Transportation and communications	36,738	84,000	84,500	38,588
Professional services	11,190	15,000	15,000	-
Information technology	-	-	-	91,167
	<b>1,674,405</b>	<b>1,742,800</b>	<b>1,842,100</b>	<b>1,688,987</b>
Revenue - Provincial	<b>(147,500)</b>	<b>(165,800)</b>	<b>(165,800)</b>	<b>(187,000)</b>
	<b>1,526,905</b>	<b>1,577,000</b>	<b>1,676,300</b>	<b>1,501,987</b>
Net expenditures	<b>2,296,431</b>	<b>2,412,000</b>	<b>2,512,000</b>	<b>2,202,927</b>

Unaudited

**OFFICE OF THE AUDITOR GENERAL  
PROVINCE OF NEWFOUNDLAND AND LABRADOR  
Statement of Gross Expenditure and Unexpended Balances  
Year ended 31 March 2006**

	<u>2006</u> \$	<u>2005</u> \$
Original estimates (net)	2,512,000	2,528,600
Less: estimates transferred to the House of Assembly	100,000	-
Amended estimates	2,412,000	2,528,600
Add: revenue estimates net of statutory payments	46,900	46,900
<b>Total appropriation</b>	<b>2,458,900</b>	<b>2,575,500</b>
Total net expenditure	2,296,431	2,202,927
Add: revenue in excess of statutory payment	23,305	68,086
<b>Total gross expenditure (budgetary, non-statutory)</b>	<b>2,319,736</b>	<b>2,271,013</b>
<b>Unexpended balance of appropriation</b>	<b>139,164</b>	<b>304,487</b>

**Summary of Cash Payments and Receipts**

	<u>Payments</u> \$	<u>Receipts</u> \$	<u>Net</u> \$
Current account	2,443,931	147,500	2,296,431

Unaudited

### OFFICE OF THE AUDITOR GENERAL PROVINCE OF NEWFOUNDLAND AND LABRADOR Notes to Financial Information Year ended 31 March 2006

---

#### Authority

Section 3 of the *Auditor General Act* provides for the establishment of a department of the public service of the Province called the Office of the Auditor General. This *Act* was assented to on 31 October 1991.

#### **1. Significant accounting policies**

This financial information has been prepared by the Office of the Auditor General using the accrual basis of accounting in the Schedule of Assets and Liabilities and the cash basis of accounting in the Schedule of Expenditure and Related Revenue. Outlined below are the significant policies followed:

(a) Assets

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 in the Schedule of Assets and Liabilities.

(b) Operating expenses

The employer's portion of government personnel costs is paid by the Department of Finance and is not reflected in this financial information.

(c) Capital assets

Capital asset acquisitions are charged as budgetary expenditures and are expensed in the year they are acquired because they are less than the amounts established by the Province for capitalization. The assets are not considered to be convertible and therefore are not capitalized and are not valued on the Schedule of Assets and Liabilities.

(d) Income taxes

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

#### **2. Pensions**

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 expenditure has been recorded in this financial information.

CHAPTER  
6  
OUR PEOPLE

### 6.1 Our Employees

Our employees are our most valuable resource and it is their knowledge and skill that determine the quality of the work that is performed. The Office is organized to allow for the efficient and effective deployment of staff and to support our work.

As of 30 November 2006, our Office had 42 employees, 37 in the head office and 5 in the regional office in Corner Brook. Five employees work in administrative and IT support, while the remaining 37 work directly in audit. Of these 37 audit staff, 24 have professional accounting designations and 5 are in the process of completing their professional accounting program. Our Network Administrator has a Certified Network Administrator designation. In addition, we have one employee at Head Office who is funded through the Employment Equity and Strategic Initiatives Division of the Public Service Secretariat and works in IT support.

The organizational structure of the Office is outlined in Figure 3.

Figure 3

#### Office of the Auditor General Organization Chart

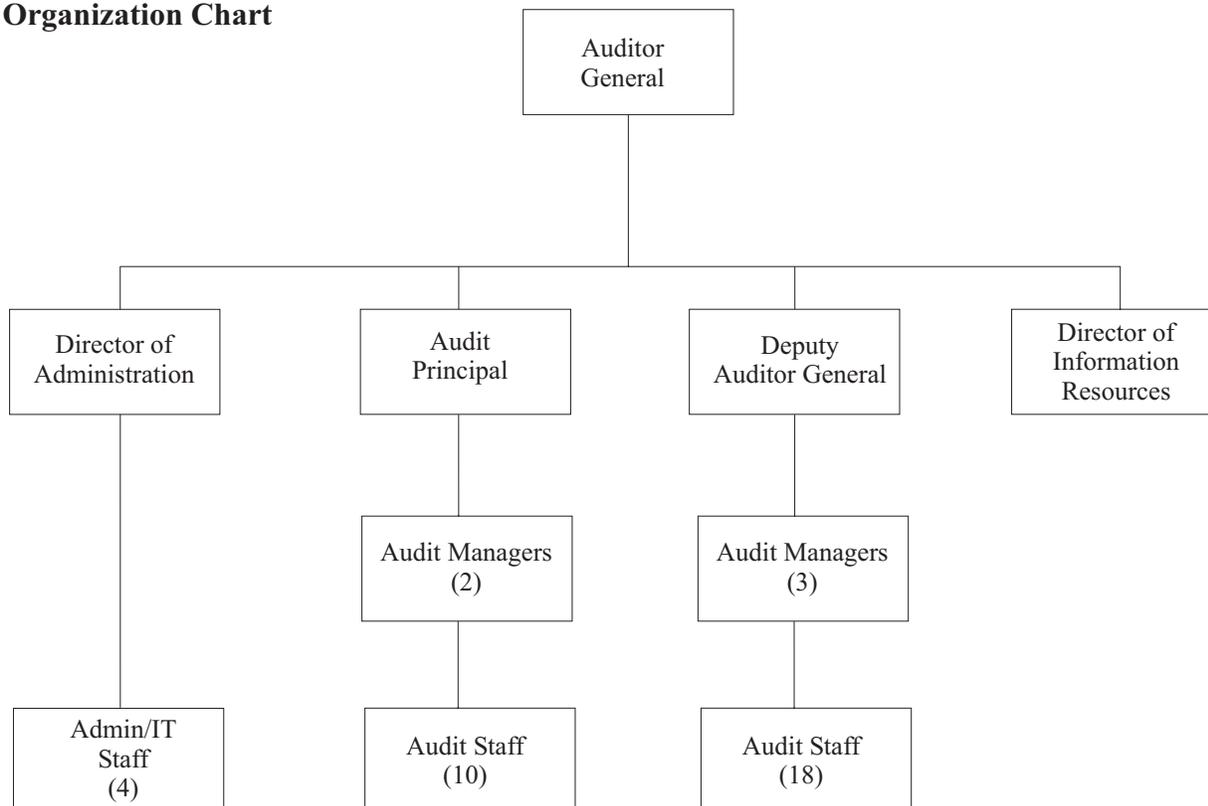


Figure 4 is a photograph of staff in our head office.

**Figure 4**

### Staff of the Office of the Auditor General - Head Office



Seated (l-r) Bill Drover, FCA; Nina Goudie; John Noseworthy, CA - Auditor General; Wayne Loveys, CMA; Gregg Griffin; Keith Butt, CA; Sandra Russell, CA.

Standing (l-r) Jennifer Stamp; Tony Wiseman; Nancy King; Gertrude Critch; Lindy Stanley; Blair Bradbury; Jackie Smith, CMA; Paul Forristall, CGA; Stephen Price, CGA; Maxine Kearsy, CA, CMA; Glenn Hiscock, CGA; Scott Jones; Kayla Bennett; John Casey, CMA; Elizabeth Decker; Adam Martin; Paul Burggraaf, CNA; Tony Roestenberg, CA; Juliah Chislett, CGA; Leif Martin; David Ralph, CA; Erin Sellars; Mark Didham; Blair Saunders, CMA; Ruth-Ann Simmons, CMA; Jim Winsor, CMA; Marion Penney, CGA; Trevor McCormick, CGA; David White, FCGA; James Mallard, CGA; Jeremy Hynes; Brenda Kavanagh.

Figure 5 is a photograph of staff in our regional office in Corner Brook.

**Figure 5**

---

**Staff of the Office of the Auditor General - Corner Brook**



Seated: Lisa Duffy; Tracy Pelley, CMA.  
Standing: Tony Dingwell, CA; Scott Walters, CA; Claude Janes, CA.

**Figure 6**

**Facts Relating to the Office of the Auditor General  
As at 30 November 2006**

Total number of staff	42
Number of audit staff	37
Number of administrative and IT support staff	5
Number of staff located in head office	37
Number of staff located in regional Office	5
Number of male staff	26
Number of female staff	16
Total average of age of all staff	39
Average age of male staff	42
Average age of female staff	35
Total legislative auditing experience audit staff	388 years
Total number of staff with professional accounting designations	24
Total number of CAs	9
Total number of CMAs	7
Total number of CGAs	8
Average number of professional development days 2006	4

### **6.2 Supporting our Work**

To support our audit staff in the performance of their work, we have established four support services in the Office with the following responsibilities:

**Administration** - provides the Executive with sufficient information to direct the continued operation of the Office, provides audit staff with materials and other supports necessary to complete assignments without unnecessary distraction, and is responsible for human resource management in the Office.

**Professional Practice** - provides advice to the Office on all accounting and auditing policies and practice matters and on legislative matters affecting the Office and its work. It ensures that the practices of the Office are consistent with the requirements of the Canadian Institute of Chartered Accountants (CICA), other governing bodies, and our own policies and procedures. This area reviews current and emerging accounting and auditing issues and new practices within the public sector in Canada and throughout the world, keeps the Office informed of new developments and requirements in the profession and, where necessary, provides comments to professional bodies and central agencies. This area also co-ordinates training for audit staff and performs quality control reviews of all financial statements, legislative audit reports and other reports issued by the Office. In addition, this area is responsible for the Office's system of quality control as required by Canadian generally accepted auditing standards.

**Director of Information Resources** - streamlines internal and external communications and oversee the report writing process. The Director is responsible for developing information resource policies and standards, providing advisory and support services to ensure compliance with policies and standards, and leading strategic planning and implementation of information resource standards, practices and policies, with a view to maintaining quality services to the Office's stakeholders.

**Information Technology** - provides consultation and technical support on all matters dealing with information technology. This area is responsible for implementation of the Office's information technology strategic plan. It also monitors technological developments relevant to the Office, provides ongoing operational support and assists in training activities.

In addition, the Office has established three staff committees - Human Resources, Information Technology, and Occupational Health and Safety. These Committees deal with staff and operational issues and provide recommendations to the Executive. Committee membership is on a rotational basis and all staff are encouraged to participate.

### 6.3 Human Resource Initiatives

The quality of our work depends on the motivation, talent and energy of our staff. Therefore, it is essential for our Office to create an environment that encourages, supports and perpetuates a commitment to our mission and values. To achieve this goal, over the years, the Office has developed a number of initiatives, including the following:

### Training and Development

The Office has developed a competency model which identified the core competencies that our staff require. This model is used to identify gaps between required and actual skill sets and provides the focus for our ongoing training and development program. This process is essential to ensure that staff keep their skill sets current and relevant. For 2006, on average, each audit staff member was provided with 4 days of training and development. During the year the Office provided courses on computer auditing for all audit staff. In addition, we provided all staff with annual updates on the work and decisions of the Canadian Institute of Chartered Accountants and its Public Sector Accounting Board on auditing and accounting matters which impact on the work of the Office.

Our Office encourages all audit staff to complete their professional accounting designation. We demonstrate our commitment and support of this initiative through financial assistance, study support and mentoring. During the past year we were pleased to report the following accomplishments by our staff:

- Adam Martin passed the CICA Uniform Final Examinations and will receive his Chartered Accountant (CA) designation in 2007;
- Jennifer Stamp passed the CICA Uniform Final Examinations and will receive her Chartered Accountant (CA) designation in 2007;
- Blair Saunders received his Certified Management Accounting (CMA) designation.

We congratulate them on their achievements.

During 2006, we again provided work-term placements for four students from the College of the North Atlantic. We also partnered with the Employment Equity and Strategic Initiatives Division of the Public Service Secretariat.

### Compressed Leave

The Office continues to offer the compressed work schedule for the summer months which was first introduced in 2000.

### Flex Time

The Office has a flex time policy which is offered year-round and permits employees to vary the beginning and ending times of work within a core range of hours.

### **Casual Dress**

The Office has a policy whereby staff can dress business casual on Fridays while working in the Office. This policy is also in effect each day during summer hours.

### **6.4 Involvement with the Profession**

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. The Office, through its membership in the CCOLA, has staff participating on various CCOLA committees established to address specific issues of common concern.

The Office is actively involved in assisting in the development of public sector accounting and auditing standards in Canada and provides comments on various accounting and auditing issues being researched by the Canadian Institute of Chartered Accountants (CICA). In addition, the Auditor General, John Noseworthy, is a member of the Public Sector Accounting Board of the CICA. This is the Board which issues recommendations and guidance with respect to matters of accounting in all areas of the public sector in Canada. He is also a member of the Accountability and Audit Program Advisory Group of the Canadian Comprehensive Auditing Foundation (CCAF).

We are pleased to note that many of our staff are actively involved in support of the various professional accounting bodies in which they hold membership. David White and Trevor McCormick are members of the Board of Governors of the Certified General Accountants Association (CGA) of Newfoundland and Labrador. Trevor also serves on the executive of the Association as Secretary to the Board and is a member of the CGA Canada National Professional Standards Committee.

---

## Our People

---

CHAPTER  
7  
OTHER MATTERS

### **7.1 Public Accounts Committee Hearings**

The House of Assembly's Public Accounts Committee is appointed under the Standing Orders of the House of Assembly. The Committee is comprised of 4 Government Members and 3 Opposition Members. The Chair of the Committee is elected from the Opposition Members and the Vice-Chair is elected from the Government Members.

Although the Public Accounts Committee did not hold public hearings during the year, I was pleased to provide the Committee with an overview of my 2005 *Report on Reviews of Departments and Crown Agencies* and all reports related to excess constituency allowance claims by Members of the House of Assembly and payments made by the House of Assembly to certain suppliers.

### **7.2 Eastern Conference of Legislative Auditors (ECOLA)**

ECOLA meets each year and is comprised of the Auditors General and senior staff members from all of the Atlantic Provinces and Quebec. The group serves to promote and support professional legislative auditing within all the legislative audit offices in eastern Canada.

### **7.3 Canadian Conference of Legislative Auditors (CCOLA)**

CCOLA meets each year and is comprised of the Auditors General of all Provinces, the Territories and Bermuda, along with the Auditor General of Canada and members of each Office's senior staff. The group serves to promote and support professional legislative auditing within all the legislative audit offices in Canada.

### **7.4 Special Reports to the House of Assembly**

During the year the Office commenced a review of constituency allowances claimed by Members of the House of Assembly. The Office's work resulted in the issuance of 9 reports relating to excess constituency allowances claimed by 5 Members and 2 reports relating to double billings by 2 Members. The reports were provided to the Lieutenant-Governor in Council and tabled in the House of Assembly, along with a separate report on issues relating to payments made by the House of Assembly to certain suppliers. In July 2006, the Lieutenant-Governor in Council requested that the Office review all constituency allowances paid to Members for the period covering the fiscal years ending 31 March 1990 to 2006. The first part of this review, relating to excess constituency allowance claims, has

now been completed and the report is with the Internal Economy Commission for their consideration and response. The second part of the review relating to the appropriateness of expenditures claimed and adequacy of supporting documentation is ongoing and is expected to be completed in 2007.

In November 2006 the House of Assembly, by resolution, requested that we “investigate all the details and circumstances of the fibre optic deal” announced by Government. This work has begun and the report is expected to be completed in 2007.

### **7.5 Opportunities and Challenges**

There are a number of opportunities and challenges which will face the Office in the next few years. These include the following:

#### **Succession Planning**

In the coming years many of our staff will be in a position to retire at the same time. For example, the average age of the management team is 49 which means that within the next decade, many of this team will be eligible to retire. The Office is well positioned to cope with this situation given the education, ongoing experience and professional development of less senior staff.

#### **Changes in Auditing Profession**

As a result of recent financial irregularities with certain major public corporations and the resulting collapse of these corporations, there have been many changes in professional auditing standards. Therefore, the Office has to keep apprised of all developments and requirements and ensure that staff are properly trained and that proper standards are followed. To this end, the Office has a Professional Practice section which monitors all developments in this area.

#### **Changes in Government and Legislation**

There is a professional responsibility to acquire knowledge of a business in order to effectively perform an audit. As the auditor of Government, therefore, my Office requires a sound knowledge of the business of Government. There are challenges given the many changes which continue to take place relating to how Government and its agencies operate. In addition, there are changes to legislation which impact on operations and which have to be monitored. For example, the requirements under the *Transparency and Accountability Act* as they apply to Government and all of its entities have to be considered by my Office in performing audits.

## APPENDICES

APPENDIX

I

*AUDITOR GENERAL ACT*

### ***Auditor General Act***

1. This Act may be cited as the *Auditor General Act*.
2. (1) In this Act
  - (a) “agency of the Crown” means an authority, board, commission, foundation, agency, corporation, association, institute or other body of persons, whether incorporated or unincorporated, 50% or more of the members of which or 50% or more of the members of the board of management or board of directors of which,
    - (i) are appointed by an Act of the Legislature or by the Lieutenant-Governor in Council, or
    - (ii) where not so appointed, in the discharge of their duties are public officers or servants of the Crown or are responsible to the Crown for the proper discharge of their duties;
  - (b) “audit” means an audit or examination of accounts of public money that may be made by the auditor general under this Act;
  - (c) “auditor general” means the Auditor General of Newfoundland and Labrador appointed under section 4;
  - (d) “commission” means the Commission of Internal Economy of the House of Assembly appointed under the authority of *The Internal Economy Commission Act*;
  - (e) “Crown controlled corporation” means a corporation that is not an agency of the Crown and having
    - (i) 50% or more of its issued and outstanding shares vested in the Crown or in the name of a minister of the Crown, or
    - (ii) the appointment of a majority of its board of directors made or approved by the Lieutenant-Governor in Council;
  - (f) “office” means the Office of the Auditor General established under section 3; and
  - (g) “public money” means all money received, held or collected for or on behalf of the province by a minister of the Crown or other public officer in his or her official capacity or by a person authorized to receive, hold or collect that money, and includes
    - (i) all revenues of the province,
    - (ii) money borrowed by the province or received through the issue and sale of securities, and
    - (iii) money paid to the province for a special purpose.

## Appendix I

(2) Words and expressions used in this Act and not defined in subsection (1) have the same meaning as in the *Financial Administration Act*.

3. There is established a department of the public service of the province called the Office of the Auditor General, over which the auditor general shall preside.

4. (1) The Lieutenant-Governor in Council shall, by commission under the Great Seal of the province, appoint a qualified auditor to be the officer called the Auditor General of Newfoundland and Labrador.

(2) The person appointed to the position of auditor general under this section must be confirmed in office as auditor general by the introduction in the House of Assembly of a resolution within 10 days after his or her appointment and if the House of Assembly is not sitting within 10 days after the commencement of the next ensuing Session of the House of Assembly or within 10 days after the House of Assembly resumes sitting following an adjournment of the House of Assembly.

(3) The auditor general is by virtue of his or her position an officer of the House of Assembly.

5. (1) The auditor general holds office for a term of 10 years but may be removed for cause by the Lieutenant-Governor in Council following the passing by the House of Assembly of a resolution requesting the Lieutenant-Governor in Council to do so.

(2) Once having served as auditor general, a person is not eligible for reappointment to that office.

6. In the event of the absence or incapacity of the auditor general or where the Office of Auditor General is vacant, the Lieutenant-Governor in Council may appoint a person temporarily to perform the duties of the auditor general.

7. The auditor general shall be paid a salary out of the Consolidated Revenue Fund at a rate set by the Lieutenant-Governor in Council and is entitled to the privileges of office of a deputy minister.

8. The auditor general shall not hold an office of profit or shall not act as trustee for profit for another person, other than his or her office as auditor general or engage in an occupation for reward outside the duties of his or her office.

9. (1) Before entering upon his or her duties, the auditor general shall

(a) take or make and sign the Oath or Affirmation of Allegiance under the *Oaths of Office Act*; and

(b) take or make and sign the following oath or affirmation of office:

“I, ....., do solemnly swear (or solemnly, sincerely and truly declare and affirm) that I will faithfully, truly, impartially, honestly, justly and to the best of my judgment, skill and ability, execute and perform the powers, duties and functions reposed in or required of me as auditor general under the *Auditor General Act* or another Act and that I will observe and comply with the laws of Canada and Newfoundland and Labrador.” (Where an oath is taken add “So help me God”).

## Appendix I

(2) The oaths or affirmations referred to in subsection (1) shall be administered by the Speaker or by the Clerk of the House of Assembly.

10. 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 this Act.

11. The auditor general shall examine the several financial statements required by the *Financial Administration Act* to be included in the public accounts of the province, and any other statement that is required to be audited by the auditor general under that Act or another statement that the Minister of Finance may present for audit and shall express his or her opinion as to whether the financial statements present fairly the financial position, results of operations and changes in the financial position of the province in accordance with the disclosed accounting policies of the provincial government and on a basis consistent with that of the preceding year, together with reservations the auditor general may have.

12. (1) The auditor general shall as he or she considers necessary but at least annually report to the House of Assembly on

- (a) the work of the office;
- (b) whether, in carrying out the work of the office, the auditor general received all the information including reports and explanations the auditor general required;
- (c) the results of the auditor general's examination of the financial statements referred to in section 11; and
- (d) audits, examinations and inquiries performed under this Act.

(2) A report of the auditor general under subsection (1) shall include the results of the auditor general's examination of the accounts of the province, and shall call attention to anything the auditor general considers significant, including instances where

- (a) collections of public money
  - (i) have not been effected as required under various Acts and regulations, directives or orders under those Acts,
  - (ii) have not been fully accounted for, or
  - (iii) have not been properly reflected in the accounts;
- (b) disbursements of public money
  - (i) have not been made in accordance with the authority of a supply vote, or relevant Act,
  - (ii) have not complied with regulations, directives or orders applicable to those disbursements,

## Appendix I

- (iii) have not been properly reflected in the accounts, or
  - (iv) have not been made for the purposes for which it was appropriated;
  - (c) accounts have not been faithfully and properly kept;
  - (d) assets acquired, administered or otherwise held are not adequately safeguarded or accounted for;
  - (e) accounting systems and management control systems that relate to revenue, disbursements, the safeguarding or use of assets or the determination of liabilities were not in existence, were inadequate or had not been complied with; or
  - (f) 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.
- (3) Paragraph (2)(f) shall not be construed as entitling the auditor general to question the merits of policy objectives of the government.

13. (1) Each report of the auditor general referred to in section 12 shall be submitted to the Speaker of the House of Assembly and the Speaker shall table each report before the House of Assembly immediately after receipt of the report by him or her or, where the House of Assembly is not then in Session, on the 1st day of the commencement of the next ensuing Session of the House of Assembly or on the 1st day after the House of Assembly resumes sitting following an adjournment of the House of Assembly.

(2) The annual report of the auditor general shall be submitted on or before January 31 following the close of the fiscal year to which the report relates.

14. (1) 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.

(2) Where the auditor of an agency of the Crown or of a Crown controlled corporation is other than the auditor general, the auditor shall

- (a) deliver to the auditor general after completion of the audit a copy of the auditor's report, his or her recommendations to management and a copy of the audited financial statements of the corporation or agency;
- (b) make available immediately to the auditor general, when so requested by the auditor general, all working papers, reports, schedules and other documents in respect of the audit; and
- (c) provide immediately to the auditor general, when so requested by the auditor general, a full explanation of work performed, tests and examinations made and the results obtained, and other information relating to the audit within the knowledge of that auditor in respect of the agency or corporation.

## Appendix I

(3) Where the auditor general is of the opinion that the information, explanation or document that is provided, made available or delivered to the auditor general by the auditor referred to in subsection (2) is insufficient to permit the auditor general to exercise his or her powers or duties under this Act, the auditor general may conduct or cause to be conducted an additional examination and investigation of the records and operations of the agency of the Crown or the Crown controlled corporation that the auditor general considers necessary.

15. (1) 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.

(2) In addition to reporting to the Lieutenant-Governor in Council under subsection (1), the auditor general shall attach to his or her annual report to the House of Assembly a list containing a general description of the incidents referred to in subsection (1) and the dates on which those incidents were reported to the Lieutenant-Governor in Council.

16. (1) The auditor general may, where in his or her opinion such an assignment does not interfere with the auditor general's primary responsibilities under this Act, whenever the Lieutenant-Governor in Council so requests or the House of Assembly or the Public Accounts Committee by resolution so requires, inquire into and report on a matter relating to the financial affairs of the province or to public property or inquire into and report on a person or organization that has received financial aid from the government of the province or in respect of which financial aid from the government of the province is sought.

(2) Where the auditor general makes a report in accordance with subsection (1), the auditor general shall report back to either the Lieutenant-Governor in Council, the House of Assembly or the Public Accounts Committee.

17. Except as provided by another Act that expressly refers to this section, every department of government, every agency of the Crown and every Crown controlled corporation shall furnish the auditor general with information regarding its power, duties, activities, organization, financial transactions and methods of business as the auditor general requires, and the auditor general shall be given access to all books, accounts, financial records, reports, electronic data processing records, explanations, files and all other papers, things or property belonging to or in use by the department, agency of the Crown or Crown controlled corporation and necessary to the performance of the duties of the auditor general under this Act.

18. (1) The auditor general may examine a person on oath or affirmation on a matter pertinent to an account submitted to the auditor general for audit and the oath or affirmation may be administered by the auditor general to a person whom the auditor general desires to examine.

(2) In order to compel the attendance of a person under subsection (1), the auditor general may apply to a judge of the Trial Division for an order that a subpoena be issued from the court commanding the person named in the subpoena to appear before the auditor general at the time and place mentioned in the subpoena, and then and there to testify to all matters within that person's knowledge relative to an account submitted to the auditor general.

## Appendix I

(3) Where so required, the person named in the subpoena shall produce a document, paper or thing which he or she has possession of relative to the account.

(4) A person named in a subpoena issued under this section is entitled to reasonable expenses at the time of the service.

19. Notwithstanding sections 17 and 18, the auditor general shall not be permitted access to information the disclosure of which may be refused under section 22 of the *Access to Information and Protection of Privacy Act* or the disclosure of which shall be refused under section 18 of that Act.

20. The auditor general may station in the offices of a department, agency of the Crown or Crown controlled corporation, an employee of the office for the purpose of enabling the auditor general to more effectively exercise or perform his or her powers and duties under this or another Act, and the department, agency of the Crown or Crown controlled corporation shall provide the necessary office accommodation and facilities for employees so stationed.

21. The auditor general and each person employed in the office or appointed or engaged to assist the auditor general for a limited period of time or in respect of a particular matter under section 28 shall keep confidential all matters that come to his or her knowledge in the course of his or her employment or duties under this Act and shall not communicate those matters to another person, except as may be required in connection with the discharge of his or her responsibilities under this Act or under the *Criminal Code*.

22. Audit working papers of the office shall not be laid before the House of Assembly or a committee of the House of Assembly.

23. (1) Those auditors and employees that are necessary to enable the auditor general to perform his or her duties under this or another Act shall be appointed or employed in the manner authorized by law and are members of the public service of the province.

(2) The personnel management policies of the Treasury Board as they relate to the public service of the province apply to the office.

(3) The *Conflict of Interest Act* applies to the auditor general and every person employed in the office.

24. (1) Every person employed in the office, shall, before performing a duty as an employee in the office

(a) take or make and sign the Oath or Affirmation of Allegiance under the *Oaths of Office Act*; and

## Appendix I

(b) take or make and sign the following oath or affirmation of office:

“I ....., do swear (or solemnly, sincerely and truly, declare and affirm) that I will faithfully, honestly and impartially to the best of my knowledge, skill and ability perform my duties as an employee in the Office of the Auditor General and that I will observe and comply with the laws of Canada and Newfoundland and Labrador and except as I may be legally required, I will not disclose or give to a person information or a document that comes to my knowledge or possession by reason of my being an employee in the Office of the Auditor General.” (In the case where an oath is taken add “So help me God”).

(2) The oaths or affirmations referred to in subsection (1) shall be administered by the auditor general or his or her designate.

(3) The auditor general may require a person or class of persons appointed to assist the auditor general for a temporary period of time or in respect of a particular matter under section 28 to take or make and subscribe the oaths or affirmations referred to in subsection (1).

(4) A copy of each oath or affirmation administered to an employee of the office under subsection (1) shall be kept in the files of the office.

(5) The refusal of an employee of the office to take or make and subscribe to the oaths or affirmations or the failure to adhere to the oaths or affirmations required by subsection (1) may be considered as cause for dismissal.

25. (1) All persons employed in the office are employees for the purposes of the *Public Service Pensions Act, 1991* and are entitled to all the benefits under that Act.

(2) Notwithstanding subsection (1), the Lieutenant-Governor in Council may by order permit the auditor general to participate in the *Public Service Pensions Act, 1991* or may by order stipulate other pension arrangements for the auditor general upon his or her appointment under this Act.

26. The auditor general may delegate in writing to an employee of the office authority to exercise a power or perform a duty of the auditor general other than reporting to the House of Assembly.

27. The auditor general may appoint an employee of the office as acting auditor general while the auditor general is absent from the province.

28. The auditor general may engage, on a fee basis, a person to act as his or her agent for the purpose of conducting an audit or examination that the auditor general is empowered to conduct or to perform a service that the auditor general considers necessary for a purpose related to the exercise or performance of the auditor general's powers and duties under this or another Act.

29. The auditor general, persons employed in the office and those persons employed or engaged by the auditor general under the authority of section 28 are not liable in a proceeding for an act done or not done or for a statement or report made by them in good faith in connection with a matter they are authorized or required to do under this Act.

## Appendix I

30. Subject to the *Public Tender Act*, the auditor general may engage within the limits of the appropriation approved by the Legislature for his or her office and without the approval of the Treasury Board the professional services, including counsel, consultants, accountants and other experts and acquire goods that the auditor general considers necessary for a purpose related to the exercise or performance of his or her powers and duties under this or another Act.

31. Where the auditor general

- (a) considers it necessary to report for the information of the Lieutenant-Governor in Council; or
- (b) is required to report to the Lieutenant-Governor in Council for the purposes of this Act, especially in respect of a matter relating to the office,

the report is made through the Minister of Finance.

32. (1) The commission shall appoint a qualified auditor to audit annually the office.

(2) The auditor appointed under subsection (1), has the same powers and shall perform the same duties in relation to an audit of the office that the auditor general has or performs in relation to an audit performed under this Act.

(3) The auditor appointed under subsection (1) shall submit his or her report to the commission and send a copy to the auditor general.

(4) The Speaker of the House of Assembly shall table the report of the auditor under this section before the House of Assembly immediately after receiving the report by him or her or where the House of Assembly is not then in Session, on the 1st day of the commencement of the next ensuing Session of the House of Assembly or the 1st day after the House of Assembly resumes sitting following an adjournment of the House of Assembly.

33. (1) The auditor general shall submit annually to the commission for its approval estimates of the sums that will be required to be provided by the Legislature for the payment of the salaries, allowances and expenses of the office under this Act during the next ensuing fiscal year.

(2) The commission shall review and may alter as it considers proper the estimates submitted under subsection (1) and, upon completion of the review, the Speaker of the House of Assembly shall submit the estimates as approved by the commission to the House of Assembly for the purpose of inclusion in the estimates of the province for approval by the Legislature.

34. (1) Where the auditor general conducts examinations or audits an agency of the Crown or Crown controlled corporation, the auditor general may charge fees for professional services rendered by his or her office.

(2) The fees referred to in subsection (1) shall be established on a basis that may be approved by the Lieutenant-Governor in Council.

## Appendix I

(3) The fees charged and collected by the auditor general under this section shall be paid into the Consolidated Revenue Fund.

35. (1) Persons in the employ of the Department of the Auditor General at the commencement of this Act are considered to have been appointed in accordance with this Act.

(2) Upon the commencement of this Act, the Department of the Auditor General is considered to be and is continued in the name of the Office of the Auditor General under this Act.

(3) A reference in another Act to the auditor general appointed under the *Financial Administration Act* or a reference in another Act to the auditor general shall be considered to be a reference to the auditor general appointed under this Act.

36. (1) Paragraph 2(a) of the *Financial Administration Act* is repealed and the following substituted:

“(a) “auditor general” means the Auditor General of Newfoundland and Labrador appointed under the *Auditor General Act* and includes all employees acting under the auditor general's direction;”.

(2) Sections 58 to 71 of the Act are repealed.

(3) Subsection 83(1) of the Act is amended by striking out the words “and the Auditor General” and the words “or the Auditor General”.

---

## Appendix I

---

APPENDIX  
II  
DEPARTMENTAL AUDITS PERFORMED BY  
THE OFFICE OF THE AUDITOR GENERAL

### **Departmental Audits Performed by the Office of the Auditor General**

**(as they were presented in the Province's Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the year ended 31 March 2006)**

#### **General Government Sector**

- Consolidated Fund Services
- Executive Council
- Finance
- Government Services
- Labrador and Aboriginal Affairs
- Legislature
- Public Service Commission
- Transportation and Works

#### **Resource Sector**

- Business
- Environment and Conservation
- Fisheries and Aquaculture
- Innovation, Trade and Rural Development
- Natural Resources
- Tourism, Culture and Recreation

#### **Social Sector**

- Education
- Health and Community Services
- Human Resources, Labour and Employment
- Justice
- Municipal Affairs
- Newfoundland and Labrador Housing Corporation

---

## Appendix II

---

APPENDIX

III

AGENCIES OF THE CROWN WHOSE  
FINANCIAL STATEMENT AUDITS ARE PERFORMED BY THE  
OFFICE OF THE AUDITOR GENERAL

## Appendix III

### Agencies of the Crown Whose Financial Statement Audits are Performed by the Office of the Auditor General

<u>Entity</u>	<u>Year End</u>	<u>Auditor's Report</u>
<b>Department of Education</b>		
Private Training Corporation	31 December 2005	8 March 2006
Provincial Information and Library Resources Board	31 March 2006	16 June 2006
Student Loan Corporation of Newfoundland and Labrador	31 March 2006	9 June 2006
<b>Executive Council</b>		
Labrador Transportation Initiative Fund	31 March 2006	12 May 2006
Provincial Advisory Council on the Status of Women - Newfoundland and Labrador	31 March 2006	23 June 2006
<b>Department of Finance</b>		
C.A. Pippy Park Commission	31 March 2006	Not available
C.A. Pippy Park Golf Course Limited	31 March 2006	Not available
Newfoundland Government Fund Limited	31 December 2005	Not available
Newfoundland and Labrador Government Sinking Fund	31 March 2006	16 June 2006
Newfoundland and Labrador Industrial Development Corporation	31 March 2006	23 June 2006
Newfoundland and Labrador Municipal Financing Corporation	31 March 2006	29 June 2006
Newvest Realty Corporation	31 December 2005	31 March 2006
Province of Newfoundland and Labrador Pooled Pension Fund	31 December 2005	30 June 2006
<b>Department of Government Services</b>		
Consumer Protection Fund for Prepaid Funeral Services	31 March 2006	30 May 2006
Public Accountants Licensing Board	31 December 2005	19 April 2006
<b>Department of Human Resources, Labour and Employment</b>		
Newfoundland and Labrador Student Investment and Opportunity Corporation	31 March 2006	9 June 2006
Newfoundland and Labrador Housing Corporation	31 March 2006	23 June 2006

## Appendix III

### Agencies of the Crown Whose Financial Statement Audits are Performed by the Office of the Auditor General

<u>Entity</u>	<u>Year End</u>	<u>Auditor's Report</u>
<b>Department of Innovation, Trade and Rural Development</b>		
Business Investment Corporation	31 March 2006	1 June 2006
Newfoundland and Labrador Immigrant Investor Fund Limited	31 March 2006	15 August 2006
<b>Department of Justice</b>		
Director of Support Enforcement	31 March 2006	28 June 2006
Newfoundland and Labrador Legal Aid Commission	31 March 2006	Not available
Office of the High Sheriff of Newfoundland and Labrador	31 March 2006	6 June 2006
Registrar of the Supreme Court of Newfoundland and Labrador	31 March 2006	12 June 2006
<b>Department of Natural Resources</b>		
Bull Arm Site Corporation	31 March 2006	6 June 2006
Livestock Owners Compensation Board	31 March 2006	22 June 2006
Newfoundland and Labrador Crop Insurance Agency	31 March 2006	28 June 2006
<b>Department of Tourism, Culture and Recreation</b>		
Heritage Foundation of Newfoundland and Labrador	31 March 2006	7 June 2006
Newfoundland and Labrador Arts Council	31 March 2006	30 June 2006
Special Celebrations Corporation of Newfoundland and Labrador, Inc.	31 March 2006	14 July 2006
The Rooms Corporation of Newfoundland and Labrador, Inc.	31 March 2006	21 June 2006

APPENDIX

IV

AGENCIES OF THE CROWN  
WHOSE FINANCIAL STATEMENT AUDITS ARE  
PERFORMED BY PRIVATE SECTOR AUDITORS

## Appendix IV

### Agencies of the Crown Whose Financial Statement Audits are Performed by Private Sector Auditors

<u>Entity</u>	<u>Year End</u>	<u>Auditor's Report</u>
<b>Department of Education</b>		
College of the North Atlantic	31 March 2006	30 June 2006
Memorial University of Newfoundland	31 March 2006	16 June 2006
Memorial University of Newfoundland Pension Plan	31 March 2006	25 August 2006
<b>School Boards</b>		
Conseil Scolaire Francophone Provincial de Terre - Neuve et du Labrador	30 June 2005	31 August 2005
District #1 - Labrador	30 June 2005	30 July 2005
District #2 - Western	30 June 2005	18 October 2005
District #3 - Nova Central	30 June 2005	22 November 2005
District #4 - Eastern	30 June 2005	31 October 2005
<b>Department of Environment and Conservation</b>		
Multi-Materials Stewardship Board	31 March 2006	1 June 2006
Multi-Materials Stewardship Board Residential Backyard Composting Program	31 March 2006	1 June 2006
Multi-Materials Stewardship Board Waste Management Trust Fund	31 March 2006	1 June 2006
<b>Department of Finance</b>		
Newfoundland and Labrador Liquor Corporation	31 March 2006	26 May 2006
<b>Department of Human Resources, Labour and Employment</b>		
Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador	31 December 2005	3 March 2006
<b>Department of Government Services</b>		
Board of Commissioners of Public Utilities	31 March 2006	14 June 2006
Credit Union Deposit Guarantee Corporation	31 December 2005	22 March 2006

## Appendix IV

### Agencies of the Crown Whose Financial Statement Audits are Performed by Private Sector Auditors

<u>Entity</u>	<u>Year End</u>	<u>Auditor's Report</u>
<b>Department of Health and Community Services</b>		
Breast Screening Program for Newfoundland and Labrador	31 March 2006	Not available
Embalmers and Funeral Directors Board	31 March 2006	15 April 2006
Newfoundland and Labrador Centre for Health Information	31 March 2006	28 June 2006
Provincial Perinatal Program	31 March 2006	30 June 2006
Public Health Laboratory	31 March 2006	21 July 2006
<b>Regional Integrated Health Authority</b>		
Central	31 March 2006	30 August 2006
Eastern	31 March 2006	7 July 2006
Labrador Grenfell	31 March 2006	12 October 2006
Western	31 March 2006	23 June 2006
<b>Department of Innovation, Trade and Rural Development</b>		
Newfoundland Hardwoods Limited	31 March 2006	7 July 2006
Newfoundland Ocean Enterprises Limited	31 March 2006	15 June 2006
<b>Department of Natural Resources</b>		
Churchill Falls (Labrador) Corporation Limited	31 December 2005	14 February 2006
Gull Island Power Company Limited	31 December 2005	7 February 2006
Lower Churchill Development Corporation Limited	31 December 2005	7 February 2006
Newfoundland and Labrador Hydro Electric Corporation	31 December 2005	14 February 2006
Twin Falls Power Corporation Limited	31 December 2005	7 February 2006
<b>Department of Municipal Affairs</b>		
Municipal Assessment Agency Inc.	31 March 2006	12 May 2006

## Appendix IV

### Agencies of the Crown Whose Financial Statement Audits are Performed by Private Sector Auditors

<u>Entity</u>	<u>Year End</u>	<u>Auditor's Report</u>
<b>Department of Tourism, Culture and Recreation</b>		
Marble Mountain Development Corporation	30 April 2006	26 June 2006
Marble Mountain Management Corporation	30 April 2006	21 June 2006
Newfoundland and Labrador Film Development Corporation	31 March 2006	17 May 2006

---

## Appendix IV

---