



# Government Services

Annual Report  
2013-2014





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The Honourable Jocelyne Roy Vienneau  
Lieutenant-Governor of the Province of New Brunswick

May it please your Honour:

It is my privilege to submit the Annual Report of Government Services for the fiscal year  
April 1, 2013, to March 31, 2014.

Respectfully submitted,



Dr. Ed Doherty, M.D.  
Minister

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Dr. Ed Doherty, M.D.  
Minister of Government Services

Sir:

I am pleased to present the Annual Report describing operations of Government Services for the  
fiscal year 2013-2014.

Respectfully submitted,



Jane Garbutt  
Deputy Minister/President

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# Minister's Message

In 2012, the Department of Government Services, along with the New Brunswick Internal Services Agency (NBISA) and Service New Brunswick (SNB), were aligned under one minister and deputy minister/president.

Throughout the 2013-2014 fiscal year efforts within the organization were focused on how to bring these three areas together as Government Services. By creating a single executive management team and undertaking a thorough review and restructuring of the organization, Government Services is now positioned to be a more effective and efficient shared services agency.

Our employees are focused on providing the best service to their clients, whether through the 39 SNB centres around the province or through the array of services they provide to the staff of government departments and agencies every day. Because of this dedication, the people of this province can count on our organization to continue to excel as the government's shared services agency.

A handwritten signature in black ink, appearing to read 'Ed Doherty', with a stylized flourish at the end.

Dr. Ed Doherty, M.D.  
Minister

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# Deputy Minister/ President's Message

The 2013-2014 fiscal year was one of transition as NBISA, SNB and the Department of Government Services were further aligned into one organization. This included a streamlining of the organizational structure by removing duplicate positions, a move which resulted in more than \$400,000 in savings.

Government Services is committed to the performance excellence process and in the 2013-2014 fiscal year project teams generated more than \$890,000 in savings through Lean Six Sigma projects and \$300,000 in waste walk projects. In order to spread this culture of continuous improvement, there was increased focus on training of employees. By the end of the year 59 "waste walkers" were trained within the organization.

Throughout this year, filled with new goals and priorities, each area of the organization was able to remain under budget.

The achievements we have seen over the last year were made possible by the exceptional employees at Government Services, who every day are committed to providing the best service possible to our clients.

A handwritten signature in black ink, appearing to read 'Jane Garbutt', with a long horizontal stroke extending to the left.

Jane Garbutt  
Deputy Minister/President

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# Highlights

The organization's new model for procurement has led to millions of dollars in savings across government. Through the Strategic Procurement branch, Government Services set a goal of \$44 million in savings by the end of 2015. The branch saved \$28.9 million in 2013-2014, for a total of \$40.1 million since the initiative began in 2012.



Government Services established a Collection Services branch focused on recovering debt owed to the province. From its establishment in January 2014 to March 2014, the branch collected more than \$10.5 million from property tax accounts more than 90 days in arrears.



Government Services saved \$1.18 million through continuous improvement efforts in 2013-2014. The organization surpassed its target by \$83,000 through more than 100 waste walks and 12 Lean Six Sigma projects.



Government Services began work with the Department of Human Resources and the Department of Education and Early Childhood Development on developing an approach to replace the aging Payroll and Benefits infrastructure with a modern Human Resource Management System.



In November 2013, Government Services implemented a new Vital Statistics registry system. Approximately two million records were successfully migrated. The new registry system is fully bilingual, and includes online applications for clients and data transmission through secure channels to various stakeholders.



In partnership with the federal government, SNB introduced a new integrated birth registration. The Bundled Birth Service program allows New Brunswick parents to register a birth and apply for federal and provincial benefits for their newborn children by completing a single form.



Government Services launched an Electronic Data Capture pilot project for property assessors. Staff members have been equipped with tablets that will allow them to evaluate property information on site rather than through the traditional paper process. This initiative is expected to generate \$250,000 in savings annually.



Government Services was honoured for its innovative work on the province's mapping and geographic information platform, GeoNB. The organization was the sole Canadian government jurisdiction to receive the Special Achievement in GIS Award at the 2013 Esri International User Conference in San Diego. Government Services also received an Honouree Award for Innovation in Service Delivery at the Government Technology Exhibition and Conference (GTEC), and made the short list in the Collaboration category at New Brunswick's annual KIRA Awards.



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In 2013-2014, Government Services was under budget in each of the three areas of the organization:

- The Department of Government Services was 2.7 percent under budget, for a savings of \$1.67 million;
- The New Brunswick Internal Services Agency was 4.4 percent under budget, reporting a surplus of \$2.05 million;
- Service New Brunswick was 6.5 percent under budget, reporting a surplus of \$3.8 million.

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# Strategic Priorities

## Strategy Management

The Government of New Brunswick (GNB) has implemented a formal management system built on leading business practices to develop, communicate and review strategy. This process provides the public service with a proven methodology in both public and private sectors to execute strategy.

The formal management system starts with a strategic vision. The government expresses its vision through the themes for a stronger economy and an enhanced quality of life while living within our means. This strategic vision is articulated through the strategy map, which is a tool to provide focus and overall direction for improvement.

## The Perspectives of the Strategy Map

The strategy map focuses on what's important to citizens: stimulating job creation and getting more people working; access to necessary programs and services; and providing value for their tax dollars.

The financial perspective addresses the financial requirements needed to sustainably support the commitment to citizens, stretching across all three themes of the vision. The financial perspective focuses on supporting the private sector to stimulate growth, ensuring the government lives within its means by achieving a sustainable budget, and funding priority programs to contribute to an enhanced quality of life.

The internal processes are government's direct role in achieving the vision. They are the strategic improvements government needs to successfully implement to achieve the vision. Each department sets its own goals and priorities within the strategic themes to match its programs and specialized needs.

The enablers ensure that GNB is ready to execute the strategy through internal processes. Leaders and employees need to develop and demonstrate behaviours that engage others to ensure the success of strategic projects. Leaders need the right information at the right time to make strategic decisions, and the culture must align and recognize those who contribute to achievement of the strategy.

## Organizational Strategy Map Context

Government Services was among the first wave of departments to participate in the performance excellence process. This process is part of a cultural change to increase efficiency and accountability, improve services to the public, and streamline administration. Our strategy map is a blueprint for describing, measuring and aligning the organization's focus. It provides the link with the strategic themes of GNB and outlines the organization's priorities for 2013-2014.

# Organizational Strategy Map



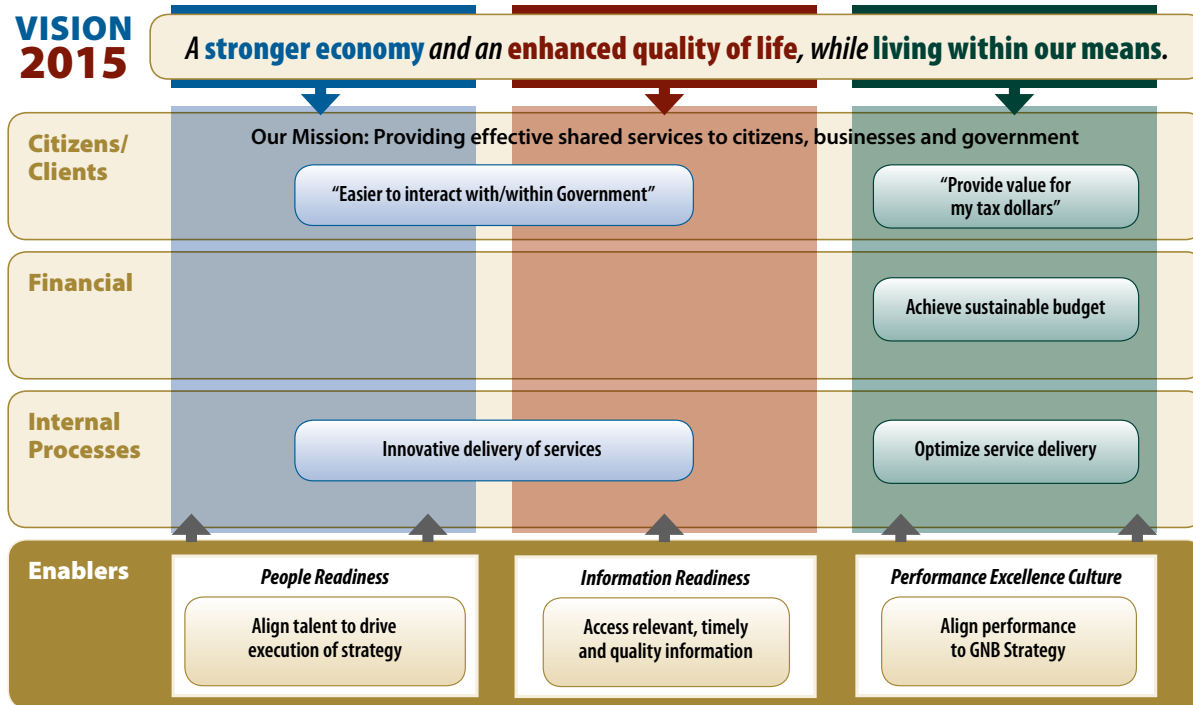
## Government Services 2013 – 2014

DGS / NBISA / SNB

Providing quality services to support a prosperous, fair and just society for New Brunswick.

**VISION  
2015**

**A stronger economy and an enhanced quality of life, while living within our means.**



Our Values: service – competence – impartiality – integrity – respect

Our Brand: Service excellence; innovation and continuous improvement; collaboration and teamwork ... we make it happen

# Performance Measures

Strategic Theme: A Stronger Economy and an Enhanced Quality of Life	Measures
"Easier to interact with/within Government"	Client Satisfaction Index
	Customer Satisfaction Index
Strategic Theme: Living Within Our Means	Measures
Optimize service delivery	Dollars saved through continuous improvement
	Dollars saved through strategic procurement (across GNB)
Enablers (HR, IT, Performance Excellence Culture)	Measures
Align performance to GNB strategy	Average number of sick leave days
	% employee performance reviews completed

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## A Stronger Economy and an Enhanced Quality of Life: “Easier to interact with/within Government”

### Measure:

Client satisfaction index

### Description of measure:

An electronic survey is sent to clients of NBISA. The survey is conducted twice a year (spring and fall).

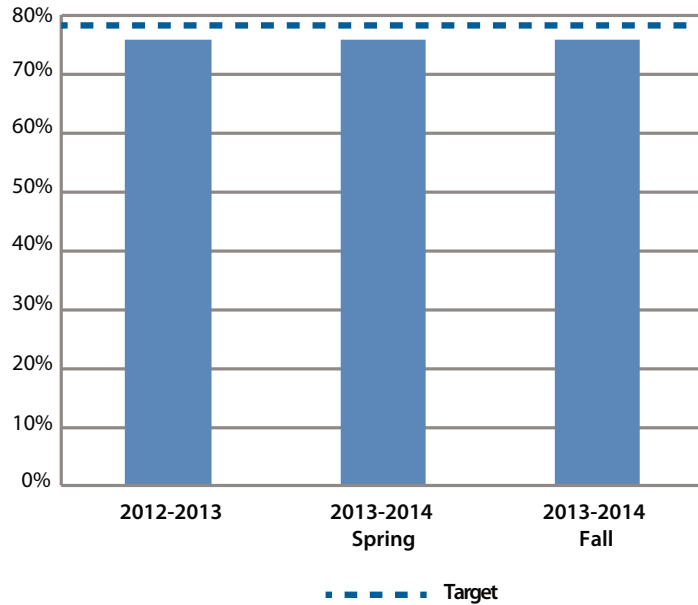
### Overall performance:

Client satisfaction was 76% for both surveys conducted in 2013-2014, two percentage points below target.

**Baseline:** 76%

**Target:** 78%

**Actual:** 76%



### Why do we measure this?

Client satisfaction is a reflection of how well services are being delivered by NBISA. A high degree of satisfaction indicates that clients were satisfied with the ease and timeliness of service received, and the competence and helpfulness of employees providing the service.

### What projects were undertaken in the reporting year to achieve the outcome?

The Client Relationship Management team was expanded toward the end of the year to improve strategic alignment and responsiveness to key client groups. Service improvement initiatives are underway to further address client needs.



## A Stronger Economy and an Enhanced Quality of Life: “Easier to interact with/within Government”

### Measure:

Customer Satisfaction Index

### Description of measure:

A random telephone survey is conducted with New Brunswick citizens and businesses to determine their satisfaction with services provided through SNB. The survey is conducted twice a year (spring and fall).

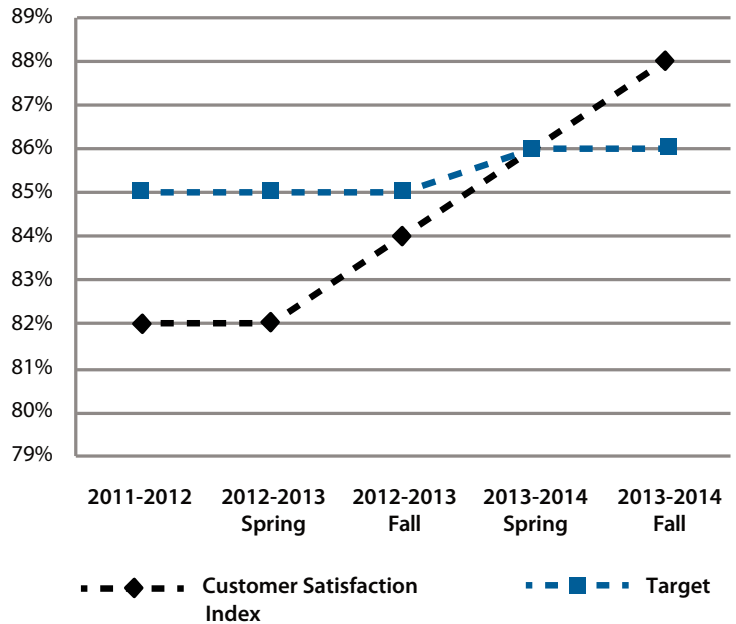
### Overall performance:

Results indicated a continued improvement in customer satisfaction, with a 4% increase over results from 2012-2013.

**Baseline:** 84%

**Target:** 86%

**Actual:** 88%



### Why do we measure this?

Customer satisfaction is a reflection of the quality of services being delivered to citizens and businesses. A high degree of satisfaction indicates that customers were satisfied with the ease and timeliness of service received, and the competence and helpfulness of SNB employees providing the service.

### What projects were undertaken in the reporting year to achieve the outcome?

A steady increase in customer satisfaction since 2012 is likely the cumulative effect of a number of service improvements. These include changes in processes that resulted in:

- Reduced wait times in large service centres;
- Better scheduling of service centre employees to meet customer demand;
- Driver walk-in testing to replace scheduled appointments.

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## Living Within Our Means: Optimize service delivery

### Measure:

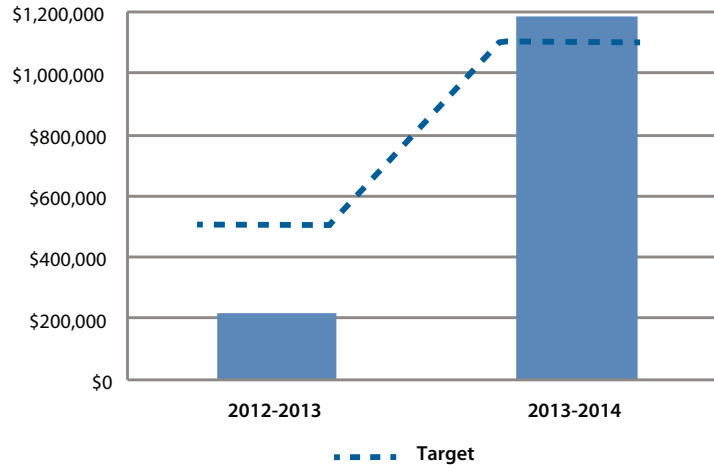
Dollars saved through continuous improvement

### Description of measure:

This measure targets savings achieved through Lean Six Sigma projects and related continuous improvement efforts.

### Overall performance:

Government Services achieved \$1,183,000 in savings, exceeding the annual target. Waste walks contributed more than 25% of the savings.



**Baseline:** \$221,000 \*\*SNB only (prior to re-organization into Government Services)

**Target:** \$1.10M

**Actual:** \$1.18M

### Why do we measure this?

This measure encompasses all formal continuous improvement activities including Lean Six Sigma, waste walks and Kaizen events. It is an indicator of increased process efficiency and waste reduction, ultimately reducing costs. Involving employees in continuous improvement projects and exposing them to training helps to change organizational culture to one that constantly seeks ways to improve.

### What projects were undertaken in the reporting year to achieve the outcome?

Projects were conducted in various parts of the organization including Postal Services, Property Assessment Services, Account Management, Procurement, TeleServices and Customer Care. In addition, waste walk training brought the total number of "waste walkers" to 59, with over 100 waste walk projects implemented and contributing \$300,000 to overall results.

Distributing process improvement projects and waste walk training throughout Government Services ensures that the knowledge and culture of continuous improvement permeates the organization and becomes the standard way of doing business.

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## Living Within Our Means: Optimize service delivery

### Measure:

Dollars saved through strategic procurement (across GNB)

### Description of measure:

Measures dollars saved through improvements made to procurement processes and is based on the difference between what government would have paid for goods and services in the absence of strategic procurement, and what will be paid for goods and services as a result of strategic procurement.

### Overall performance:

Results exceeded the \$28 million stretch target, with a total of \$40.1 million saved since inception of the strategic procurement initiative in 2012.

Procurement savings are well on the way to achieving the 2015 goal of \$44 million.

**Baseline:** \$11.2M

**Target:** \$26.8M

**Actual:** \$28.9M

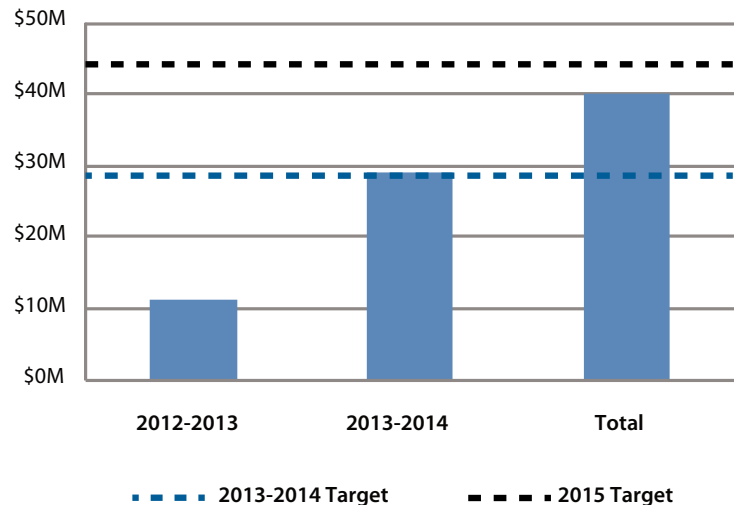
### Why do we measure this?

Improving procurement processes results in cost increase avoidance; purchase avoidance and compliance; price reduction and competitive tender; collaborative savings and volume buying; and specification standardization. The overall impact is significant savings to government.

### What projects were undertaken in the reporting year to achieve the outcome?

The following are a few of the projects included in the strategic procurement results:

- Volume rebates and negotiations on per unit pricing resulted in savings of \$1,021,878 for sound field amplification systems which teachers use in classrooms to amplify their voices;
- Volume leveraging and price negotiation saved \$1,593,700 on emulsified asphalt binder used by the Department of Transportation and Infrastructure to surface chip sealed roads;
- Joint purchasing of light duty vehicles with the Government of Nova Scotia and Government of Newfoundland and Labrador as well as specification simplification resulted in savings of \$505,332;
- Consolidating contracts, volume buying and a revised pricing strategy for liquid bulk fuels used for heating government buildings resulted in savings of \$561,921;
- Negotiations for BlackBerry wireless voice and data services resulted in savings of \$1,440,159; and
- Volume rebates and negotiations for reduced rate on GNB telephone services, including voicemail, resulted in savings of \$1 million in 2013-2014.



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## Enablers - Performance Excellence Culture

### Align performance to GNB Strategy

**Measure:**

Average number of sick leave days

**Description of measure:**

The number of sick leave days taken, on average, per full-time Government Services employee.

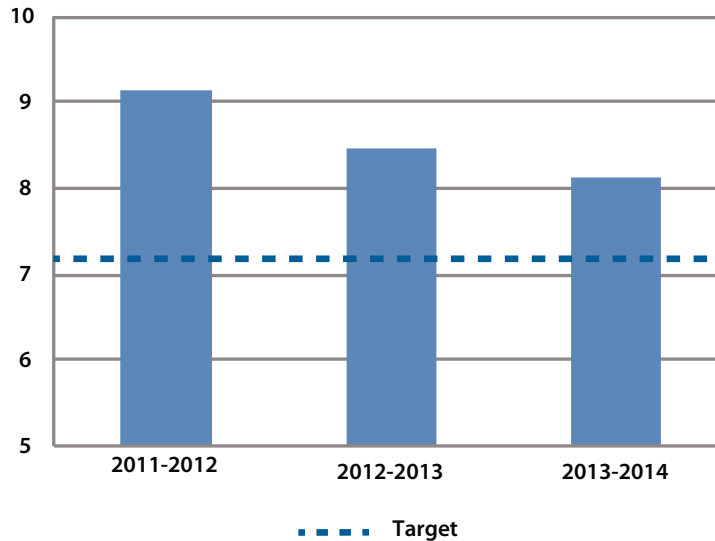
**Overall performance:**

Although Government Services did not meet the sick leave target, the number of sick leave days taken by employees has been steadily decreasing from 9.1 in 2011-2012 to 8.5 in 2012-2013, and down to 8.1 in 2013-2014.

**Baseline:** 8.5 d/y

**Target:** 7.2 d/y

**Actual:** 8.1 d/y

**Why do we measure this?**

The Department of Human Resources determined there is a high absenteeism rate in GNB resulting in high cost to government. A reduction in absenteeism would help reduce costs associated with lost productivity as well as staff replacements. As a result, GNB set an aggressive reduction target in sick leave usage, to be achieved by all departments.

**What projects were undertaken in the reporting year to achieve the outcome?**

The management team made this a priority action item and closely monitored results on a regular basis. Government Services' Human Resources branch provided all managers with training and support to assist in addressing employee absenteeism.

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## Enablers - Performance Excellence Culture

### Align performance to GNB Strategy

**Measure:**

Percent of employee performance reviews completed

**Description of measure:**

The number of performance reviews completed divided by the total number of reviews planned.

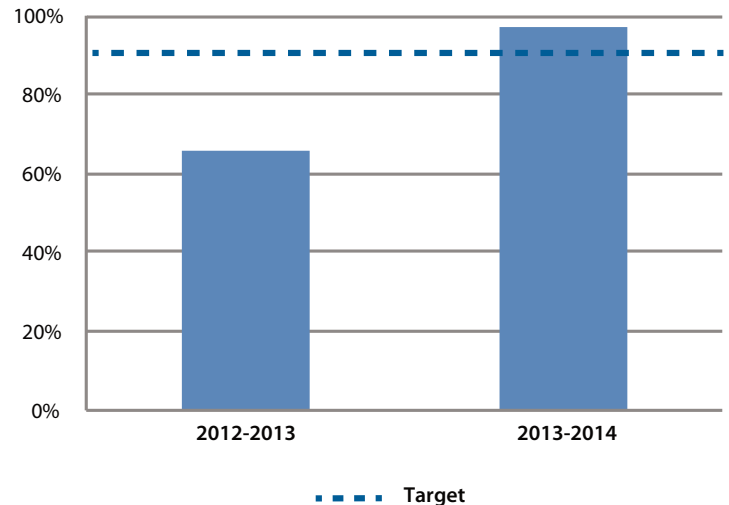
**Overall performance:**

Concerted effort to improve past performance resulted in Government Services increasing completion of employee reviews by 31% over the previous year, and surpassing the target by 7%.

**Baseline:** 66%

**Target:** 90%

**Actual:** 97%



**Why do we measure this?**

Performance reviews allow managers and employees to discuss and review the completion of work objectives, competencies, training, and career goals.

Undergoing performance reviews provides an opportunity for one-on-one discussion of strategic and organizational goals and how an individual's performance contributes to overall performance of the organization.

**What projects were undertaken in the reporting year to achieve the outcome?**

Managers were provided with training on how to improve performance reviews and engage employees in meaningful conversations related to their review. In addition, a newsletter was posted on Government Services' intranet site to bring attention to the importance of performance reviews, to clarify expectations and to encourage employees and managers to complete them in a timely manner. Finally, managers closely monitored divisional results and focused on areas that required additional encouragement while holding managers accountable for completing and submitting reviews.

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# Overview of Organizational Operations

Government Services is comprised of three distinct operations that serve clients within the New Brunswick Public Service as well as members of the public.

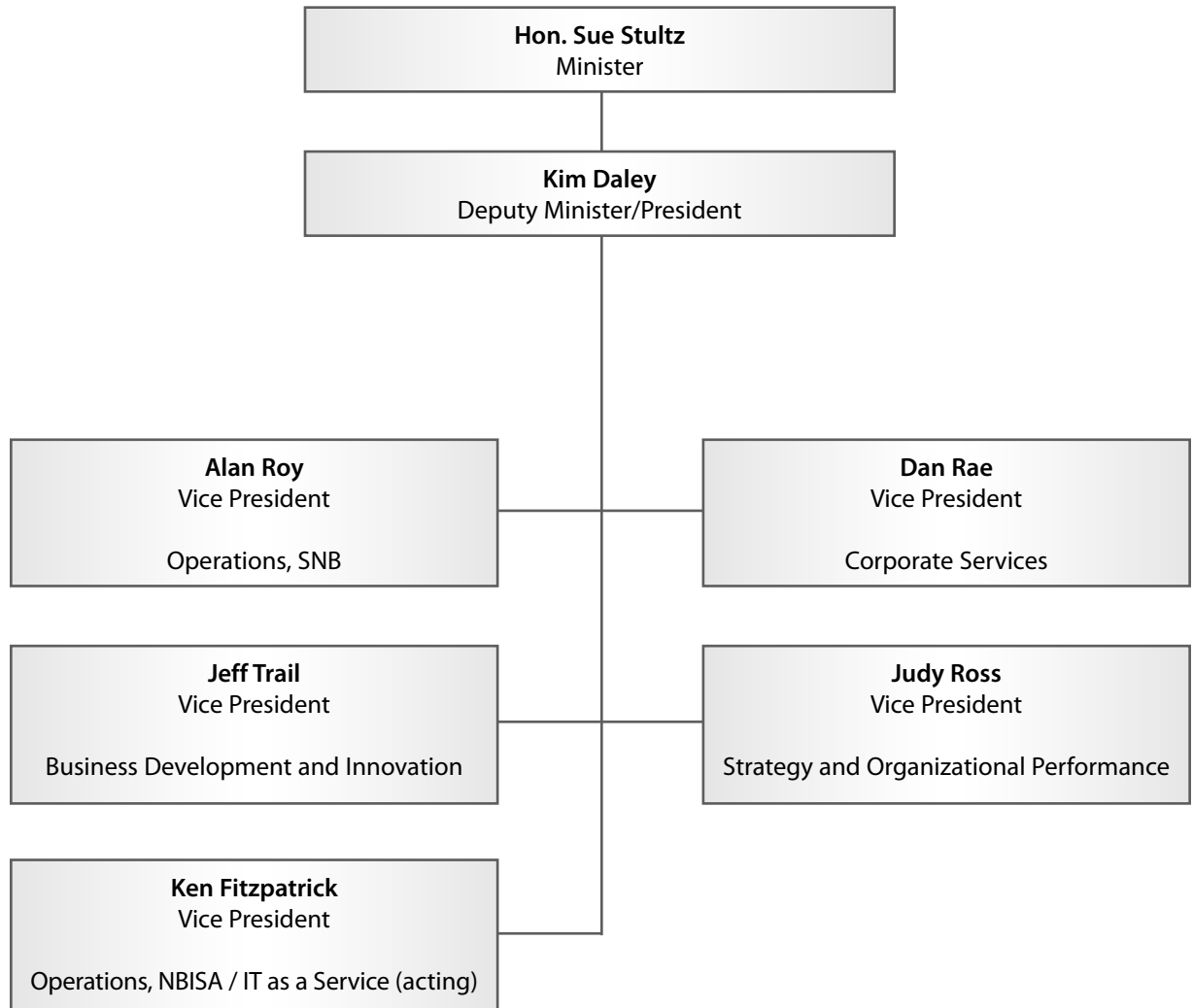
The Department of Government Services (DGS) is responsible for providing services related to procurement, translation, provincial archives, marketing, graphic design, web and event management. At the end of fiscal 2013-2014, DGS had 155 permanent positions.

The New Brunswick Internal Services Agency (NBISA) was created in 2010 to bring together similar processes from all departments with the express purpose of improving service and gaining from economies of scale. NBISA delivers accounts payable, payroll and benefits, IT Services, print services, collection services, and postal services. At the end of fiscal 2013-2014, NBISA had 320 permanent positions.

Service New Brunswick (SNB) was established as a Crown corporation in 1998, and is committed to providing access to government services and public information through a single-window service model. New Brunswickers are provided access to government transactional services through service centres in 39 communities, a toll-free call centre, or through the website [www.snb.ca](http://www.snb.ca). At the end of fiscal 2013-2014, SNB had 702 permanent positions of which 580 were full-time and 122 were part-time.

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## Organizational Chart



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## The following divisions provide service and support to the three areas of Government Services:

### Business Development and Innovation

**Client Relationship Management (CRM)** is responsible for developing and monitoring service partnership agreements between Government Services and partners such as other government departments and agencies. These agreements outline the services offered and performance expectations of both parties. CRM also undertakes client engagement and collaboration, as well as measurement and reporting of service delivery performance and client satisfaction.

**The Project Management Office (PMO)** supports the development of new initiatives, drives transformational change, and fosters a collaborative environment in which initiatives can rapidly advance. Both transformational change and project management are integral components of all service delivery models within Government Services.

### Corporate Services

**Audit Services** conducts internal compliance reviews with respect to cash management at Service New Brunswick's 39 service centres. This team also leads Enterprise Risk Management, audits automobile dealerships enrolled on the Online Dealer program, and performs IT security reviews.

**Budget and Administration** provides budgeting, ordinary and capital expenditure management, and coordination of the budget and forecast process with the Department of Finance. It is also responsible for the fulfillment of organizational administrative requirements, the redistribution and disposal of surplus government assets (furniture and equipment), and provides for facilities management services including lease administration, office relocation and renovations.

**Corporate Information Technology Services** provides the management, development and support of Information Technology systems for many of Government Services' business programs and activities. This includes applications development and support, solutions planning, and technology management and support. Other aspects include managing the records management program and services, quality assurance, SNB Infrastructure and IT Services support, and information assurance and risk management.

**Financial Services** provides financial reporting and analysis, internal controls, accounting for receivables, payables and assets, coordination of internal and external audits, and the preparation of financial statements.

**Human Resources** is responsible for employee recruitment and retention, Human Resources planning and management, workforce planning, employee engagement, classification, employee relations, performance management, training and development, and the coordination of a variety of employee programs.

### Strategy and Organizational Performance

**Communications** is responsible for the day to day communication needs of Government Services, both internal to the organization and to external clients. This includes overseeing the creation of websites for client departments and organizations, and the development in 2013-2014 of an intranet for all Government Services employees.

**Information Access and Privacy** supports government departments and other public bodies in administering and responding to Right to Information requests, and in protecting the privacy of citizens by providing training, expert advice and leadership.



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**Planning** leads the strategic planning process, including developing and monitoring of business plans, annual action plans, and performance metrics using the balanced scorecard methodology. In 2013-2014, a Project Management Framework was introduced which serves to improve discipline and monitoring of strategic initiatives. The Planning group is responsible for daily administration of the Framework. In addition, change management at an organizational level resides within Planning.

**Policy** is responsible for advancing the organization's legislation and corporate policies, as well as liaising with central departments and other governments on policy issues. It also coordinates briefing materials for the deputy minister/president and minister, and is responsible for oversight of the access to information and protection of personal information.

**Process Improvement** is responsible for the implementation of process based methodologies to enable increased operational effectiveness and efficiency. The branch facilitates Lean Six Sigma, Kaizen, Daily Management and waste walk initiatives.

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# The Department of Government Services

The Department of Government Services is responsible for services associated with procurement, translation, provincial archives, marketing, graphic design, web and event management.

## Corporate Marketing Services

Corporate Marketing Services provides a wide range of marketing communications support services to more than 30 client departments and agencies across government.

Corporate Marketing Services include:

- graphic design and materials production;
- developing, managing and maintaining [www.gnb.ca](http://www.gnb.ca) and associated public websites;
- audio/visual production, photography and archiving;
- media planning and buying;
- government media monitoring services;
- event planning and coordination; and
- government brand management.

The branch also acquires external marketing communications services for departments and agencies and maintains a list of pre-qualified vendors for these services.

## Provincial Archives

Provincial Archives (Archives) is responsible for acquiring, preserving and making accessible both public and private sector records of legal, administrative and historical significance to meet the needs of the Government of New Brunswick, researchers and the general public.

In this fiscal year 156,136 digital records were added to the Archives' website. About 23.2 million pages were viewed by more than 874,000 visitors during the year.

Employees in the Government and Private Sector Records area identify and acquire records of legal and historical significance. Recent acquisitions include the records of the Escuminac Fishermen's Disaster Trust Fund, the Saint John Harbour Bridge Authority, Performing Arts NB, and Erminie Cohen.

The Recorded Information Management area of the Archives develops and implements standards and systems that support efficient access to, and storage of, traditional and electronic records. In this year retention schedules were developed for Regional Health Authorities and NB Power.

The Conservation area of the Archives oversees the archival storage facility and retrieval services, the preservation of archival records, and advisory and outreach services. Nearly 12,000 requests for archival records were retrieved from the vault in this year. Conservation provided emergency response services and treatment of damaged records to Service New Brunswick, the Department of Transportation and Infrastructure, and NB Liquor.

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## Strategic Procurement

**Strategic Procurement's** role is to maximize competition so as to achieve the best value for money while ensuring that all suppliers who wish to compete for government contracts have a fair and open opportunity to do so. Competitive quotes or formal bids are solicited for goods and services except in specific circumstances, which are exempted from the normal process by the legislation. Strategic Procurement procured over \$630 million worth of goods and services in the fiscal year 2013-2014.

A series of organizational and operational measures focusing on cost savings, increased efficiencies and customer service were implemented in fiscal 2012-2013 and are ongoing today. This branch continued its transformation in support of the Government Renewal agenda and a commitment to modernize the way it procures goods and services.

**Central Tendering** is responsible for receiving and logging bids and conducting public tender openings for goods and services tenders on behalf of Strategic Procurement. Central Tendering processed 1,797 requisitions in 2013-2014.

**Central Stores** operates a warehouse and delivery service for supplies and materials commonly used by government departments, Crown corporations, agencies and other government-funded bodies. Other users of Central Stores include various municipalities, hospitals and universities. Central Stores distributes products such as janitorial supplies and clothing and operates on a cost recovery basis. In 2013-2014, more than 9,519 requisitions were processed by Central Stores, generating sales of approximately \$3.2 million.

### Highlights

In 2013-2014, Strategic Procurement had a goal of \$26.8 million in savings through its strategic procurement practices and exceeded the goal for total savings of \$28.9 million.

Approximately 18% of bids were received electronically on the New Brunswick Opportunities Network (NBON) and 75% of all purchase orders were issued to New Brunswick suppliers.

The following is a summary of Strategic Procurement's activities during 2012-2013 and 2013-2014:

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Activity	2013-2014	2012-2013
Procurement Transactions	3,346	3,399
Electronic Bids on NBON (%)	18%	14%
Purchase Orders, Goods	\$286,024,102	\$150,549,638
Purchase Orders, Services	\$344,569,489	\$387,184,066
Total Purchase Value	\$630,593,590	\$537,733,704

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## Translation Bureau

The Translation Bureau has provided professional services to government departments and agencies since 1967. These services include written translation, interpretation, and other linguistic services. The work performed by the Translation Bureau assists departments and agencies in meeting the government's obligations as set out in the *Official Languages Act* as well as subsection 16(2) of the *Canadian Charter of Rights and Freedoms*.

In keeping with the government's commitment to continuous improvement, the Translation Bureau undertook several major initiatives in 2013-2014.

Internal work processes were streamlined and improved to increase efficiency. For example, document segmentation tools now prevent any previously translated materials from being submitted.

The Translation Bureau modified the bid process for outside suppliers which led to more competitive pricing for government. Since private sector companies performed 59.67% of the Translation Bureau's work, this new process provided a savings of an additional \$348,850 savings to government compared to the previous fiscal year.

In 2013-2014 the volume of work translated in-house amounted to 13.6 million words.

## The Department of Government Services Financial Overview 2013-2014

Program	Main Estimates	Adjustment	Amended Budget	Expenditures	Variance (under)
General Services	9,454,000	15,215	9,469,215	8,352,688	(1,116,527)
New Brunswick Internal Services Agency	26,337,000	1,960,757	28,297,757	28,032,757	(265,000)
Service New Brunswick	23,806,000	161,145	23,967,145	23,681,789	(285,356)
Total Ordinary Account Expenditures	59,597,000	2,137,117	61,734,117	60,067,234	(1,666,883)
Special Purpose Accounts					
Archives Trust Fund	15,000	0	15,000	0	15,000

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# The New Brunswick Internal Services Agency

The New Brunswick Internal Services Agency (the “Agency”) was established on May 1, 2010, following the proclamation of the *New Brunswick Internal Services Agency Act*.

The creation of the organization was based on the principle that shared services provides a way of reducing costs and leveraging capability in the delivery of services internal to government, such as human resources, information technology and financial services. This has allowed departments to focus primarily on delivering their front-line core services to the citizens of New Brunswick.

## Legislation

The *New Brunswick Internal Services Agency Act* enables the Agency to be wholly owned and operated by, and responsible to government, with the ability to pursue, deliver and manage shared services on behalf of government departments and other areas of the public service. The *Act* enables the Agency to operate like a business with a focus on clients, delivering service excellence and driving performance.

## Governance

The Agency’s Board of Directors consists of 10 senior public servants appointed by the Minister designated by the Lieutenant-Governor in Council to administer the *Act*. The *New Brunswick Internal Services Agency Act* requires that at least six of the board members be at the deputy head level, plus the President of the Agency as an ex-officio member. The Lieutenant-Governor in Council, on the recommendation of the Minister, is also able to appoint two non-public servants as members. All appointments, with the exception of the president, are for a three-year term.

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Members of the New Brunswick Internal Services Agency Board of Directors during 2013-2014 included:

Jean-Marc Dupuis (Chairperson), Deputy Minister, Transportation and Infrastructure

Dale Wilson (Vice Chairperson, and Chairperson, Audit and Finance Committee), Deputy Minister, Public Safety

Byron James, Clerk, Executive Council Office

Marc Léger, Deputy Minister, Health

Kelly Cain, Deputy Minister, Human Resources

Tom Mann, Deputy Minister, Post-Secondary Education, Training and Labour

Edith Doucet, Deputy Minister, Social Development

Gérald Richard, Deputy Minister, Education and Early Childhood Development

Jane Garbutt, Deputy Minister, Finance

Kim Daley, President of NBISA, President of SNB, Deputy Minister, Government Services

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## Accounts Payable

Accounts Payable (AP) manages the delivery of services to Part I government departments and agencies covering both standard payables, as well as transactions associated with numerous Client and Case Management Systems used to deliver programs for client departments.

The AP team is responsible for transactional services as well as for ensuring compliance with purchasing policies and regulations, administration of the purchase-card and i-Expense processes, supplier maintenance, payment processing, and delivering services in accordance with Key Performance Indicators established as part of Service Partnership Agreements. The AP team also provides end-user guidance, publishes procedural documentation and provides general process support to clients.

### Highlights

During the 2013-2014 fiscal year, the Accounts Payable team processed nearly 500,000 transactions representing payments in excess of \$5 billion. The branch also achieved a budget surplus of more than \$300,000 during this year.

Of particular note this year was the implementation of technology enhancements and process standardization to improve processing efficiency. Employees also undertook two Lean Six Sigma continuous improvement projects aimed at further automation and process efficiency.

## Collection Services

Collection Services was established to manage debt owed to the Province. This centralized unit collects on accounts more than 90 days in arrears.

Phase one of the service's implementation began in January 2014 with the transfer of overdue accounts from the Department of Finance. Five employees from Finance moved to NBISA at that time.

It is the intention to bring more overdue accounts currently managed throughout government into this centralized office.

From its establishment in January 2014 to March 2014, the branch collected more than \$10.5 million from property tax accounts more than 90 days in arrears.

## Enterprise Services

**Printing Services** is the resource centre for the production and distribution of government documents. It provides high-speed digital printing service for both black and white and colour print requests along with finishing capabilities such as collating, cutting and binding.

**Postal Services** provides a centralized mail and delivery service to the Government of New Brunswick from its main processing facility in Fredericton. Regional inter-office mail services are provided to Bathurst, Miramichi, Moncton, Saint John, Richibucto, Campbellton, Edmundston, Grand Falls and Woodstock.

The **Print Optimization** initiative involves replacing more than 4,400 older, less functional devices (in Part I) with 1,904 new, more efficient devices in more than 350 locations across the province. A chargeback model was implemented that provides all departments with an accurate and fully transparent costing of their print requirements and usage. Print optimization was also completed at all NBCC/CCNB campuses and activities are ongoing at most schools and district offices across the province. As of the end of 2013-2014 the program has generated in excess of \$6.8 million in savings.

The **Employee/Agent Identification Cards** service provides a secure and standardized process for the acquisition and distribution of government issued identification cards for those employees/agents that may need to establish their identity as a government employee or agent within the performance of their duties.



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The process for applying for and receiving a card is fully paperless and leverages existing infrastructure within the Department of Public Safety, Service New Brunswick and NBISA. The process has eliminated duplicate equipment for producing cards.

## Hire to Retire

This service is responsible for making payroll and benefits payments to approximately 8,500 civil servants and 1,100 casual employees, and pension payments to approximately 30,000 retirees on behalf of the Department of Human Resources. The Payroll and Benefits team is also responsible for maintaining employee records and leave entry, and reporting for accounting and regulatory compliance.

During the fiscal year ending March 31, 2014, Payroll and Benefits Services staff processed more than 31,500 service requests or over 133,000 transactions covering appointments, salary, pension and insured benefits, and other regulatory payments.

During 2013-2014, staff began providing payroll services to two new clients, the Regional Development Corporation and New Brunswick Legal Aid Services Commission. Staff also processed 2,100 payouts for the Payout in Lieu of Retirement Allowance program.

Staff developed and deployed an electronic leave tool to assist supervisors in managing leave, and developed and tested systems enhancements required for implementation of the new Public Service Shared Risk Pension Plan.

The branch achieved cumulative savings of \$1,452,000 during this year.

## IT as a Service

IT as a Service is composed of two areas: IT Infrastructure and Operations, and IT Applications.

**IT Infrastructure and Operations** provides services and support to Part I of the Government of New Brunswick as well as other agencies and organizations in Parts II and IV. It is responsible for:

- Network and security services;
- IT operations and data centre facilities;
- Infrastructure architecture and support; and
- Contracts and strategic procurement related to telecommunication services.

**IT Applications** is responsible for developing, maintaining and supporting NBISA corporate applications that enable the delivery of a variety of services to clients. Applications supported by the branch include:

- Imaging and process management system for invoice management;
- Human Resources Information System;
- Genesys payroll system;
- Employee Self-Service for online access of employee records;
- Remedy IT service management software; and
- Project in a Box for Project Management support.

The IT Infrastructure and Operations team continued developing an integrated catalog of service including service level targets and cost.

An after-hours on-call program was introduced to ensure staff are available to respond to clients' critical service requests.

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The Messaging Service that provides outlook email was expanded to include collaboration services (Lync) for all subscribers enabling instant messaging and audio and video based meetings from the desktop. The email system was upgraded resulting in increased functionality, along with larger mailbox quotas for clients.

A shared infrastructure designed for Oracle Standard applications has been established in the Alison Data Centre and has enabled optimization of license investments and cost avoidance through fewer Oracle service agreements.

The GNB wireless infrastructure has been expanded allowing seamless wireless access to specific networks for Part I and the Department of Education and Early Childhood Development with the capability to be expanded to other government entities.

An updated disk-based backup solution has been implemented allowing more effective and automated data backup and recovery across GNB's two data centres, and faster data restores.

The IT Service Desk completed a desktop and laptop replacement pilot that provided Windows 8 style tablet devices to a group of senior officials.

NBISA extended the Voice Local Access Services Agreement with Bell Aliant until March 31, 2016, resulting in a rebate of \$1 million in both 2013-2014 and 2014-2015.

An addition to the Employee Self Service (ESS) application was implemented to give managers enhanced ability to query and report on employee leave details. In addition, vacation rules were implemented in the Imaging and Process Management System (IPM) to accommodate alternate invoice approvers during periods of employee absence.

## Financial Statement Discussion and Analysis

The Financial Statement Discussion and Analysis document presents management's commentary on the financial position of the New Brunswick Internal Services Agency, and is meant to be used as supporting information to the March 31, 2014 audited financial statements. This discussion highlights key features of the financial statements.

### Overview of the Financial Statements

The New Brunswick Internal Services Agency's financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles for public sector entities. These statements consist of:

- A Statement of Financial Position
- A Statement of Operations & Change in Accumulated Surplus
- A Statement of Change in Net Financial Assets
- A Statement of Cash Flows
- Notes to the Financial Statements

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## Significant Financial Variances

The following table compares 2013-2014 actuals to 2012-2013 actuals, as well as to budgeted figures for 2013-2014.

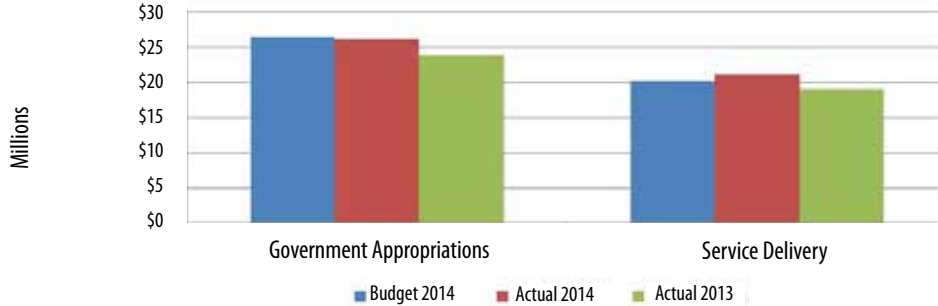
### Financial Statement Analysis For the year ended March 31 STATEMENT OF OPERATIONS

	Budget 2014	Actuals 2014	Actuals 2013	Actuals Difference	Budget Difference (under)/over
<b><u>Revenues</u></b>					
Government Appropriations	26,337,000	26,099,308	23,799,476	2,299,832	(237,692)
Service Delivery	20,128,556	21,081,646	18,995,972	2,085,674	953,090
<b>TOTAL REVENUE</b>	<b>46,465,556</b>	<b>47,180,954</b>	<b>42,795,448</b>	<b>4,385,506</b>	<b>715,398</b>
<b><u>Expenses</u></b>					
Executive Administration	490,740	434,207	513,733	(79,526)	(56,533)
Corporate Services	3,477,445	3,389,768	3,296,942	92,826	(87,677)
Business Development & Innovation	1,309,020	1,236,666	974,911	261,755	(72,354)
IT as a Service	25,833,313	24,549,467	23,820,531	728,936	(1,283,846)
Operations	15,355,038	15,517,197	11,910,334	3,606,863	162,159
<b>TOTAL EXPENSE</b>	<b>46,465,556</b>	<b>45,127,305</b>	<b>40,516,451</b>	<b>4,610,854</b>	<b>(1,338,251)</b>
<b>ANNUAL SURPLUS</b>	<b>-</b>	<b>2,053,649</b>	<b>2,278,997</b>	<b>(225,348)</b>	<b>2,053,649</b>

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## Revenue Variances

Total revenues for 2013-2014 are \$720,000 more than budgeted, and \$4.4 million higher than in 2012-2013.



### *Government Appropriations:*

The decrease from budget by \$240,000 is due to a decrease in the transfer from government.

The net increase from prior year of \$2.3 million is the result of an increase of \$2.54 million for additional service delivery requirements offset by the \$240,000 reduction from budget.

### *Service Delivery:*

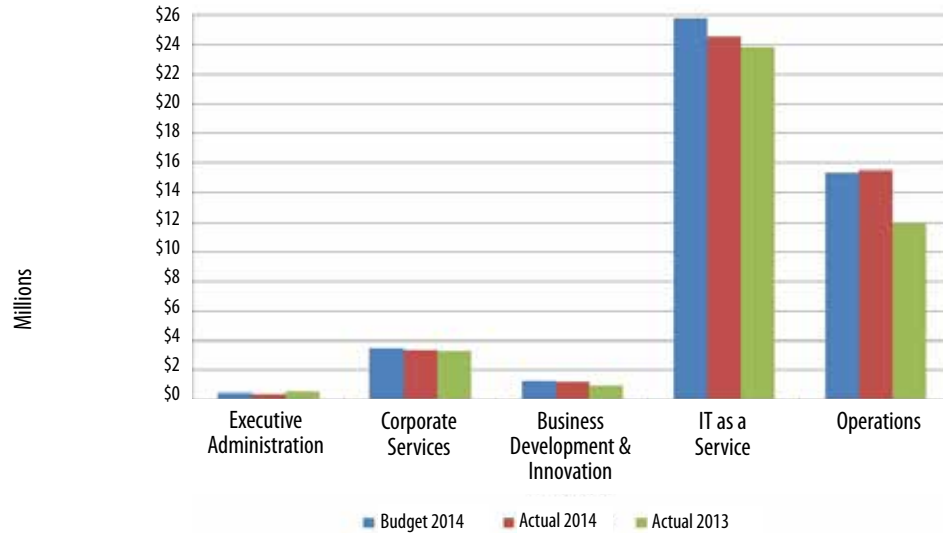
The increase from budget of \$950,000 is due to the transfer of Postal Services offset by lower budgeted volumes of printing by departments.

The increase from prior year of \$2.2 million is due primarily to the transfer of Central Print and Postal Services from the Department of Government Services.

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## Expense Variances

Total expenses for 2013-2014 are \$1.34 million under budget and \$4.6 million more than total expense in 2012-2013.



### *Executive Administration:*

The decrease from budget of \$56,000 is due to a vacant position during the year.

The decrease from prior year of \$79,000 is due to shared expenses within the three Government Services organizations.

### *Corporate Services:*

The decrease from budget of \$87,000 is due to translation services savings, salary and other savings, offset by unbudgeted equipment repairs.

The increase from prior year of \$92,000 is due primarily to a transfer of a position to the Agency.

### *Business Development & Innovation:*

The decrease from budget of \$72,000 is due to salary savings related to a vacancy.

The increase from prior year of \$261,000 is due primarily to the implementation of Phase I of Collection Services in January 2014.

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*IT as a Service:*

The decrease from budget of \$1.28 million is due to savings in salaries, timing of the service request management system development, reduced mainframe network expenditures, and various other infrastructure savings.

The increase from prior year of \$728,000 is due to cost increases for amortization expense, technical architecture and analyst services, additional software licenses and Management Consulting fees.

*Operations:*

The increase from budget of \$162,000 is due to the transfer of Postal Services offset by lower than estimated volumes of printing by departments and other savings.

The increase from prior year of \$3.6 million is due primarily to the transfer of Printing Services and Postal Services, as well as 2013–2014 being the first full year of deployment for the Print Optimization program.

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## New Brunswick Internal Services Agency

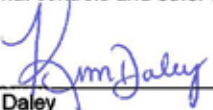
March 31, 2014

### Management Report

The preparation of financial information is an integral part of management's responsibilities and the accompanying financial statements are the responsibility of the management of the agency.

The agency maintains an accounting system and related controls to provide management and the Board of Directors with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with Canadian public sector accounting standards.

It is the responsibility of the NBISA Board of Directors to oversee management's performance of its financial reporting responsibilities and to review and approve the financial statements. It is assisted in its responsibilities by the NBISA Audit and Finance Committee. This committee reviews and recommends approval of the financial statements, and meets periodically with management and the external auditors concerning internal controls and other financial matters.

  
\_\_\_\_\_  
Kim Daley  
President

  
\_\_\_\_\_  
Dan Rae, CGA  
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Board of Directors  
New Brunswick Internal Services Agency

I have audited the accompanying financial statements of the New Brunswick Internal Services Agency, which comprise the statement of financial position as at March 31, 2014, the statements of operations & change in accumulated surplus, cash flows, and change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the New Brunswick Internal Services Agency as at March 31, 2014 and the results of its operations, its cash flows, change in its net financial assets and change in its accumulated surplus for the year then ended in accordance with Canadian public sector accounting standards.

*Kim MacPherson*

Kim MacPherson, CA  
Auditor General

Fredericton, N.B.  
July 18, 2014

6<sup>th</sup> Floor, HSBC Place  
P.O. Box 758  
Fredericton, NB E3B 5B4



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## New Brunswick Internal Services Agency

### Statement of Financial Position


As at March 31

	2014	2013
<b>Financial Assets</b>		
Due from Province of New Brunswick	\$ 13,783,611	\$ 11,173,856
Accounts Receivable	1,112,272	1,802,840
<b>Total Financial Assets</b>	<b>14,895,883</b>	<b>12,976,696</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 6)	\$ 6,555,616	\$ 4,004,228
<b>Total Liabilities</b>	<b>6,555,616</b>	<b>4,004,228</b>
<b>Net Financial Assets</b>	<b>\$ 8,340,267</b>	<b>\$ 8,972,468</b>
<b>Non-Financial Assets</b>		
Prepaid Expenses	\$ 1,637,268	\$ 610,056
Inventory	80,945	-
Tangible Capital Assets (Note 7)	11,035,176	9,457,483
<b>Total Non-Financial Assets</b>	<b>12,753,389</b>	<b>10,067,539</b>
<b>Accumulated Surplus</b>	<b>\$ 21,093,656</b>	<b>\$ 19,040,007</b>

The accompanying notes are an integral part of these Financial Statements.

Contingent Liabilities Note 9

Lease Commitments Note 10

  
\_\_\_\_\_  
Jean-Marc Dupuis  
Chairperson - Board of Directors

  
\_\_\_\_\_  
Jane Garbutt  
Member - Audit & Finance Committee

## New Brunswick Internal Services Agency

### Statement of Operations & Change in Accumulated Surplus

For the years ended March 31

	Budget Note 3	2014	2013
<b>Revenues (Note 5)</b>			
Government Appropriations	\$ 26,337,000	\$ 26,099,308	\$ 23,799,476
Service Delivery	20,128,556	21,081,646	18,995,972
	46,465,556	47,180,954	42,795,448
<b>Expenses</b>			
Executive Administration	490,740	434,207	513,733
Corporate Services	3,477,445	3,389,768	3,296,942
Business Development & Innovation	1,309,020	1,236,666	974,911
IT as a Service	25,833,313	24,549,467	23,820,531
Operations	15,355,038	15,517,197	11,910,334
	46,465,556	45,127,305	40,516,451
<b>Annual Surplus</b>	-	2,053,649	2,278,997
<b>Accumulated Surplus, Beginning of Year</b>		19,040,007	16,761,010
<b>Accumulated Surplus, End of Year</b>		\$ 21,093,656	\$ 19,040,007

### Statement of Change in Net Financial Assets

For the years ended March 31

	2014	2013
<b>Net Financial Assets, Beginning of Year</b>	\$ 8,972,468	\$5,831,390
Annual Surplus	2,053,649	2,278,997
Acquisition of Tangible Capital Assets	(3,104,680)	(314,880)
Amortization of Tangible Capital Assets	1,526,987	1,376,476
Net Changes in Prepaid Expenses	(1,027,212)	(199,515)
Net Changes in Inventory	(80,945)	-
<b>Increase (Decrease) in Net Financial Assets</b>	(632,201)	3,141,078
<b>Net Financial Assets, End of Year</b>	\$ 8,340,267	\$8,972,468

The accompanying notes are an integral part of these Financial Statements.

## New Brunswick Internal Services Agency

### Statement of Cash Flows

For the years ended March 31

	2014	2013
<b>Cash and Cash Equivalents Generated by (used in):</b>		
<b>Operating Activities</b>		
Annual Surplus	\$ 2,053,649	\$ 2,278,997
Amortization of Tangible Capital Assets	1,526,987	1,376,476
	<b>3,580,636</b>	<b>3,655,473</b>
Changes in Non-Cash Working Capital Balances		
Accounts Receivable	690,568	(923,878)
Accounts Payable and Accrued Liabilities	2,551,388	151,095
Prepaid Expenses	(1,027,212)	(199,515)
Inventory	(80,945)	-
	<b>5,714,435</b>	<b>2,683,175</b>
<b>Capital Activities</b>		
Acquisition of Tangible Capital Assets	(3,104,680)	(314,880)
	<b>(3,104,680)</b>	<b>(314,880)</b>
<b>Increase in Cash and Cash Equivalents</b>	<b>2,609,755</b>	<b>2,368,295</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>11,173,856</b>	<b>8,805,561</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 13,783,611</b>	<b>\$ 11,173,856</b>

Cash and Cash Equivalents is represented by:

	2014	2013
Due from Province of New Brunswick	\$ 13,783,611	\$ 11,173,856

The accompanying notes are an integral part of these Financial Statements.

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# New Brunswick Internal Services Agency

## Notes to the Financial Statements

March 31, 2014

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### 1. Description of Operations

New Brunswick Internal Services Agency (hereafter referred to as the Agency) is responsible for developing and managing the delivery of shared services internal to government.

The *New Brunswick Internal Services Agency Act* was proclaimed and came into force May 1, 2010.

### 2. Accounting Policies

#### *General*

These financial statements are prepared by management using the Agency's accounting policies stated below, which are in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board.

#### *Cash and Cash Equivalents*

Cash and cash equivalents consists of cash on hand and amounts held by the Province of New Brunswick ("the Province") on behalf of the Agency. The Agency does not have a separate bank account; Agency expenses and revenues flow through the Province of New Brunswick's bank accounts.

#### *Asset Classification*

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but instead are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include prepaid expenses and tangible capital assets.

#### *Tangible Capital Assets*

Tangible capital assets are assets owned by the Agency which have useful lives greater than one year. For practical purposes certain dollar thresholds have been established for each asset.

Tangible capital assets are reported at cost and amortized on a straight-line basis over their estimated useful lives.

In the year of acquisition and of disposal, one-half of the annual amortization expense will be recorded.

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## New Brunswick Internal Services Agency

### Notes to the Financial Statements

March 31, 2014

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#### Thresholds and Amortization Rates

Class	Cost Thresholds	Amortization Rate
Buildings	\$ 100,000	40 years
Leasehold Improvements	\$ 100,000	Lease Term
Capital Leases (various classes)	As per related class	Terms of lease
Computer Hardware	\$ 30,000	Expected Life
Software Acquisition and Development	\$ 30,000	Expected Life
Motor Vehicles	\$ 15,000	5 – 10 years
Major Equipment	\$ 15,000	5 – 15 years
First Time Equipping of New Buildings	\$ 100,000	5 years
Assets Under Construction	As per related class	n/a

#### *Revenue*

Service Delivery revenue is recognized on an accrual basis as earned. Amounts receivable but deemed uncollectible are recognized as bad debt expense. Government Appropriations are recognized as revenues when the transfer is authorized and when the Agency is reasonably certain of the receipt.

#### *Pension Contributions*

Certain employees of the Agency are entitled to receive pension benefits under the New Brunswick Public Service Superannuation Plan. Effective January 1, 2014 the Province converted this plan to the Public Service Shared Risk Plan. This converted plan requires all employer classified full-time employees to participate in this new plan. The plan continues to be a defined benefit multi-employer plan under which contributions are made by both the employee and employer. The Agency is not responsible for any unfunded liability nor does it have access to any surplus with respect to its employee pensions. The Agency's costs and liability related to employee pensions are not included as part of the Agency's budget and are recorded by the Province in its financial statements. The Agency's employer contributions are made by the Province as described below.

#### *Agency Expenses Paid by Other Parties*

Employer expenses such as Pension contributions \$1.48 million (2013 - \$1.3 million), Canada Pension Plan contributions \$0.7 million (2013 - \$0.7 million), Retirement Allowance payments of \$0.15 million (2013 - \$0.27 million) and Sick Leave Accrual are paid and expensed by the Province on behalf of the Agency. These expenses and the related asset/liability balances are not presented in these financial statements. Under the agreed operating terms of the Agency, these benefit plan balances will remain obligations/assets of the Province and will not be assumed by the Agency.

During the year, the Province changed the Retirement Allowance plan that certain Agency employees participate in. An option for management and non-unionized employees to elect for a payout of their accumulated retirement allowance benefit was provided. Payouts provided to the Agency employees by the Province during the year were \$1.74 million.

7.

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# New Brunswick Internal Services Agency

## Notes to the Financial Statements

March 31, 2014

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### *Financial Instruments*

Financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.

Financial instruments are recognized when the Agency becomes a party to the contractual rights and obligations of the financial instrument.

Financial instruments are derecognised when the contractual rights to the cash flows from the financial asset have expired or have been transferred, and the Agency has transferred substantially all risks and rewards of ownership, or are derecognized when the contractual obligation has been discharged, cancelled, or has expired.

The Agency designates its financial instruments as follows:

- a) Cash and cash equivalents are measured at fair value. Fair value is assumed to represent the carrying value, which is at historical cost.
- b) Accounts receivable, and accounts payable and accrued liabilities are measured at cost.

### *Measurement Uncertainty*

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the useful lives of tangible capital assets for amortization, allocation of costs and employee benefit accruals. Actual results could differ from management's estimates as additional information becomes available in the future.

### *Inventory*

Inventory includes paper stock and supplies used in the Print Centre, postage on hand in Postal Services and is recorded at the lower of cost or net realizable value.

### *Prepaid Expenses*

Prepaid expenses include maintenance and support amounts which are charged to expense over the periods expected to benefit from it.

## **3. Budget**

The budget figures included in these financial statements have been derived from the estimates approved by the Agency's Board of Directors.

## **4. Risk Management**

The carrying value of the Agency's financial instruments are assumed to approximate their fair amounts because of their short term to maturity.

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# New Brunswick Internal Services Agency

## Notes to the Financial Statements

March 31, 2014

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An analysis of significant risk from the Agency's financial instruments is provided below:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. Accounts receivable balances as described in Note 5 are due from related entities of the Province and are considered low risk due to excellent collection history. Accounts receivable balances from external organizations are deemed insignificant to the Agency's financial statements. The Agency's maximum exposure to credit risk at March 31, 2014 is equal to the accounts receivable balance of \$1,112,272. Credit risk is not disbursed as related entities of the Province comprise a significant portion of the accounts receivable balance.

b) Liquidity risk

Liquidity risk is the risk of not being able to settle or meet an obligation on time or at a reasonable price. The Agency manages liquidity risk by maintaining sufficient cash and cash equivalent balances to meet operating and capital requirements.

c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Agency's management considers exposure to interest rate risk to be insignificant.

d) Currency risk

Currency risk arises on financial instruments denominated in a foreign currency. The Agency is exposed to currency risk on purchases and that are denominated in a currency other than the Agency's functional currency, primarily in US Dollars (USD). The Agency's foreign currency transactions are normally settled in the short term, therefore management considers exposure to currency risk to be insignificant.

### 5. Related Entity Transactions

The Agency is controlled by and is economically dependent on the Province of New Brunswick.

The Statement of Financial Position contains the following Province of New Brunswick related entity amounts.

	2014	2013
Cash and Cash Equivalents	\$ 13,783,011	\$ 11,173,256
Accounts Receivable	1,086,784	1,798,508
Accounts Payable and Accrued Liabilities	(397,321)	(220,620)
<b>Net Due to the Agency</b>	<b>\$ 14,472,474</b>	<b>\$ 12,751,144</b>

9.

## New Brunswick Internal Services Agency

### Notes to the Financial Statements

March 31, 2014

The Statement of Operations & Change in Accumulated Surplus contains the following amounts that were received from or paid to the Province of New Brunswick related entities:

	2014	2013
Revenue	\$ 46,928,828	\$ 42,772,116
Expense	(2,584,954)	(2,709,746)
<b>Net Revenue</b>	<b>\$ 44,343,874</b>	<b>\$ 40,062,370</b>

#### 6. Accounts Payable and Accrued Liabilities

	2014	2013
Regular Accounts Payables	\$ 5,889,432	\$ 3,385,587
Salary Accruals	128,240	21,747
Vacation Liability	537,944	596,894
	<b>\$ 6,555,616</b>	<b>\$ 4,004,228</b>

#### 7. Tangible Capital Assets

	Computer Hardware and Software	Leasehold Improvements	First Time Equipping of New Buildings	Assets Under Construction	2014 Total	2013 Total
Estimated Useful Life (Years)	Expected Life	Lease Term	5 Years	As Related Class		
<b>Cost</b>						
Opening Cost	\$ 5,876,919	\$ 4,087,427	\$ 1,794,274	\$ 224,897	\$ 11,983,517	\$ 11,668,637
Additions	2,355,767	-	-	748,913	3,104,680	314,880
<b>Closing Cost</b>	<b>8,232,686</b>	<b>4,087,427</b>	<b>1,794,274</b>	<b>973,810</b>	<b>16,088,197</b>	<b>11,983,517</b>
<b>Accumulated Amortization</b>						
Opening Accumulated Amortization	955,264	673,633	897,137	-	2,526,034	1,149,558
Amortization Expense	790,353	377,779	358,855	-	1,526,987	1,376,476
<b>Closing Accumulated Amortization</b>	<b>1,745,617</b>	<b>1,051,412</b>	<b>1,255,992</b>	<b>-</b>	<b>4,053,021</b>	<b>2,526,034</b>
<b>Net Book Value</b>	<b>\$ 6,487,069</b>	<b>\$ 3,036,015</b>	<b>\$ 538,282</b>	<b>\$ 973,810</b>	<b>\$ 11,035,176</b>	<b>\$ 9,457,483</b>

The Assets Under Construction amount of \$973,810 represents computer hardware and software currently under development.

10.



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## New Brunswick Internal Services Agency

### Notes to the Financial Statements

March 31, 2014

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#### 8. Expenses by Object

	<u>2014</u>	<u>2013</u>
Personnel Services	\$ 18,388,344	\$ 17,477,426
Other Services	20,230,662	16,480,983
Materials and Supplies	258,018	117,291
Property and Equipment	4,723,294	5,064,275
Amortization	1,526,987	1,376,476
	<u>\$ 45,127,305</u>	<u>\$ 40,516,451</u>

#### 9. Contingent Liabilities

The Agency does not carry general liability insurance on its assets. Any successful liability claims against the Agency and any replacement of lost or damaged property are charged to expense in the year of settlement or replacement. In management's judgment, no material exposure exists at this time.

#### 10. Lease Commitments

The following are future minimum contractual payments for leased premises and equipment:

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$ 4,254,331
2016	4,222,191
2017	4,147,113
2018	2,685,003
2019	2,059,203
Thereafter	<u>12,787,891</u>
	<u>\$ 30,155,732</u>

#### 11. Comparative Figures

Certain comparative figures have been restated to conform to current year's presentation.

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# Service New Brunswick

## Governance

The *Service New Brunswick Act* provides the context for the activities of Service New Brunswick (the "Corporation"). As specified in the *Act*, Service New Brunswick is the principal provider of customer service on behalf of government. These services are offered through physical offices, telephone and electronic channels. Service New Brunswick also administers a number of acts on behalf of the province.

A Board of Directors guides the business of the Corporation. There are two committees of the Board of Directors. The Audit Committee monitors financial affairs and reviews the financial statements of the Corporation. It also monitors Enterprise Risk Management. The Development Committee oversees new system development.

Revenues are acquired through a combination of fees for services in the Land, Personal Property, Vital Statistics and Corporate registries, payments from GNB and municipalities, grants which GNB provides to deliver services on its behalf, and sales of products and services.

Members of the Service New Brunswick Board of Directors for 2013-2014 were:

Luc St-Jarre (Chairperson), Saint-Jacques

Brian Baxter , Shediac Cape

Donna M. Bovolaneas, Beaver Harbour

Gildard Chiasson, Bertrand

Christopher P. MacPherson, Fredericton

Paul J. Palmer, Quispamsis

Michèle Pelletier, Balmoral

Earl R. Robinson, Upper Kingsclear

T.J. Smith, Fredericton

Pamela Trites, Rothesay

Kim Daley (President of Service New Brunswick), Fredericton

The following map shows locations of 39 service centres across the province.



## Customer Care

Service New Brunswick is the gateway for the public to a number of government services offered through a multichannel service delivery network. Services are offered to citizens on behalf of various provincial government departments and municipalities.

Convenience to the customer is a key factor in service delivery. To meet New Brunswickers' expectations, SNB offers three channels of delivery:

- in person, through a network of 39 service centres located throughout the province. Each service centre offers the most common services, while 13 of the centres provide the full range of services;
- over the phone (TeleServices) at 1-888-762-8600; and
- online at [www.snb.ca](http://www.snb.ca).

A range of services are delivered on behalf of various government departments and agencies including the federal government. SNB also accept payments on behalf of 62 municipalities.

### Services include:

- Motor Vehicle: driver's licenses, registration, placards for disabled persons;
- Recreation: hunting and fishing licenses, online tickets for some major attractions;
- Government Forms: Medicare, lottery registration;
- Federal Government: pleasure craft licensing; and
- Municipalities: water and sewage payments.

### Highlights

Customer Care continued a focus on service centre schedule alignment to meet anticipated demand. Efforts yielded a staff utilization increase of 10 percentage points from last year.

The branch introduced a "walk in" service for Driver's License written tests in major centres, eliminating customer wait and lengthy appointment procedures.

Customer Care better aligned service hours to demand in the Gagetown, Grand Manan, Doaktown and Plaster Rock centres, and all locations became the main point of service for hunting and fishing licenses on behalf of the Department of Natural Resources.

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## TeleServices

TeleServices is SNB's customer contact centre. This line is the main point of contact for Medicare services. TeleServices also replies to service requests that arrive via email. The centre handled 389,772 calls and 5,827 emails this fiscal year.

## SNB Online

The SNB website offers numerous products and services as well as online forms including applications for birth certificates, property tax allowances, and Medicare change request, replacement and renewal forms. A number of forms from various municipalities are also available on the website.

## Service Delivery Transactions

Volume by Partner	2013-2014	2012-2013	2011-2012
<b>Provincial, Federal and Municipal include:</b>			
Provincial: All government departments	2,541,244	2,466,482	2,637,108
Federal: Pleasure Craft Licensing			
Municipalities: 62 to date			
<b>Service New Brunswick:</b>			
Property Assessment Services, Corporate Registry, Personal Property Registry, Land Registry, Rentalsman, Vital Statistics and SNB Products	2,419,030	2,417,035	2,407,976
<b>Other Partners:</b>			
Payment taking for NB Power, Regional Health Authorities, WorkSafeNB and others	117,627	136,984	152,227
<b>Total Transactions:</b>	<b>5,077,901</b>	<b>5,020,501</b>	<b>5,197,311</b>

## Office of the Rentalsman

The Office of the Rentalsman provides an alternative dispute resolution program outside of the traditional court process. The Rentalsman is appointed to carry out duties prescribed by the *Residential Tenancies Act*.

The activities of the Office of the Rentalsman include:

- holding, in trust, all security deposits paid by tenants pursuant to a residential tenancy lease (the only Canadian jurisdiction to perform this function);
- mediating mutual agreements or, where mediation is not possible, arbitrating disputes between parties regarding the disbursement of security deposits;
- mediating or arbitrating complaints by both landlords and tenants regarding breach of a tenancy agreement or failure to adhere to the *Residential Tenancies Act*; and
- providing information with regards to residential tenancies.

The Office provided landlords and tenants with general tenancy information through trained TeleServices agents and service centre representatives who received more than 1,600 requests for information per month. This was a decrease of approximately 100 requests per month based on process improvements related to security deposit return.

The Office accepted 13,050 security deposits. As of March 31, 2014, security deposits held in trust by the Office of the Rentalsman amounted to \$21.9 million an increase of 5.1% over the previous year.

The Office processed 9,486 applications for the return of security deposits, of which 5,976 (63%) were submitted directly online. A total of 6,781 claims against a security deposit were submitted by landlords.

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The Office received 3,089 applications for assistance or disputed claims alleging that either party failed in his or her obligations under a tenancy agreement.

## Land Information Infrastructure

Service New Brunswick is the lead agency for coordination of base mapping and geomatics in New Brunswick.

The activities of Land Information Infrastructure include:

- managing an inter-agency governance framework to facilitate collaboration on geomatics across GNB;
- implementing inter-agency projects such as the development of provincial standards and data sets and creation of authoritative road, water and imagery data sets;
- developing a collaborative spatial data infrastructure with partners to accommodate storage and dissemination of geographic data and related applications;
- conducting education and outreach activities; and
- operating a geographic data and mapping download service.

As a gateway for all geographic items, GeoNB hosts 47 datasets and 16 applications on behalf of 13 departments. GeoNB receives approximately 120,000 visits per year and provides 80,000 downloads of data annually.

## Property Assessment Services

Service New Brunswick is responsible for the valuation and classification of all “real property” in New Brunswick. Property assessment is a vital component in the processes of real property taxation and municipal financing.

The *Assessment Act* states that all property in the province is to be assessed at its real and true value (“market value”) as of January 1 of the year for which the assessment is determined. Individual property assessments are then compiled to produce municipal and provincial assessment bases. These bases are shared with the Department of Environment and Local Government which produces the tax bases for each municipality, rural community and Local Service District in the province.

Individual property assessments are also provided to the Department of Finance. These are then used – along with municipal and provincial property tax rates – to produce an annual property tax bill.

Property assessors are responsible for maintaining an inventory of all real property information as well as administering many property tax-related benefits.

### Highlights

In 2013-2014, GeoNB received the Special Achievement in GIS Award, presented at the Esri International User Conference in San Diego, California. SNB was the only Canadian government jurisdiction to receive an award.

This recognition was followed by a national nomination and Honourees Award from the Government Technology Exhibition and Conference (GTEC) for Innovation in the development of the New Brunswick Hydrographic Network. SNB also made the short list in the Collaboration category at New Brunswick’s annual KIRA Awards.

### Highlights

In this fiscal year, Property Assessment Services created a high level Assessment Modernization Strategy to begin the process of reforming the assessment function to render it more equitable, transparent and accountable.

The team continued its work to achieve a 10-year re-inspection cycle for residential properties, and a six-year cycle for commercial properties. For 2013, in excess of 50,000 re-inspections were conducted. Regularly scheduled re-inspections help to protect homeowners from spikes in property assessments.

In 2013-2014 Property Assessment Services' activities included re-inspections, sales analysis, new construction assessment, market adjustments of assessed values, and appeals.

## Property Assessment Statistics

Tax Year	Number of Properties	Assessment Base (Billion \$)	Request for Review	% of Property Accounts	Appeals (Assessment Board)
2013	462,013	58.2	7,316	1.6%	224
2012	460,236	56.3	5,642	1.2%	247
2011	457,151	53.9	5,338	1.2%	187
2010	454,426	51.4	8,691	1.9%	258
2009	451,416	49.1	8,558	1.9%	214
2008	448,224	46.7	5,526	1.2%	174
2007	444,341	43.4	5,518	1.2%	155
2006	441,161	40.5	6,598	1.5%	250
2005	437,637	38.0	8,100	1.8%	189

In collaboration with SNB's IT team, Property Assessment Services also continued work on the development of an Electronic Data Capture application for assessments. This move to replace the traditional paper process with tablets is reducing paper, dramatically increasing quality control, and significantly decreasing processing time for assessments. This initiative alone is expected to generate \$250,000 in savings annually.

Property assessments in New Brunswick are based on mass appraisal techniques that are used world-wide. Each year, the branch must measure its assessment values to ensure that they comply with accepted international standards as established by the International Association of Assessing Officers (IAAO).

The three indicators used are:

**Assessment to Sale Ratio:** an indication of how closely the assessed value reflects the market price, measured by comparing the current assessed value to the sale price.

**Coefficient of Dispersion:** a measure of uniformity that indicates whether assessment values within a jurisdiction are varied or similar (a lower number indicates greater uniformity and consistency).

**Price Related Differential:** an indication of how closely assessment values relate to their selling price within different price ranges (an indicator of 1.00 means that the ratio of assessed values to market prices is consistent).

## Service New Brunswick Assessment and Sale Performance Indicators

Indicators	Assessment to Sale Ratio		Coefficient of Dispersion		Price Related Differential	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
IAAO Standards	0.90-1.10	0.90-1.10	10-15	<20	0.98-1.03	0.98-1.03
2013	0.98	0.90	8.1	13.3	1.009	1.037
2012	0.96	0.92	10.4	12.4	1.013	1.018
2011	0.94	0.92	11.0	12.7	1.014	1.026
2010	0.93	0.93	11.2	14.3	1.013	1.027
2009	0.94	0.91	11.1	14.4	1.015	1.059
2008	0.95	0.89	10.9	14.6	1.013	1.045
2007	0.95	0.92	10.1	14.8	1.013	1.042
2006	0.95	0.92	10.1	13.1	1.013	1.041
2005	0.95	0.89	10.6	19.2	1.015	1.056

## Registries

**Condominiums** are administered by the *Condominium Property Act* which sets out the rules for developing, operating and managing condominiums in New Brunswick. This area also provides approval for condominium corporations incorporated under the *Condominium Property Act*, and accepts information on reserve funds, insurance and directors filed by condominium corporations.

**Corporate Registry** administers incorporation of New Brunswick-based business corporations and non-profit companies, registering partnerships and business names and registering extra-provincial corporations and businesses conducting business in New Brunswick. The registry also maintains publicly available, up-to-date information on business and non-profit corporations and unincorporated business entities. Internet users are able to access information on past and existing businesses and non-profit companies through the registry.

New Brunswick Account Business Numbers are assigned through the incorporation/registration process. The Business Number is a unique common identifier which can be used for provincial, federal and municipal services.

**Land Registry** maintains a network of 13 Land Registry offices across the province where legal plans and documents such as deeds, mortgages and wills relating to the ownership of real property can be registered. Registry records date back to the original Crown grants more than 200 years ago and are available for public scrutiny.

Land Registry maintains the PLANET system, which allows users to conduct land-based transactions quickly, efficiently and accurately through this comprehensive, integrated online source of land registration, assessment, mapping, and information services.

Land Registry also maintains a province-wide Global Positioning System-based survey network that includes a series of continuously operating Global Positioning System stations (Active Control Stations), which provide observations to users via the SNB website.

**Personal Property Registry** maintains a computerized, province-wide registry service where users can serve public notice of their security interests, judgments and other claims affecting personal property, such as automobiles, recreational vehicles, furniture and business inventory.

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It also provides citizens and businesses the opportunity to determine if there is a registered security interest on a personal property by providing the means to search the Personal Property Registry, primarily through the Atlantic Canada Online portal and through SNB's Lien Check service.

**Vital Statistics** is responsible for registering, maintaining, verifying and disseminating birth, death, stillbirth, and marriage data (vital events). Employees with Vital Statistics can search records, issue certificates of a vital event, distribute marriage licenses, approve and register changes of name, and maintain an index of marriage officiants and churches/religions authorized to solemnize marriages in New Brunswick.

### Highlights

The ability to access the list of active Condominium Corporations was added to the Corporate Registry search database in February 2014.

The branch implemented a new Vital Statistics registry system. Approximately two million records were successfully migrated. The new registry system is fully bilingual, and includes online application for clients and data transmission through secure channels to various stakeholders.

In partnership with the federal government, SNB introduced a new integrated birth registration. The Bundled Birth Service program allows New Brunswick parents to register a birth and apply for federal and provincial benefits for their newborn children by completing a single form.

Staff developed the program material and registration process in preparation for the April 1, 2014 proclamation of Bill 58 *An Act to Amend the Marriage Act*. This Bill created a third category of persons called civil officiants who are authorized to solemnize marriage.



## Registries Statistics

Activity	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Land Registry						
Registrations	90,186	98,041	107,102	111,468	109,959	110,683
Searches	36,370	37,159	39,573	42,554	46,841	45,723
Certificates of Registered Ownership Sold	25,745	26,477	27,581	27,603	30,565	31,582
Personal Property Registry						
Registrations	139,341	143,529	134,356	127,003	126,938	126,897
Searches	62,408	57,750	54,873	54,263	54,980	50,189
Corporate Registry						
Incorporations	2,433	2,503	2,546	2,547	2,612	2,865
Registrations	3,038	3,102	3,108	3,334	3,073	3,150
Annual Returns	38,190	37,228	37,243	35,848	35,718	35,147
Certificate of Status / Certified Copies	4,019	4,279	4,515	4,210	4,257	4,366
Vital Statistics Registry						
Certificates Issued (all types)	29,444	34,033	33,168	34,414	38,657	45,538
Change of Name Processed	290	236	314	261	313	409
Amendments Processed	1,745	1,711	1,851	1,907	2,109	2,440
Vital Events Registered	16,054	17,124	17,399	17,253	17,126	18,567
Condominiums						
New Corporations	9	10	13	13	19	17
New Units Approved	164	218	306	321	553	248

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## Financial Statement Discussion and Analysis

The Financial Statement Discussion and Analysis document presents management's commentary on the financial position of Service New Brunswick, and is meant to be used as supporting information to the March 31, 2014 audited financial statements. This discussion highlights key features of the financial statements and provides additional information and perspectives that go beyond the twelve months covered by the statements themselves.

### Overview of the Financial Statements

Service New Brunswick's Financial Statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for public sector entities. These statements consist of:

- A Statement of Financial Position
- A Statement of Operations
- A Statement of Changes in Net Financial Assets (Debt)
- A Statement of Cash Flows
- Notes to the Financial Statements

The Statement of Financial Position can be used to determine the level of an entity's indebtedness, the degree to which it possesses liquid assets to settle its obligations, and its investments in capital assets. This information allows the reader to ascertain the amount of resources that an entity has at its disposal, the financial obligations that it must meet, and the resulting effectiveness with which the organization can fulfill its mandate.

The Statement of Operations provides information on the financial impact that the entity's operations have had over the course of the year in question.

The Statement of Changes in Net Financial Assets (Debt) allows readers to see the combined effect of changes to an entity's non-financial assets on its Financial Position.

The Statement of Cash Flows allows readers to see the activities that either used or generated cash over the course of the year in question.

Notes to the Financial Statements provide readers with further detail on the events and activities documented in the Financial Statements.

## Significant Financial Variances

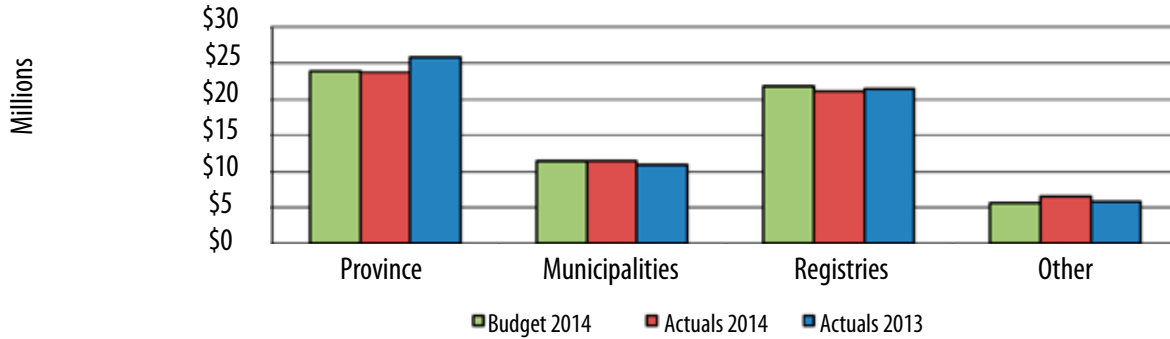
The following table compares actual financial results for 2013-2014 to the financial results for 2012-2013, as well as to budgeted figures for 2013-2014.

### Financial Statement Analysis For the year ended March 31 STATEMENT OF OPERATIONS

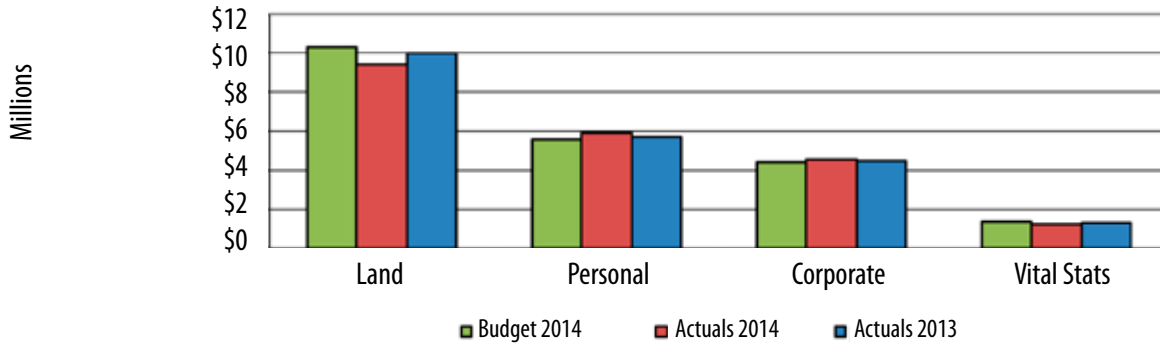
	Budget 2014 (Unaudited)	Actuals 2014	Actuals 2013	Actuals Difference	Budget Difference (Unaudited)
<b><u>Revenues</u></b>					
Provincial services	23,805,641	23,713,831	25,853,462	(2,139,631)	(91,810)
Municipal services	11,416,023	11,416,023	10,932,061	483,962	-
Registry services	21,695,175	21,064,401	21,445,748	(381,347)	(630,774)
Products and services	4,473,072	4,892,967	4,836,585	56,383	419,895
Interest	600,000	991,231	931,709	59,522	391,231
Contributed capital	525,000	695,100	27,482	667,618	170,100
Salary recoveries	-	12,005	17,006	(5,001)	12,005
Other	6,400	1,375	2,500	(1,125)	(5,025)
<b>TOTAL REVENUE</b>	<b>62,521,311</b>	<b>62,786,933</b>	<b>64,046,553</b>	<b>(1,259,620)</b>	<b>265,622</b>
<b><u>Expenses</u></b>					
Personnel services	40,791,820	38,058,790	39,564,146	(1,505,356)	(2,733,030)
Space and equipment services	7,328,378	6,993,155	6,833,017	160,138	(335,223)
Communications and computer services	6,078,024	5,826,314	6,327,202	(500,888)	(251,710)
Professional services	3,060,950	2,869,423	2,416,780	452,643	(191,527)
Amortization	2,837,713	2,876,754	2,888,438	(11,684)	39,041
Travel and meetings	1,218,214	888,079	1,042,282	(154,203)	(330,135)
Materials and supplies	750,635	579,676	682,509	(102,833)	(170,959)
Furniture and equipment	149,808	210,531	128,497	82,034	60,723
Other	305,769	394,991	344,406	50,585	89,222
<b>TOTAL EXPENSE</b>	<b>62,521,311</b>	<b>58,697,713</b>	<b>60,227,277</b>	<b>(1,529,564)</b>	<b>(3,823,598)</b>
<b>ANNUAL SURPLUS</b>	<b>-</b>	<b>4,089,220</b>	<b>3,819,276</b>	<b>269,944</b>	<b>4,089,220</b>

## Revenue Variances

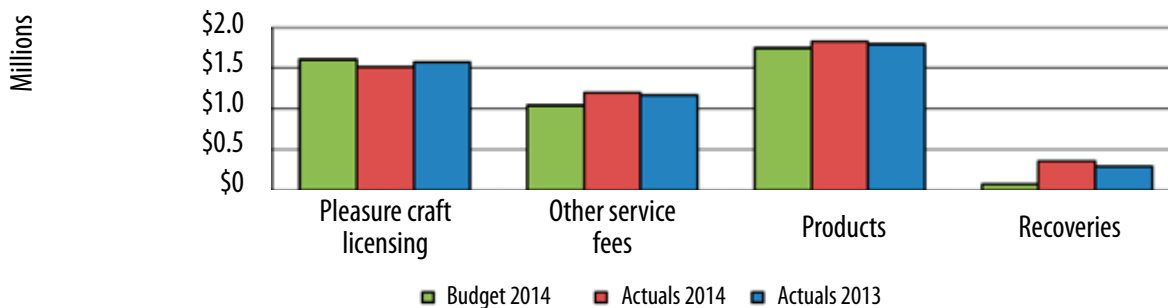
Total revenue for 2013-2014 is \$300,000 more than budgeted due to unanticipated increases in revenues associated with products and services, and interest income, but is \$1.3 million lower than in 2012-2013. Most of the decrease in revenue can be attributed to a reduction in provincial funding of \$2.1million, and to a lesser extent, a \$400,000 decrease in Registry revenues.



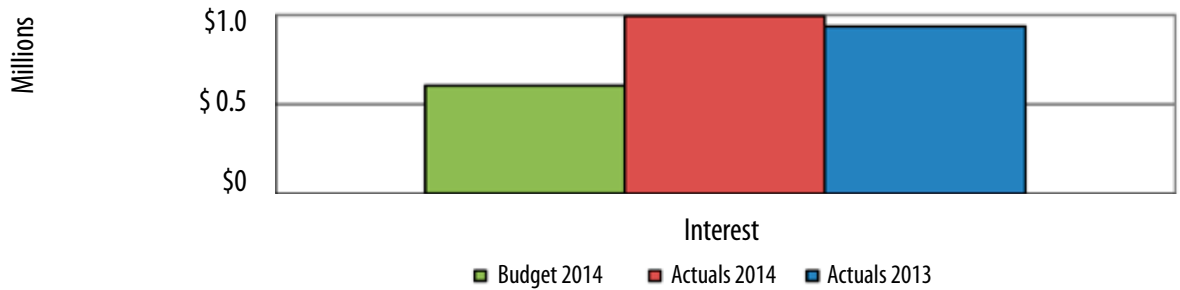
*Registries:* Total Registry revenue declined by \$400,000 in 2013-2014, and is also \$600,000 lower than budgeted. This is largely due to a decrease in Land Registry revenues. The performance of the land registry is heavily dependent on the strength of the economy, and the degree to which consumers are selling and purchasing real property.



*Products and services:* Revenues resulting from the sale of products and services fared better than expected in 2013-2014. These revenues are mainly derived from two sources: the sale of a variety of products, mainly geographic information, and the provision of customer services on behalf of provincial departments, the federal government, municipalities and utilities. Most of the unanticipated revenues are attributed to recoveries of system maintenance costs related to the Identity and Access Management (IAM) system.

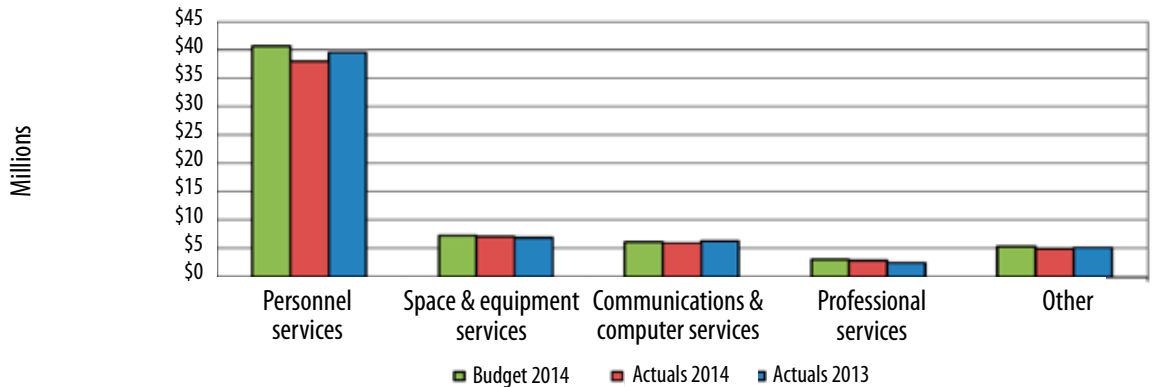


*Interest:* Interest revenues exceeded budget expectations by \$400,000. Growth in interest income is contingent upon the interest rate environment. The current investment strategy continues to yield higher rates of return and growth in investment income.

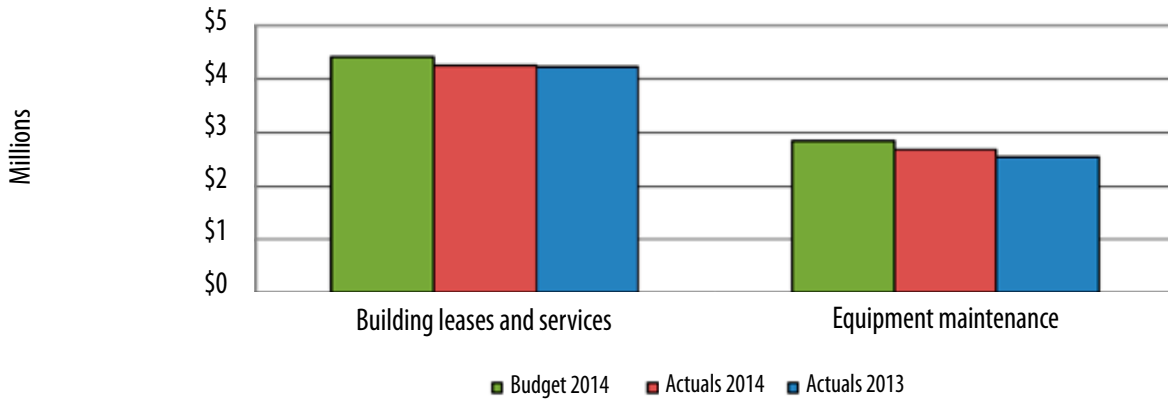


### Expense Variances

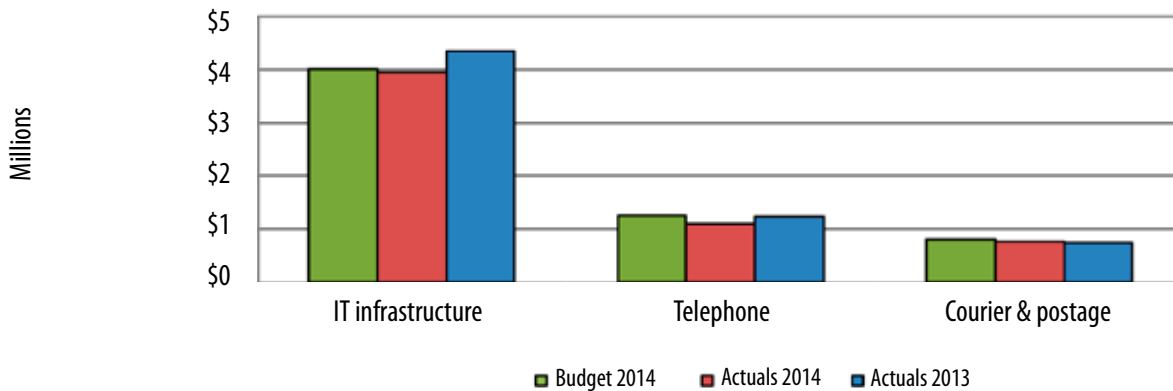
Total expenses for 2013-2014 are \$3.8 million less than budgeted and \$1.5 million less than total expenditures in 2012-2013. Much of the difference in budgeted and prior year's figures is due to a drop in expenditures related to Personnel services, which include costs related to salaries, benefits and training. Personnel services costs for 2013-2014 are \$2.7 million lower than budgeted figures and \$1.5 million less than previous year expenditures. The difference is primarily due to vacancies and fluctuations in the value of employee future benefit obligations.



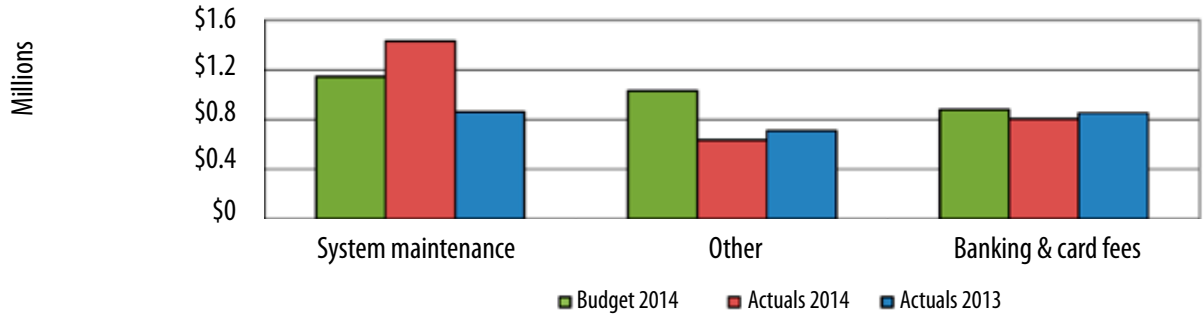
*Space and equipment services:* This category includes costs related to building and equipment leases and maintenance. Costs for 2013-2014 are \$300,000 lower than budgeted figures and \$200,000 more than previous year. The variance in budgeted amounts is mainly due to escalation costs for leased office space being somewhat less than expected, coupled with the fact that some systems took longer to deploy in-year than originally anticipated, thus delaying the realization of software maintenance costs. The variance between current and previous year's expenditures is a result of software maintenance costs resulting from new systems coming on line and contract increases in 2013-2014.



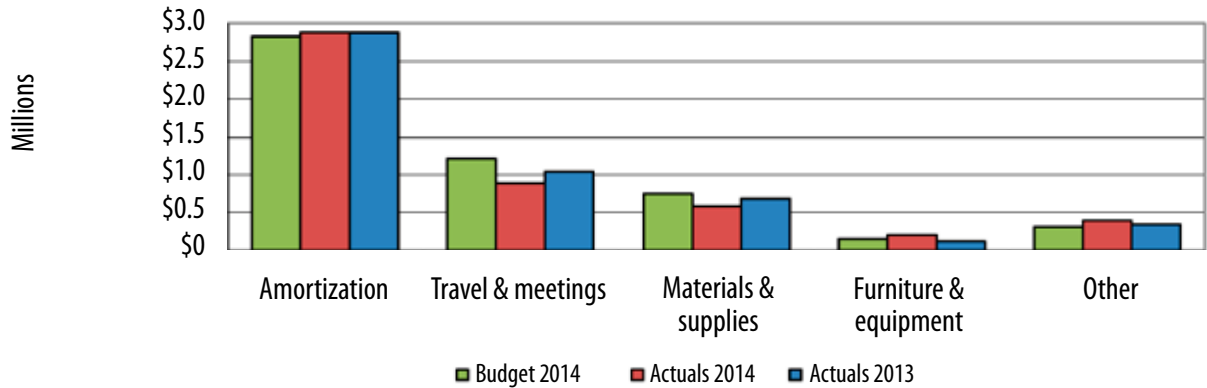
*Communications and computer services:* This is comprised of IT infrastructure costs, telephone charges and postage. Costs in 2013-2014 are \$500,000 lower than previous year and \$300,000 lower than budgeted. Much of the difference in budgeted amounts is attributable to lower telephone costs, while the drop from previous year's expense is related to the elimination of the mainframe costs that were associated with the old property tax assessment system that was modernized last year (EvAN).



*Professional services:* Professional services include consulting, project management, translation, board member per diems, and audit and legal fees. Also included in this category are credit card discount and banking fees as well as WorkSafe New Brunswick administrative fees. While consulting costs in general, and banking and credit card fees remained comparable to prior year, consulting related to Systems Maintenance increased by \$500,000. The modernization of the property tax assessment system in 2012-2013 (EvAN) and the upgrade of the Corporation's Enterprise Resource Planning system (JDEdwards) in 2013-2014 were the biggest drivers of professional services resulting from software development and systems maintenance activities. Total Professional services expenditures are \$200,000 less than budgeted due to a change in timing of the finalization of the Land and Hydrographic networks.



*Other costs:* Other costs include amortization, expenditures for travel and meetings, materials and supplies, and furniture and equipment. These costs are \$300,000 less than budgeted largely due to expenditure restraint in travel and meetings as well as materials and supplies. Other expenses were slightly higher due to increased printing costs.



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## **Risks and Other Dependencies**

The Enterprise Risk Management Policy at Service New Brunswick outlines a framework of objectives and processes to ensure risk management is integrated throughout the Corporation on a consistent and continuous basis. Some of the key risks that have been identified for SNB are:

### *Fiscal Sustainability and Economic Climate*

The current economic climate and fiscal realities may cause some revenue streams to decline while some operating costs continue to rise. To compound matters, SNB is dependent on government funding for roughly half of its revenues. Budgeting and forecasting processes, financial planning, and SNB's Balanced Scorecard enable the Corporation to monitor and pro-actively manage changes in revenues and expenditures throughout the year.

### *Planning and Priorities*

Emergency situations, dependency on external resources and partners (and their systems), and insufficient analysis and planning, could all potentially introduce variables that would be difficult to manage and ultimately impact SNB's ability to accomplish business plan objectives. The Corporation has implemented Project Management and IT Portfolio Management which promote the effective prioritization of projects and appropriate allocation of resources. Collaboration at the executive level, and at the program manager level, is regularly conducted with external resources and partners to promote congruency with their overall goals and programs. Service Delivery Support Account Managers at SNB also work to preserve positive relationships with business partners.

### *Technological Changes and Security*

The pace with which technological change occurs is increasing, and creating challenges with respect to obsolescence. In addition to this, there are an increasing number of security threats in today's world of information technology and any breach could be challenging to manage. SNB continuously monitors its systems for threats and weaknesses and has designated employees who are responsible for privacy and information security on a daily basis. SNB's policy on technology upgrades (which is strategically aligned with that of the Province's Office of the Chief Information Officer) follows a continuous process improvement methodology to mitigate the threat of technological obsolescence.





**Financial Statements  
March 31, 2014**

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8. Schedules to Financial Statements

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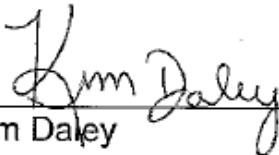
## MANAGEMENT REPORT

The preparation of financial information is an integral part of management's responsibilities and the accompanying financial statements are the responsibility of the management of the Corporation. This responsibility includes the selection of appropriate accounting policies and making judgments and estimates consistent with generally accepted accounting principles in Canada.

The Corporation maintains an accounting system and related controls to provide management and the Board of Directors with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with Canadian public sector accounting standards.

It is the responsibility of the Board of Directors to oversee management's performance of its financial reporting responsibilities and to review and approve the financial statements. It is assisted in its responsibilities by the Audit Committee. This committee reviews and recommends approval of the financial statements, and meets periodically with management and the external auditors concerning internal controls and matters related to financial reporting. Upon the recommendation of the Audit Committee, these financial statements are approved by the Board of Directors.

Fredericton, NB, Canada  
June 24, 2014

  
\_\_\_\_\_  
Kim Daley  
President

  
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Dan Rae, CGA  
Chief Financial Officer

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## INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors

### **Service New Brunswick**

We have audited the accompanying financial statements of **Service New Brunswick**, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

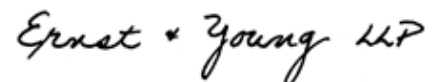
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Service New Brunswick as at March 31, 2014, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Saint John, Canada,  
June 23, 2014.



Chartered Accountants

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**STATEMENT OF FINANCIAL POSITION**

As at March 31

	<b>2014</b>	<b>2013</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 19,419,160	\$ 22,576,567
Short-term investments	4,000,000	4,000,000
Restricted assets (Note 5)	12,919,161	18,120,894
Accounts receivable (Note 6)	3,461,965	2,472,663
Long-term investments	<u>21,000,000</u>	<u>16,000,000</u>
	60,800,286	63,170,124
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 4,692,592	\$ 5,187,088
Partner liabilities (Note 9)	7,846,464	13,299,330
Deferred receipts	357,121	964,385
Land titles assurance (Note 10)	5,072,697	4,821,564
Retirement allowance (Note 11b)	3,195,730	4,622,230
Early retirement incentive (Note 11c)	923,500	1,172,100
Sick leave (Note 11d)	<u>3,471,200</u>	<u>3,353,100</u>
	25,559,304	33,419,797
<b>NET FINANCIAL ASSETS</b>	<b>\$ 35,240,982</b>	<b>\$ 29,750,327</b>
<b>NON FINANCIAL ASSETS</b>		
Prepaid expenses	\$ 1,231,006	\$ 1,123,999
Tangible capital assets (Note 7)	<u>14,246,820</u>	<u>15,755,262</u>
	15,477,826	16,879,261
<b>ACCUMULATED SURPLUS</b>	<b>\$ 50,718,808</b>	<b>\$ 46,629,588</b>

Lease commitments (Note 12)  
See accompanying notes

  
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Luc St-Jarre  
Chairperson

  
\_\_\_\_\_  
Kim Daley  
President

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## STATEMENT OF OPERATIONS

For the year ended March 31

	Budget 2014 (Unaudited)	Actuals 2014	Actuals 2013
<b>Revenues (Schedule 1)</b>			
Provincial services	\$ 23,805,641	\$ 23,713,831	\$ 25,853,462
Municipal services	11,416,023	11,416,023	10,932,061
Registry services	21,695,175	21,064,401	21,445,748
Products and services	4,473,072	4,892,967	4,836,585
Interest	600,000	991,231	931,709
Contributed capital	525,000	695,100	27,482
Salary recoveries	-	12,005	17,006
Other	6,400	1,375	2,500
<b>TOTAL REVENUE</b>	<u>62,521,311</u>	<u>62,786,933</u>	<u>64,046,553</u>
<b>Expenses (Schedule 1)</b>			
Personnel services	40,791,820	38,058,790	39,564,146
Space and equipment services	7,328,378	6,993,155	6,833,017
Communications and computer services	6,078,024	5,826,314	6,327,202
Professional services	3,060,950	2,869,423	2,416,780
Amortization	2,837,713	2,876,754	2,888,438
Travel and meetings	1,218,214	888,079	1,042,282
Materials and supplies	750,635	579,676	682,509
Furniture and equipment	149,808	210,531	128,497
Other	305,769	394,991	344,406
<b>TOTAL EXPENSE</b>	<u>62,521,311</u>	<u>58,697,713</u>	<u>60,227,277</u>
<b>ANNUAL SURPLUS</b>	-	<b>4,089,220</b>	<b>3,819,276</b>
Opening Accumulated Surplus	-	46,629,588	42,810,312
<b>Ending Accumulated Surplus</b>	<b>\$ -</b>	<b>\$ 50,718,808</b>	<b>\$ 46,629,588</b>

See accompanying notes

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## STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

For the year ended March 31

	Budget 2014 (Unaudited)	Actuals 2014	Actuals 2013
<b>ANNUAL SURPLUS</b>	\$ -	\$ 4,089,220	\$ 3,819,276
Acquisition of tangible capital assets	(2,861,000)	(1,368,312)	(2,684,281)
Amortization of tangible capital assets	2,837,713	2,876,754	2,888,438
Write-downs of tangible capital assets	-	-	39,485
	<u>(23,287)</u>	<u>1,508,442</u>	<u>243,642</u>
Acquisition of prepaid expenses	\$ -	(1,231,006)	\$ (1,123,999)
Use of prepaid expenses	-	1,123,999	1,470,336
	<u>-</u>	<u>(107,007)</u>	<u>346,337</u>
Increase (decrease) in financial assets	(23,287)	5,490,655	4,409,255
Net financial assets at beginning of year	29,750,327	29,750,327	25,341,072
<b>Net financial assets at end of the year</b>	<b>\$ 29,727,040</b>	<b>\$ 35,240,982</b>	<b>\$ 29,750,327</b>

See accompanying notes

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## STATEMENT OF CASH FLOWS

For the year ended March 31

	2014	2013
<b>Cash and cash equivalents generated by (used in):</b>		
<b>Operating Transactions</b>		
Annual surplus	\$ 4,089,220	\$ 3,819,276
Amortization	2,876,754	2,888,438
Deferred employee benefits	(1,557,000)	944,830
Write-downs of tangible capital assets	-	39,485
	<u>5,408,974</u>	<u>7,692,029</u>
Changes in non-cash working capital balances:		
Accounts receivable	(989,302)	105,715
Prepaid expenses	(107,007)	346,337
Accounts payable and accrued liabilities	(494,496)	(560,713)
Deferred receipts	(607,264)	66,378
	<u>3,210,905</u>	<u>7,649,746</u>
<b>Capital Transactions</b>		
Additions to equipment	(582,939)	(684,093)
Additions to leaseholds	(143,971)	(159,822)
Additions to system development	(814,290)	(7,855,422)
Net changes in work in process	172,888	6,015,056
	<u>(1,368,312)</u>	<u>(2,684,281)</u>
<b>Investing Transactions</b>		
Purchase of long-term investment certificates	(5,000,000)	(4,000,000)
Maturity of long-term investment certificates	-	4,000,000
Conversion of long-term investments to short-term	-	(4,000,000)
Maturity of short-term investments	-	4,000,000
	<u>(5,000,000)</u>	<u>-</u>
<b>Net increase (decrease) in cash during the year</b>	<b>(3,157,407)</b>	<b>4,965,465</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>22,576,567</b>	<b>17,611,102</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 19,419,160</b>	<b>\$ 22,576,567</b>

See accompanying notes

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## NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2014

### 1. Service New Brunswick

Service New Brunswick (hereafter referred to as “the Corporation”) is a non-taxable Crown Corporation established under the *Service New Brunswick Act* (hereafter referred to as “the Act”). Its mission is providing excellence in the delivery of government services to citizens and businesses.

The Corporation has no share capital and the Act does not provide for this. However, the Act does stipulate that any profits may be appropriated by the Crown at the discretion of the Minister of Finance. The Corporation is not subject to any externally imposed capital requirements, and has the ability to borrow funds when necessary.

### 2. Accounting policies

#### General

The Corporation follows Canadian Public Sector Accounting (PSA) standards.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

#### Financial instruments and comprehensive income

Section 3450 of the PSA accounting standards requires that the Corporation designate its financial instruments into one of two measurement categories (i) at fair value (ii) at cost or amortized cost. All financial instruments are to be initially measured at fair value. Financial instruments classified as at fair value are subsequently measured as such, with any subsequent change recorded as revenue.

The Corporation designates its financial instruments as follows:

- a. Cash and cash equivalents and restricted assets are classified as at fair value. Due to the nature and/or short-term maturities of these financial instruments, carrying value approximates fair value.
- b. Accounts receivable and partner receivables are classified as at “cost or amortized cost”. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Corporation, the carrying value approximates fair value.
- c. Accounts payable and accrued liabilities, and partner liabilities are classified as at “cost or amortized cost”. Initial measurement is at fair value. Subsequently, they are measured at amortized cost using the effective interest rate method. For the Corporation, the carrying value approximates fair value.

#### Restricted assets

Management has segregated cash and receivables equal to the amount of Partner Liabilities (Note 9) and the amount accumulated under Land Titles Assurance (Note 10).

#### Tangible capital assets

Investments in information systems and databases and in physical assets having a value of \$5,000 or greater are capitalized and written off to income in accordance with the amortization policy.



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## Revenue recognition

Revenue is recognized on an accrual basis as earned with an offset, in the case of Corporate Registry annual filing, for fees from businesses likely to be inactive. Amounts deemed receivable but uncollectable are recognized as bad debt expense.

## Pension expense

The Corporation's employees are part of a multi-employer shared risk plan, and accordingly, only current-year contributions are expensed.

## Amortization

Amortization is computed on a straight-line basis on original cost with rates as follows:

Databases and systems	depending on estimated useful life, up to 15 years
Furniture	10 years
Leasehold improvements	duration of lease up to 10 years
Equipment	5 years
Computers and software	4 years

## Measurement uncertainty

The preparation of financial statements in accordance with Canadian PSA standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 3. Financial Instrument Risk

The reported values of financial instruments, which comprise cash and cash equivalents, accounts receivable, partner receivables, accounts payable and accrued liabilities, and partner liabilities, approximates fair value due to the short-term maturities of these instruments. The Corporation is not subject to significant interest rate or credit risks arising from these instruments.

Potential credit risk related to accounts receivable is low due to the fact that a significant portion of the receivable balance is due from federal or provincial government entities.

Interest income is subject to interest rate fluctuations. A change of 1% would affect interest income by an amount of approximately \$300,000.

### 4. Related Entity Transactions

The Corporation is solely owned by the Province of New Brunswick. The Statement of Financial Position contains the following related entity amounts:

	<b>2014</b>	<b>2013</b>
Accounts receivable	\$ 495,436	\$ 528,439
Accounts payable	1,144,605	1,014,265
Net owed by the Corporation	<u>\$ (649,169)</u>	<u>\$ (485,826)</u>

The Statement of Operations contains the following related entity amounts:

	<u>2014</u>	<u>2013</u>
Revenue	\$ 37,627,801	\$ 39,191,368
Expenses	4,297,237	3,238,861
Net Revenue	<u>\$ 33,330,564</u>	<u>\$ 35,952,507</u>

## 5. Restricted Assets

Restricted assets are comprised of the following amounts:

	<u>2014</u>	<u>2013</u>
Partner cash and receivables (Note 9)	\$ 7,846,464	\$ 13,299,330
Land titles assurance cash (Note 10)	5,072,697	4,821,564
	<u>\$ 12,919,161</u>	<u>\$ 18,120,894</u>

## 6. Accounts Receivable

	<u>2014</u>		
	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
<b>Current</b>			
Trade	\$ 1,902,310	\$ 8,121	\$ 1,894,189
HST rebate	310,459	-	310,459
Province of New Brunswick	495,436	-	495,436
Corporate registry	145,842	-	145,842
Employee computer loans	12,705	-	12,705
Accrued interest	603,334	-	603,334
	<u>\$ 3,470,086</u>	<u>\$ 8,121</u>	<u>\$ 3,461,965</u>
	<u>2013</u>		
	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
<b>Current</b>			
Trade	\$ 856,603	\$ 4,004	\$ 852,599
HST rebate	333,538	-	333,538
Province of New Brunswick	528,439	-	528,439
Corporate registry	182,617	19,313	163,304
Employee computer loans	45,207	-	45,207
Accrued interest	549,576	-	549,576
	<u>\$ 2,495,980</u>	<u>\$ 23,317</u>	<u>\$ 2,472,663</u>

The Corporation's trade accounts receivable do not represent a significant concentration of credit risk because the accounts are owed by a large number of organizations on normal credit terms. Most other receivables are deemed collectable because of the nature of the debtor or the transactions.

## 7. Tangible Capital Assets

		2014							
		Computers and software	Furniture and equipment	Total equipment	Leasehold improvements	Work in process (Leaseholds)	Systems	Work in process (Systems)	Total
Estimated Useful Life (Years)		0-4	0-10		0-10		0-15		
<b>Cost \$</b>									
Opening cost		6,376,547	1,406,159	<b>7,782,706</b>	4,691,839	67,789	47,912,358	602,414	<b>61,057,106</b>
Additions		582,939	-	<b>582,939</b>	143,971	900	814,290	938,560	<b>2,480,660</b>
Disposals		-	-	-	-	-	-	-	-
Completions		-	-	-	-	(67,789)	-	(1,044,559)	<b>(1,112,348)</b>
<b>Closing costs</b>		<b>6,959,486</b>	<b>1,406,159</b>	<b>8,365,645</b>	<b>4,835,810</b>	<b>900</b>	<b>48,726,648</b>	<b>496,415</b>	<b>62,425,418</b>
<b>Accumulated Amortization</b>									
Accumulated amortization		5,233,910	1,353,578	<b>6,587,488</b>	3,641,474	-	35,072,882	-	<b>45,301,844</b>
Amortization expense		627,056	10,953	<b>638,009</b>	292,985	-	1,945,760	-	<b>2,876,754</b>
Disposals		-	-	-	-	-	-	-	-
<b>Closing accumulated amortization</b>		<b>5,860,966</b>	<b>1,364,531</b>	<b>7,225,497</b>	<b>3,934,459</b>	<b>-</b>	<b>37,018,642</b>	<b>-</b>	<b>48,178,598</b>
<b>Net Book Value \$</b>		<b>1,098,520</b>	<b>41,628</b>	<b>1,140,148</b>	<b>901,351</b>	<b>900</b>	<b>11,708,006</b>	<b>496,415</b>	<b>14,246,820</b>

		2013							
		Computers and software	Furniture and equipment	Total equipment	Leasehold improvements	Work in process (Leaseholds)	Systems	Work in process (Systems)	Total
Estimated Useful Life (Years)		0-4	0-10		0-10		0-15		
<b>Cost \$</b>									
Opening cost		5,692,454	1,406,159	<b>7,098,613</b>	4,589,484	-	40,056,936	6,685,259	<b>58,430,292</b>
Additions		684,093	-	<b>684,093</b>	159,822	67,789	7,855,422	294,515	<b>9,061,641</b>
Disposals		-	-	-	(57,467)	-	-	-	<b>(57,467)</b>
Completions		-	-	-	-	-	-	(6,377,360)	<b>(6,377,360)</b>
<b>Closing costs</b>		<b>6,376,547</b>	<b>1,406,159</b>	<b>7,782,706</b>	<b>4,691,839</b>	<b>67,789</b>	<b>47,912,358</b>	<b>602,414</b>	<b>61,057,106</b>
<b>Accumulated Amortization</b>									
Accumulated amortization		4,681,195	1,327,583	<b>6,008,778</b>	3,356,678	-	33,065,932	-	<b>42,431,388</b>
Amortization expense		552,715	25,995	<b>578,710</b>	302,778	-	2,006,950	-	<b>2,888,438</b>
Disposals		-	-	-	(17,982)	-	-	-	<b>(17,982)</b>
<b>Closing accumulated amortization</b>		<b>5,233,910</b>	<b>1,353,578</b>	<b>6,587,488</b>	<b>3,641,474</b>	<b>-</b>	<b>35,072,882</b>	<b>-</b>	<b>45,301,844</b>
<b>Net Book Value \$</b>		<b>1,142,637</b>	<b>52,581</b>	<b>1,195,218</b>	<b>1,050,365</b>	<b>67,789</b>	<b>12,839,476</b>	<b>602,414</b>	<b>15,755,262</b>

## 8. Accounts Payable And Accrued Liabilities

	<u>2014</u>	<u>2013</u>
<b>Current</b>		
Trade	\$ 2,550,697	\$ 3,273,771
Salary and benefit accruals	898,051	818,249
Payroll deductions	99,239	80,803
Province of New Brunswick	<u>1,144,605</u>	<u>1,014,265</u>
	<u>\$ 4,692,592</u>	<u>\$ 5,187,088</u>

## 9. Partner Liabilities

The Corporation collects cash on behalf of the Province of New Brunswick ("the Province") and other business partners. The following amounts were payable to the Province and other partners at year-end.

Provincial receivables are short-term accounts which are collected from provincial clients and, subsequently, remitted to the Province. Efficiency NB receivables are interest-free loans issued to members of the public to finance energy efficiency improvements to their homes. These loans are administered by the Corporation on behalf of Efficiency NB and can have repayment terms of up to six years. They carry no risk to the Corporation.

	<u>2014</u>		
	<u>Cash</u>	<u>Receivables</u>	<u>Total</u>
Efficiency NB	\$ 347,140	\$ 2,438,017	\$ 2,785,157
Other provincial	4,101,410	361,560	4,462,970
Other partners	<u>598,337</u>	<u>-</u>	<u>598,337</u>
	<u>\$ 5,046,887</u>	<u>\$ 2,799,577</u>	<u>\$ 7,846,464</u>
	<u>2013</u>		
	<u>Cash</u>	<u>Receivables</u>	<u>Total</u>
Efficiency NB	\$ (267,915)	\$ 4,975,666	\$ 4,707,751
Other provincial	5,638,700	348,558	5,987,258
Other partners	<u>2,604,321</u>	<u>-</u>	<u>2,604,321</u>
	<u>\$ 7,975,106</u>	<u>\$ 5,324,224</u>	<u>\$ 13,299,330</u>

## 10. Land Titles Assurance

Under the *Land Titles Act*, the Province guarantees title to real property registered under Land Titles. The Corporation has established a charge, based on an actuarial estimate, to provide for a fund to cover potential claims pertaining to indemnification pursuant to the *Land Titles Act*. An assurance fee of \$3.00 is charged for each registration in the Land Titles registry.

	<u>2014</u>	<u>2013</u>
Opening balance	\$ 4,821,564	\$ 4,601,193
Assurance fees collected	251,133	272,838
Less: claims	-	(52,467)
Ending balance	<u>\$ 5,072,697</u>	<u>\$ 4,821,564</u>

## 11. Employee Future Benefits

- a. Regular employees of the Corporation are covered by the Public Service Shared Risk Plan of the Province of New Brunswick. The plan is a shared risk, multi-employer plan under which contributions are made by both the Corporation and the employees. For the year ended March 31, 2014, the Corporation expensed contributions in the amount of \$2,527,568 under the terms of the plan. The comparable amount for the year ended March 31, 2013 totalled \$2,252,129. The Corporation has no direct liability or entitlement to any unfunded liability or surplus in the plan related to its current or former employees.
- b. Regular employees of the Corporation are entitled to a paid retirement allowance prior to their retirement based upon years of service. Using the 2014 valuation, the Corporation has determined the accrued actuarial obligation for this benefit to be \$2,956,200 as at March 31, 2014. At the end of this fiscal year, the Corporation had recorded a total liability of \$3,195,730 (2013 - \$4,622,230).

	<u>2014</u>	<u>2013</u>
<b>Accrued benefit obligation</b>		
Beginning balance	\$ 4,813,000	\$ 4,118,000
Current service cost	221,000	346,200
Interest cost on obligation	112,100	147,200
Curtailement costs	-	365,800
Settlement costs (payouts)	14,800	-
Benefit payments	(1,789,100)	(218,100)
Experience loss (gain)	(415,600)	53,900
Accrued benefit obligation	<u>\$ 2,956,200</u>	<u>\$ 4,813,000</u>

### Reconciliation of accrued benefit obligation to accrued benefit liability

Accrued benefit obligation	\$ 2,956,200	\$ 4,813,000
Unamortized actuarial losses	(176,070)	(136,870)
Experience gain (loss) during period	415,600	(53,900)
Accrued benefit liability	<u>\$ 3,195,730</u>	<u>\$ 4,622,230</u>

### Accrued benefit liability

Opening balance	\$ 4,622,230	\$ 3,874,400
Retirement allowance expense	362,600	965,930
Benefit payments	(1,789,100)	(218,100)
Ending balance	<u>\$ 3,195,730</u>	<u>\$ 4,622,230</u>

This estimate is based on a current service cost of 1.10% of payroll and an annual discount rate of 3.85%. The transitional obligation related to the retirement allowance is amortized on a straight-line basis over the estimated remaining service period of the employees that participate in the plan (fourteen years).

- c. The Corporation incurred a liability related to an early retirement incentive offered to employees, including those of the Corporation, by the Province of New Brunswick in the year ended March 31, 1996. The amount of the obligation and expense recorded is equal to the actuarial reduction that the employee would have otherwise had to forego, were it not for the fact that the Province waived this penalty for eligible employees. The Corporation annually reduces the recorded obligation by the amount it remits to the Province, and annually increases

the obligation to match the actuarially determined estimate of the obligation. The estimate is based on an annual discount rate of 3.85%. The benefit obligation amounted to \$923,500 at March 31, 2014 and \$1,172,100 as at March 31, 2013.

- d. Regular employees of the Corporation are entitled to sick leave benefits which accrue, but do not vest. Using the 2014 valuation, the Corporation has determined the accrued actuarial obligation for this benefit to be \$3,830,600 as at March 31, 2014. At the end of this fiscal year, the Corporation had recorded a total liability of \$3,471,200 (2013 - \$3,353,100).

	<u>2014</u>	<u>2013</u>
<b>Accrued benefit obligation</b>		
Beginning balance	\$ 3,644,500	\$ 3,497,100
Current service cost	448,500	431,100
Interest cost on obligation	123,100	123,000
Benefit payments	(472,900)	(437,100)
Experience loss	87,400	30,400
Accrued benefit obligation	<u>\$ 3,830,600</u>	<u>\$ 3,644,500</u>

**Reconciliation of accrued benefit obligation to accrued benefit**

Accrued benefit obligation	\$ 3,830,600	\$ 3,644,500
Unamortized actuarial losses	(272,000)	(261,000)
Experience loss during period	(87,400)	(30,400)
Accrued benefit liability	<u>\$ 3,471,200</u>	<u>\$ 3,353,100</u>

**Accrued benefit liability**

Opening balance	\$ 3,353,100	\$ 3,217,500
Sick leave expense	591,000	572,700
Benefit payments	(472,900)	(437,100)
Ending balance	<u>\$ 3,471,200</u>	<u>\$ 3,353,100</u>

This estimate is based on an annual discount rate of 3.85%.

## 12. Lease Commitments

Future minimum payments for leased premises and equipment for the next five years and thereafter are outlined in the following list:

2015	\$ 2,943,496
2016	2,549,553
2017	1,745,294
2018	1,361,637
2019	899,047
Thereafter	<u>1,582,420</u>
	<u>\$ 11,081,447</u>

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## SCHEDULES TO FINANCIAL STATEMENTS

For the year ended March 31, 2014

### Schedule 1 – Statement of Operations by Segment

	Executive			
	Administration	Corporate	Operations	Total
<b>REVENUES</b>				
Provincial services	\$ -	\$ -	\$23,713,831	\$23,713,831
Municipal services	-	-	11,416,023	11,416,023
Registry services	-	-	21,064,401	21,064,401
Products and services	-	-	4,892,967	4,892,967
Interest	-	991,231	-	991,231
Contributed capital	-	695,100	-	695,100
Salary recoveries	-	-	12,005	12,005
Other	-	-	1,375	1,375
Total revenue	<u>\$ -</u>	<u>\$ 1,686,331</u>	<u>\$61,100,602</u>	<u>\$62,786,933</u>
<b>EXPENSES</b>				
Personnel services	\$ 373,615	\$ 5,352,948	\$32,332,227	\$38,058,790
Space & equipment services	2,643	4,032,203	2,958,309	6,993,155
Communications and computer services	5,671	84,876	5,735,767	5,826,314
Professional services	56,373	1,043,237	1,769,813	2,869,423
Amortization	-	295,304	2,581,450	2,876,754
Travel and meetings	33,355	59,167	795,557	888,079
Materials and supplies	1,334	46,770	531,572	579,676
Furniture and equipment	388	13,882	196,261	210,531
Other	47	289,822	105,122	394,991
Total expense	<u>473,426</u>	<u>11,218,209</u>	<u>47,006,078</u>	<u>58,697,713</u>
<b>Annual Surplus (Deficit)</b>	<u>\$ (473,426)</u>	<u>\$ (9,531,878)</u>	<u>\$14,094,524</u>	<u>\$ 4,089,220</u>

## Schedule 2 - Systems Development

	<b>2014</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Personal Property Registration	\$ 5,162,166	\$ 5,162,166	\$ -
PLANET	9,406,689	8,790,904	615,785
Customer Service Systems	6,718,690	6,718,690	-
Property Mapping	1,018,040	1,018,040	-
Enterprise Resource Planning	2,336,578	2,336,578	-
Business Registry	3,518,925	3,292,777	226,148
Infrastructure	7,778,144	6,417,112	1,361,032
E-Services	1,164,097	808,983	355,114
Rentalsman	274,157	107,410	166,747
Land Information	319,504	127,801	191,703
Vitals Statistics	200,881	106,562	94,319
Historical Documents	1,554,446	812,877	741,569
Licensing & Permitting	872,833	120,387	752,446
Identity & Access Management	1,287,772	386,332	901,440
EVAN	7,113,726	812,023	6,301,703
	<u>\$48,726,648</u>	<u>\$ 37,018,642</u>	<u>\$ 11,708,006</u>

	<b>2013</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Personal Property Registration	\$ 5,162,166	\$ 5,162,166	\$ -
PLANET	9,406,689	8,573,170	833,519
Customer Service Systems	6,718,690	6,697,658	21,032
Property Mapping	1,018,040	1,018,040	-
Enterprise Resource Planning	2,336,578	2,336,578	-
Business Registry	3,518,925	3,091,927	426,998
Infrastructure	7,035,908	6,084,596	951,312
E-Services	1,164,097	692,573	471,524
Rentalsman	274,157	79,994	194,163
Land Information	319,504	95,851	223,653
Vitals Statistics	200,881	86,474	114,407
Historical Documents	1,554,446	657,433	897,013
Licensing & Permitting	872,315	33,613	838,702
Identity & Access Management	1,287,772	257,554	1,030,218
EVAN	7,042,190	205,255	6,836,935
	<u>\$47,912,358</u>	<u>\$ 35,072,882</u>	<u>\$ 12,839,476</u>



# Summary of Staffing Activity

Pursuant to section 4 of the *Civil Service Act*, the deputy minister of the Department of Human Resources delegates staffing to each deputy head for their respective departments. Please find below a summary of the staffing activity for 2013-2014 for the Department of Government Services and the New Brunswick Internal Services Agency.\*\*

Thirteen competitions were advertised, including six open (public) competitions and seven closed (internal) competitions.

Pursuant to section 15 and 16 of the *Civil Service Act*, the Department of Government Services and NBISA made the following appointments using other processes to establish merit other than the competitive process:

Appointment type	Appointment description	Section of the <i>Civil Service Act</i>	Number
Specialized Professional, Scientific or Technical	An appointment may be made without competition when a position requires: <ul style="list-style-type: none"> <li>• a high degree of expertise and training</li> <li>• a high degree of technical skill</li> <li>• recognized experts in their field</li> </ul>	15(1)	0
Equal Employment Opportunity Program	Provides Aboriginals, persons with disabilities and members of a visible minority group with equal access to employment, training and advancement opportunities.	16(1)(a)	1
Department Talent Management Program	Permanent employees identified in corporate and departmental talent pools, who meet the four-point criteria for assessing talent, namely performance, readiness, willingness and criticalness.	16(1)(b)	4
Lateral transfer	The GNB transfer process facilitates the transfer of employees from within Part I, II (School Boards) and III (Hospital Corporations) of the Public Service.	16(1) or 16(1)(c)	7
Regular appointment of casual/temporary	An individual hired on a casual or temporary basis under section 17 may be appointed without competition to a regular properly classified position within the Civil Service.	16(1)(d)(i)	21
Regular appointment of students/apprentices	Summer students, university or community college co-op students or apprentices may be appointed without competition to an entry level position within the Civil Service.	16(1)(d)(ii)	0

\*\*Please note that Service New Brunswick, as a Crown corporation, is not governed by the *Civil Service Act*.

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# Summary of Legislation and Legislative Activity

Bill #	Name of legislation	Date of Royal Assent	Link to Bill
41	<i>An Act to Amend the Surveys Act</i>	June 21, 2013	<a href="http://www1.gnb.ca/legis/bill/editform-e.asp?ID=997&amp;legi=57&amp;num=3">http://www1.gnb.ca/legis/bill/editform-e.asp?ID=997&amp;legi=57&amp;num=3</a>
57	<i>An Act to Amend the Vital Statistics Act</i>	June 21, 2013	<a href="http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1013&amp;legi=57&amp;num=3">http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1013&amp;legi=57&amp;num=3</a>
58	<i>An Act to Amend the Marriage Act</i>	June 21, 2013	<a href="http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1014&amp;legi=57&amp;num=3">http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1014&amp;legi=57&amp;num=3</a>
67	<i>An Act Respecting the Right to Information and Protection of Privacy Act</i>	June 21, 2013	<a href="http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1027&amp;legi=57&amp;num=3">http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1027&amp;legi=57&amp;num=3</a>

# Summary of Official Languages Activities

Government Services recognizes its obligations under the *Official Languages Act* and is committed to actively offering and providing quality services in both official languages.

No complaints were filed against Government Services under the *Act* during the 2013- 2014 fiscal year.

<p><b>Introduction</b></p>	<p>In 2013-2014, Government Services continued its work to merge three organizations into a shared service model. This streamlining process included work on an Official Languages Action Plan for the entire organization, which is anticipated to be complete in the next fiscal year.</p> <p>While we develop this plan, Government Services continues to ensure its obligations under the <i>Official Languages Act</i> are met. Below are initiatives that were undertaken during the year in question.</p>
<p><b>Focus 1</b></p>	<p><i>Ensure access to service of equal quality in English and French throughout the province:</i></p> <ul style="list-style-type: none"> <li>• Review and discuss Language of Service policy and guidelines with new employees at time of group and individual orientation.</li> </ul>
<p><b>Focus 2</b></p>	<p><i>An environment and climate that encourages, for all employees, the use of the official language of their choice in their workplace:</i></p> <ul style="list-style-type: none"> <li>• As part of the annual Performance Review process, all employees are required to review the Language of Service and Language of Work policies and discuss with their managers.</li> <li>• In 2013-2014, a Linguistic Profile form was created for new hires to complete with managers, identifying the new employee's language of choice for communication and correspondence.</li> </ul>
<p><b>Focus 3</b></p>	<p><i>What strategic means did your department implement in order to ensure that new and revised government programs and policies took into account the realities of the province's official language communities (promotion of official languages)?</i></p> <ul style="list-style-type: none"> <li>• It is mandatory for all new employees to complete the iLearn modules on Language of Service and Language of Work. Presentations on Official Languages are part of our orientation for new employees.</li> </ul>
<p><b>Focus 4</b></p>	<p><i>Ensure public service employees have a thorough knowledge and understanding of the Official Languages Act, relevant policies, regulations, and the province's obligations with respect to official languages:</i></p> <ul style="list-style-type: none"> <li>• The Government Services' Intranet site has a section on Official Languages providing employees with links to the <i>Official Languages Act</i>, policies and toolkit.</li> </ul>
<p><b>Conclusion</b></p>	<p>During the 2013-2014 fiscal year, Government Services continued to develop tools that will help employees work in the language of their choice. The organization began work on an Official Languages Action Plan that will be completed in the 2014-2015 fiscal year.</p>

# Summary of Recommendations from the Office of the Auditor General

Recommendations	Total	Adopted
Matters Arising from our Audit of the Financial Statements of the Province, 2013 NBISA, Information Technology Findings <a href="http://www.gnb.ca/oag-bvg/2013v1/chap4e.pdf">http://www.gnb.ca/oag-bvg/2013v1/chap4e.pdf</a>	10	10
Matters Arising from our Audits of Crown Agencies and Federal Claims, 2013 NBISA, Financial Statements <a href="http://www.gnb.ca/oag-bvg/2013v1/chap5e.pdf">http://www.gnb.ca/oag-bvg/2013v1/chap5e.pdf</a>	3	3
Department of Finance Collection of Accounts Receivable, 2013 NBISA <a href="http://www.gnb.ca/oag-bvg/2013v2/chap5e.pdf">http://www.gnb.ca/oag-bvg/2013v2/chap5e.pdf</a>	1	1
Procurement of Goods and Services – Phase I, 2013 DGS, Procurement of Goods and Services <a href="http://www.gnb.ca/oag-bvg/2013v2/chap4e.pdf">http://www.gnb.ca/oag-bvg/2013v2/chap4e.pdf</a>	9	9
Service New Brunswick: Property Tax Assessment System (EvAN) (2013) <a href="http://www.gnb.ca/oag-bvg/2013v1/agrepe.pdf">http://www.gnb.ca/oag-bvg/2013v1/agrepe.pdf</a>	1	1

Recommendations	Total	Adopted
Matters Arising from our Audit of the Financial Statements of the Province Chapter 3 – 2012 NBISA, Payroll <a href="http://www.gnb.ca/oag-bvg/2012v1/chap3e.pdf">http://www.gnb.ca/oag-bvg/2012v1/chap3e.pdf</a>	7	7
Matters Arising from our Audit of the Financial Statements of the Province Chapter 3 -2012 NBISA, Accounts Payable Input and Approval Process <a href="http://www.gnb.ca/oag-bvg/2012v1/chap3e.pdf">http://www.gnb.ca/oag-bvg/2012v1/chap3e.pdf</a>	3	3
Matters Arising from our Audits of Crown Agencies and Federal Claims Chapter 4 – 2012 NBISA, Financial Statements <a href="http://www.gnb.ca/oag-bvg/2012v1/chap4e.pdf">http://www.gnb.ca/oag-bvg/2012v1/chap4e.pdf</a>	4	4
Service New Brunswick: Property Tax System (2012) <a href="http://www.gnb.ca/oag-bvg/2012v1/agrepe.pdf">http://www.gnb.ca/oag-bvg/2012v1/agrepe.pdf</a>	2	2
Matters Arising from our Audits of Crown Agencies and Federal Claims Chapter 4- 2011 NBISA, Financial Statements <a href="http://www.gnb.ca/oag-bvg/2011v2/chap4e.pdf">http://www.gnb.ca/oag-bvg/2011v2/chap4e.pdf</a>	7	7
Matters Arising from our Audit of the Financial Statements of the Province Chapter 3 – 2011 NBISA, Payroll System <a href="http://www.gnb.ca/oag-bvg/2011v2/chap3e.pdf">http://www.gnb.ca/oag-bvg/2011v2/chap3e.pdf</a>	10	10
Matters Arising from our Audit of the Financial Statements of the Province Chapter 3 – 2011 NBISA, Accounts Payable Input and Approval Process <a href="http://www.gnb.ca/oag-bvg/2011v2/chap3e.pdf">http://www.gnb.ca/oag-bvg/2011v2/chap3e.pdf</a>	8	8