



Nova Scotia

# Office of the Auditor General

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## **AUDITOR GENERAL – January 2014 Report Released**

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A growing provincial debt, poor internal financial controls and missing information required to verify entitlements to pensioners, were among issues identified in Auditor General Jacques Lapointe's final report to the House of Assembly, released today, Jan. 23.

The net debt of the province at the end of the 2012-13 fiscal year stood at \$13.9 billion, a 5.3 per cent increase over the previous year – representing a \$617 increase in per capita debt, to \$14,832 for every Nova Scotian.

While several other indicators of the province's overall financial condition presented in the report were stable over time, most ranked either the worst or second-worst in comparison with similar provinces.

The auditor general was unable to verify the accuracy of pension benefits paid to retired provincial or Capital Health employees due to missing information.

Mr. Lapointe's examination of Nova Scotia's largest pension plan followed major changes in the administration of the plan. The provincial finance minister is no longer the trustee of the plan, and the province no longer guarantees benefits, in effect shifting risk from the provincial government to the plan's members.

The auditor general made a number of recommendations to improve the transparency of the plan and ensure the accuracy of benefit payments, including making the plan's Statement of Investment Policies and Goals available to plan members. The Public Service Superannuation Plan Trustee Inc. agreed that the statement, which it previously deemed confidential, will be available by the end of the current fiscal year.

The auditor general's annual review of audit opinions and management letters to public agencies that are audited externally noted that 31 per cent of accounting, control and other deficiencies

identified by the auditors had also been identified in previous years. About two thirds of these had been reported as far back as 2009-10 and were still not corrected.

“By not addressing the issues reported in auditors’ management letters on a timely basis, management and boards of directors are not fulfilling their responsibilities to correct deficiencies in their operations,” Mr. Lapointe said.

These entities include agencies, boards and commissions, including health authorities, school boards and a range of publicly-held enterprises. Mr. Lapointe drew attention to the Nova Scotia Housing Development Corporation where numerous problems included unexplained changes to mortgage information and errors in land inventory; and Cape Breton District Health Authority, where identified deficiencies persisted uncorrected for years.

Mr. Lapointe raised concerns about the accounting practices of the Office of the Public Trustee, which is responsible for more than \$45 million in estates and trusts, yet has no standard accounting system. He also recommended that all interest earned on this money be left with the estates rather than being transferred to the province.

The auditor general commended the province for properly consolidating its revenue forecasts in 2013, resulting in the first unqualified opinion on budgeted revenue estimates since 2001. “This is a significant improvement in government financial reporting as all revenues of the province are now presented in the annual budget. Members of the House and the public now have full knowledge of revenues in the provincial public sector.”

He also noted that 77 per cent of his office’s 2010 recommendations related to financial matters had been acted upon – a marked improvement in the government’s performance in this regard.

The report is Mr. Lapointe’s last, as he is retiring at the end of January. The full auditor general’s report is available at [www.oag-ns.ca](http://www.oag-ns.ca).

FOR BROADCAST USE:

Nova Scotia's Auditor General says improvements need to be made to payroll and pension records because it is not possible to determine whether pension benefits paid to current retirees from the province or Capital Health are accurate.

Jacques Lapointe delivered his final report to the House of Assembly today (January 23rd) noting that the province's net debt continues to increase and now stands at \$13.9 billion, or \$14,832 per person.

The auditor general noted that in many government agencies, accounting and control deficiencies pointed out by external auditors have remained uncorrected for several years.

On the positive side, the auditor's opinion on the province's 2013-14 revenue estimates was unqualified for the first time in 13 years – a major improvement in government's financial reporting.

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