

Although I am pleased that a new *Transparency and Accountability Act* has received Royal Assent and will come into force on a day to be proclaimed by the Lieutenant-Governor in Council, I am concerned that amendments were made to exclude the Memorial University of Newfoundland from certain requirements of the *Act*. The University should be part of Government's reporting entity and should be held accountable to the House of Assembly as any other Crown agency.

During 2004, all 19 Government departments and 67 of the 80 Crown agencies at 31 March 2003 had some form of annual report tabled in the House of Assembly relating to the 2003 fiscal year. Furthermore, 17 of the 19 Government departments and 27 of the 82 Crown agencies at 31 March 2004 had some form of annual report tabled in the House of Assembly relating to the 2004 fiscal year. However, these reports, in general, did not provide the information necessary to hold each entity accountable for its performance in relation to its approved plans using established measurable criteria.

The required improvements in accountability information should be addressed by the requirements of the new *Transparency and Accountability Act* after it is proclaimed.

2.5 Monitoring Agencies of the Crown

Section 14 of the *Auditor General Act* requires the auditor of an agency of the Crown or a Crown controlled corporation to deliver to the Auditor General, after completion of the audit, a copy of the auditor's report, audited financial statements and recommendations to management. These financial statements and management letters along with our Office's audits of Crown agencies provide the basis for our monitoring of all Crown agencies.

Of the 84 entities required to prepare annual financial statements, 31 (2003 - 29) were audited by our Office while 51 (2003 - 51) were audited by private sector auditors. Contrary to their governing legislation, the remaining 2 entities, the Memorial University Foundation and the Newfoundland and Labrador Occupational Therapy Board have never submitted audited financial statements.

As of 5 January 2005, the required audited financial statements had not been received from the private sector auditors for 1 of the 51 entities and the required management letters had not been received for 4 of the 51 entities. Furthermore, the majority of audited financial statements and management letters that were received from the private sector auditors were not received on a timely basis. On average, audits are completed and the auditors' reports signed within three months after the year end. However, in most cases the financial statements and related management letters are not received by our Office until another four months after the audit report date, and often only after follow-up by our Office.

The highlights from our review of audited financial statements and management letters of Crown agencies are presented in Part 2.5 of the *Report of the Auditor General to the House of Assembly on Reviews of Departments and Crown Agencies for the Year Ended 31 March 2004*.

2.6 Monitoring Expenditures of the Consolidated Revenue Fund

As part of our audit of the financial statements of the Consolidated Revenue Fund (CRF), we perform tests and reviews of the expenditures made by the various departments.

During the past year, we obtained expenditure information from Government's accounting system relating to all expenditures of the Consolidated Revenue Fund. We performed a general review and analysis of amounts paid relating to: grants and subsidies; property, furnishings and equipment; purchased services; professional services; allowances and assistance; and transportation and communications.

The results of our review are presented in Part 2.6 of the *Report of the Auditor General to the House of Assembly on Reviews of Departments and Crown Agencies for the Year Ended 31 March 2004*.