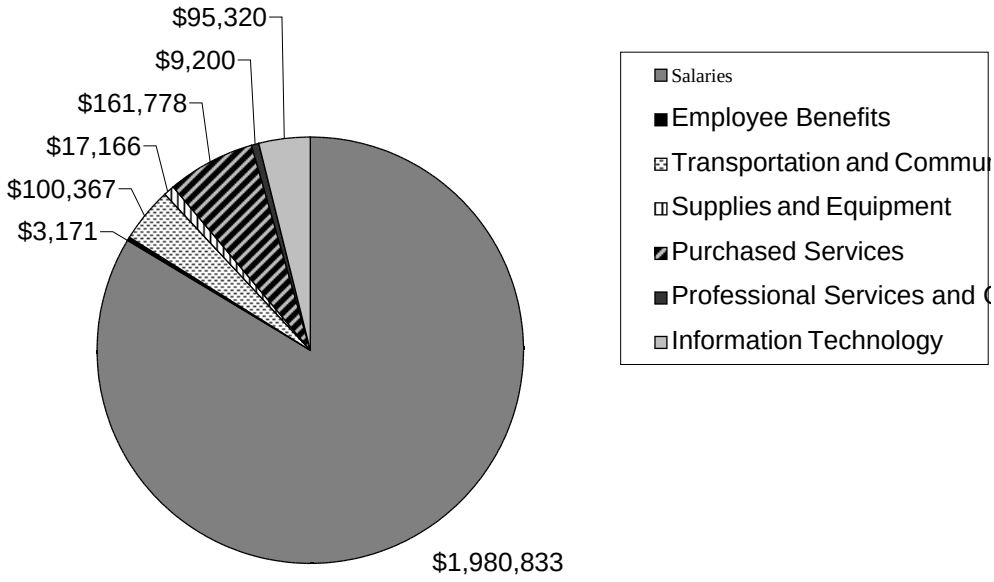
5.1 Expenditure of the Office

The gross expenditure of the Office totalled $2.37 million for the year ended 31 March 2004. 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 2004 is presented in Figure 2.

Figure 2

Expenditure of the Office
Year Ended 31 March 2004



Approximately 91% 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.

5.2 Financial Statements

The following are the financial statements for the Office for the year ended 31 March 2004 which were audited by an auditor appointed by the Commission of Internal Economy.

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Auditors' Report

To the Commission of Internal Economy
House of Assembly
Province of Newfoundland and Labrador

In accordance with Section 32 of The Auditor General Act, we have audited the schedule of assets and liabilities of the Office of the Auditor General, Province of Newfoundland and Labrador as at March 31, 2004, the statement of expenditure and related revenue and the statement of gross expenditure and unexpended balances for the year then ended. This financial information is the responsibility of the Office's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial information presentation.

In our opinion, this financial information presents fairly, in all material respects, the assets and liabilities of the Office as at March 31, 2004 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 1 to the financial information.

Deloitte & Touche LLP

Chartered Accountants
October 29, 2004

OFFICE OF THE AUDITOR GENERAL
PROVINCE OF NEWFOUNDLAND AND LABRADOR
Schedule of Assets and Liabilities
March 31, 2004

	2004 $	2003 $
ASSETS		
CURRENT		
Audit fees billed and in progress	**66,451**	36,292
Travel imprests	**1,200**	1,200
Accountable advance	**200**	200
	67,851	37,692
LIABILITIES		
CURRENT		
Accrued leave	**551,359**	463,524
Accrued payroll	**43,713**	30,065
Accrued severance pay	**479,043**	451,116
Accrued overtime	**6,880**	5,773
	1,080,995	950,478

OFFICE OF THE AUDITOR GENERAL
PROVINCE OF NEWFOUNDLAND AND LABRADOR
Statement of Expenditure and Related Revenue
Year ended March 31, 2004

	2004			2003
		Estimates		
	Actual	Amended	Original	Actual
	$	$	$	$
EXECUTIVE SUPPORT				
Salaries	133,710	134,800	132,200	120,618
Salaries (statutory)	115,848	114,800	114,800	90,457
Employee benefits	2,492	4,800	4,800	1,202
Transportation and communications	15,433	17,000	17,000	10,626
Professional services	-	6,000	14,000	5,043
Purchased services	458	700	700	439
	267,941	278,100	283,500	228,385
ADMINISTRATIVE SUPPORT				
Salaries	214,269	214,300	213,000	202,561
Employee benefits	679	900	3,400	643
Transportation and communications	22,406	22,800	28,200	25,345
Supplies	11,458	11,600	15,000	11,239
Purchased services	161,320	161,800	151,300	153,914
Property, furnishings and equipment	5,708	5,800	3,000	2,754
Grants and subsidies	9,200	9,200	9,100	9,100
	425,040	426,400	423,000	405,556
AUDIT OPERATIONS				
Salaries	1,517,006	1,535,200	1,719,100	1,463,547
Employee benefits	-	10,000	10,000	5,011
Transportation and communications	62,528	79,500	79,500	54,637
Professional services	-	8,900	15,000	2,605
Information technology	95,320	101,500	101,500	77,251
	1,674,854	1,735,100	1,925,100	1,603,051
Revenue - Provincial	(149,575)	(146,200)	(146,200)	(212,625)
	1,525,279	1,588,900	1,778,900	1,390,426
Net expenditures	2,218,260	2,293,400	2,485,400	2,024,367

OFFICE OF THE AUDITOR GENERAL
PROVINCE OF NEWFOUNDLAND AND LABRADOR
Statement of Gross Expenditure and Unexpended Balances
Year ended March 31, 2004

	2004	2003
	$	$
Original estimates (net)	**2,485,400**	2,382,800
Less: estimates transferred to the House of Assembly	**(192,000)**	(188,800)
Amended estimates	**2,293,400**	2,194,000
Add: revenue estimates net of statutory payments	**31,400**	30,300
Total appropriation	**2,324,800**	2,224,300
Total net expenditure	**2,218,260**	2,024,367
Add (Subtract): revenue in excess of statutory payments (statutory payments in excess of revenue)	**33,727**	122,168
Total gross expenditure (budgetary, non-statutory)	**2,251,987**	2,146,535
Unexpended balance of appropriation	**72,813**	77,765

Summary of Cash Payments and Receipts

	Payments	Receipts	Net
	$	$	$
Current account	2,367,835	149,575	2,218,260

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OFFICE OF THE AUDITOR GENERAL
PROVINCE OF NEWFOUNDLAND AND LABRADOR
Notes to Financial Information
March 31, 2004

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 October 31, 1991.

1. Significant accounting policies

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

(a) Assets and liabilities

Assets and liabilities are recorded on a basis consistent with the policies used in preparing the Public Accounts of the Province of Newfoundland and Labrador. Direct liabilities and convertible assets such as amounts receivable are reported 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. 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.