



# Office of the Auditor General of Nova Scotia

## Business Plan 2014-15

### Auditor General's Mandate

The Auditor General of Nova Scotia is an officer of the House of Assembly, nonpartisan and independent of government. The Auditor General is appointed by, and reports to, the House. He derives his mandate, authority and responsibilities from the Auditor General Act.

The Auditor General's mandate includes issuing opinions on government financial reports and conducting performance and information technology audits on public sector operations. Opinions are provided annually on the government's consolidated financial statements, on the revenue estimates included in the government's budget, and on the financial statements of certain other public sector entities. The Office releases the results of its performance and information technology audits twice a year, in the spring and fall. These audits may examine and report on:

- the effectiveness of governance frameworks, including risk management, ethics and organizational direction;
- effectiveness, efficiency and economy of programs and processes;
- adequacy of controls;
- compliance with legislation, regulations and policy; and
- stewardship of government resources.

By exercising these responsibilities, the Auditor General helps the House of Assembly hold the government to account for its management of public funds, and contributes to a well-performing public sector.

### Long-range Planning

In addition to providing information on the Office's vision, mission, values, priorities, performance

indicators and resources, this business plan highlights the work remaining from previous long-range planning, as well as other projects that are planned for completion in 2014-15.

The Office prepared a three-year strategic plan in 2007, which was updated in 2010, resulting in 21 additional strategic initiatives to be completed by March 31, 2013. An assessment in April 2013 indicated that 17 of the 21 projects were completed by that date, leaving four to be carried forward to 2013-14. In addition, three other projects were selected by management for completion by March 31, 2014.

Additional information on the Office's long-range planning exercises is available from the Office's website ([www.oag-ns.ca](http://www.oag-ns.ca)).

### Our Vision

A relevant, valued, and independent audit office serving the public interest as the House of Assembly's primary source of assurance on government performance.

### Our Mission

To make a significant contribution to enhanced accountability and performance in the provincial public sector.

### Our Values

Our values are a statement of the high standards we hold in conducting ourselves and our work, and of the results we strive to achieve.

### Independence

We remain independent of the entities that we audit and are objective in our work.

### Integrity

We work together and with others in an open, honest and trustworthy manner while respecting the confidentiality of the information we obtain.

### Impact

We focus on significant issues to make a positive difference for the benefit of Nova Scotians.

### Our Priorities

The Office has identified five priorities as key to the achievement of our vision.

#### Serve the House of Assembly

Conduct and report audits that provide clear and relevant information to the House of Assembly to improve its ability to hold the government accountable for its performance and stewardship over public funds.

#### Consider the Public Interest

Focus our audit efforts on areas of higher risk that impact on the lives of Nova Scotians.

#### Improve Government Performance

Contribute to a better performing public service by conducting audits that result in practical recommendations for significant improvements.

#### Enhance Government Financial Reporting

Encourage continual improvement in financial reporting by government to the House of Assembly and the people of Nova Scotia.

#### Foster Workplace Excellence

Promote excellence and a professional and supportive workplace at the Office of the Auditor General.

### Strategic Initiatives

The following is a list of strategic initiatives that were in last year's business plan and were not completed by March 31, 2014. Accordingly, they are being carried forward for completion in 2014-15.

- Ensure the security and continued availability of Office IT equipment and systems in order to

ensure the confidentiality of sensitive information and keep the Office functioning efficiently.

- Update the Office's performance audit methodology documentation.
- Complete a comprehensive analysis of whether we are as efficient and productive as we can be in the conduct of audits, as well as in the other operations of the Office, and identify areas for improvement.

### Other Projects

Four other projects were selected by management for completion in 2014-15. Each addresses the results of routine, periodic, external and internal reviews of our audit and IT security practices.

1. Implementation of recommendations from a professional standards review conducted on the Office by the Institute of Chartered Accountants of Nova Scotia.
2. Implementation of recommendations from a peer review of one of our performance audits conducted by the Office of the Auditor General of New Brunswick.
3. Implementation of recommendations from an internal review of our quality management system and from post-completion inspection of a sample of audits.
4. Implementation of recommendations from an internal review of the Office's IT security practices.

### Audits and Other Assurance Engagements

The Office conducts a variety of audits and reviews; some of which are mandated by legislation and others which are at the discretion of the Auditor General. Our current plan is to conduct the following assignments in 2014-15.

- Audit of the province's March 31, 2014 consolidated financial statements
- Review of the government's 2015-16 revenue estimates
- Audit of expenditure compliance and internal controls at the Nova Scotia House of Assembly

- Audit of the March 31, 2014 financial statements of four government agencies
- Follow-up of recommendations made in previous financial audits
- Eight performance audits
- Two information technology audits
- Follow-up of recommendations made in previous performance and information technology audits
- implementing recommendations from peer reviews of our audits by other legislative audit offices in Canada;
- addressing findings of periodic reviews of our financial statement audits and associated quality control systems by the Institute of Chartered Accountants of Nova Scotia;
- addressing the results of staff surveys and other performance measures focusing on elements of the Office's audit work and administration;
- reporting results of the independent audit of the Office's annual financial statements to the Speaker of the House of Assembly; and
- submitting a business plan and performance report to the Public Accounts Committee of the House of Assembly annually.

### Quality Assurance and Office Accountability

A number of processes serve to ensure the quality of our work and our accountability to the House of Assembly. These include:

- internal quality assurance systems based on Canadian auditing standards, including multiple levels of review;

### Performance Indicators

Performance indicators are elements of an organization's work efforts, outputs and outcomes that can be measured and assessed against targets in order to evaluate the efficiency, effectiveness and quality of its operations. The following are performance indicators against which the Office will assess its audit and other performance in 2014-15.

Performance Indicator	Description	Office Target
1. Recommendations implemented	Percentage of recommendations implemented after two years	90% or higher
2. Published reports	Auditor General reports released during year	Three or more
3. Planned audits completed	Whether audits planned for the year were performed	All audits completed
4. Financial audits on target	Financial audits completed by applicable target dates	All target dates met
5. Performance and IT audits on target	Performance and IT audits completed by applicable target dates	All target dates met
6. Strategic and other projects completed	Percentage of 2014-15 projects completed	90% or higher
7. MLA satisfaction (Note 1)	Percentage of MLAs very satisfied or satisfied with services	80% or higher
8. Staff satisfaction	Percentage of staff very satisfied or satisfied with job	80% or higher

Note 1: The Office surveys members of the Legislative Assembly every two years. The last survey was completed in April 2013.

## Resources

The Office recovers the cost of certain financial audits through billings, but the majority of its funding is by way of an annual appropriation of the House of Assembly. The following table outlines the Office's budgeted and forecasted net expenses and staff positions for 2013-14 and 2014-15. The Office's major expense is salaries and benefits, which represents 91% of its budget for 2014-15. All but three staff members are involved in providing audit services. Non-salary office administration (\$217,000, including office rent of \$112,000) is budgeted to be only 6% of net expenses in 2014-15.

Office of the Auditor General Net Expenses and Staffing			
	Budget 2013-14	Forecast 2013-14	Budget 2014-15
<b>Expenses</b>			
Salaries and benefits	\$3,276,600	\$3,249,000	\$3,378,600
Other staff expenses	105,000	110,800	115,000
Travel	56,000	47,400	56,000
Professional services	71,800	61,500	53,400
Office administration	229,100	215,400	217,000
	<u>3,738,500</u>	<u>3,684,100</u>	<u>3,820,000</u>
<b>Recoveries from Government</b>			
Audit fees	104,500	105,800	104,000
Recovery from government for portion of salary increases	-	48,100	-
	<u>104,500</u>	<u>153,900</u>	<u>104,000</u>
<b>Net Expenses</b>	<u>\$3,634,000</u>	<u>\$3,530,200</u>	<u>\$3,716,000</u>
Staff – Full-time-equivalent	<b>34.0</b>	<b>34.0</b>	<b>34.0</b>

## Additional Information

Additional information about the Office of the Auditor General of Nova Scotia can be obtained by visiting our website at [www.oag-ns.ca](http://www.oag-ns.ca) or by contacting us at:

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