OFFICE OF THE
AUDITOR GENERAL
MANITOBA

July 2017

The Honourable Myrna Driedger
Speaker of the House
Room 244, Legislative Building
450 Broadway
Winnipeg, Manitoba R3C 0V8

Honourable Ms. Driedger:

I am pleased to present my report titled: *Operations of the Office for the year ended March 31, 2017*, to be laid before the Legislative Assembly in accordance with Sections 26(2) and 28 of *The Auditor General Act.*

Respectfully submitted,



Norm Ricard, CPA, CA
Auditor General

500-330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

Web Site Version

Web Site Version

Table of contents

Message from the Auditor General 1

1. What we do 3

2. How we carry out our work 7

3. Critical success factors 13

4. What we delivered in 2016/17 23

5. Our planned activities for 2017/18 33

6. Internal business and financial results 35

7. Independent Auditors' Report and our financial statements 39

Appendices 45

Appendix A - The Auditor General Act 46

Appendix B - Listing of financial statement audits 55

Web Site Version

Web Site Version

Message from the Auditor General



I am pleased to provide the Legislature with our annual *Operations of the Office for the year ended March 31, 2017* report.

In 2016/17 we issued reports as follows:

- Management of Provincial Bridges
- Manitoba East Side Road Authority
- Public Interest Disclosure Investigation at the Manitoba East Side Road Authority
- Manitoba Hydro - Keeyask Process Costs and Adverse Effects Agreements with First Nations

We also issued follow-up reports in June 2016 and in March 2017 (the former for recommendation statuses as at the previous June 30 and the latter as at September 30). We are working hard to release our follow-up reports within 5 months of the as-at date. As a result, we are intent on issuing our next follow-up report (with recommendation status as at September 2017) in February 2018.

Operationally, we continued to focus on the following critical success factors: independence from government, reliable audit opinions and conclusions, relevance of audit work performed, and the knowledge, skills and abilities of our staff. Key priorities included:

- working with Legislative Council to draft amendments to *The Auditor General Act* to provide the Office with independence from the Civil Service Commission and various other desired enhancements.
- selecting project audits that examine matters of strategic importance to the Legislature and that more systematically cover all areas of the public service.
- developing a plan to migrate the Office towards conducting the financial statement audits of government entities that are of greater strategic importance to the Legislature thus maximizing the value of this work.
- developing and implementing an organizational structure that will enhance our ability to fully realize our vision and potential.

I would like to thank all of my staff members for their relentless pursuit of opportunities to strengthen Manitoba's public service.

Norm Ricard, CPA, CA
Auditor General

Web Site Version

Our Team



Front row
Joana Tubo, Nicole San Juan, Gene Edwards, Sandra Cohen, Norm Ricard, Tyson Shtykalo, Bryden Boyechko, Jomay Amora, Melanie Torre-Cabacungan, Arlene Nebrida, Dingding Song, Emelia Grobler

Second row
Lorna Smith, Natalie Bessette-Asumadu, Brittany Hilton, Susan Hay, Erika Thomas, Larry Lewarton, Shirley Richardson, Jacqueline Ngai, Grace Medina, Adam Muirhead, Corey Charman

Third row
Jo Johnson, Kelsey Wainwright, Grant Voakes, Frank Landry, Ganesh Sharma, Reema Sohal, James Wright, Phil Torchia, Danielle LeGras, Melissa Emslie, Tara MacKay

Back row
Ben Janzen, Dallas Muir, Dave Storm, Larry Obelnicki, Jim Stephen, Jon Stoesz, Ryan Riddell, Graham Hickman, Shane Charron, Fraser McLean

Missing
Bohyun Seo, Brendan Thiessen, Chris Nowell, Greg MacBeth, Jan Smith, Jeff Gilbert, Ken Nero, Maria Capozzi, Bob Ivison, Tiffany Locken

Web Site Version

1. What we do

As an officer of the Legislative Assembly, the Auditor General provides the Manitoba Legislature with independent audit reports on accountability information and on government operations.

Our mandate

The Auditor General Act (Act) establishes the Auditor General "as an officer of the Assembly, to provide the Assembly with independent information, advice and assurance under this Act." A copy of the Act is in **Appendix A**.

The Act outlines the Auditor General's responsibilities and authorities to conduct and report on:

- financial statement audits (see Section 9 of the Act).
- project audits, including special audits on request (see Sections 14, 15, 16 of the Act).

Section 2(2) of the Act indicates that, when conducting financial statement and project audits, "Nothing in this Act is to be interpreted as entitling the Auditor General to question the merits of policy objectives of government."

Financial statement audits

The Auditor General is responsible for examining and auditing the financial statements included in the Public Accounts under *The Financial Administration Act*, and any other statements the Minister of Finance presents for audit.

The Auditor General is also responsible for examining and auditing public money that is not part of the Consolidated Fund, unless an Act provides otherwise. In 2016/17 we conducted financial statement audits for 20 entities within the government reporting entity (13 because their Acts specify that the Auditor General is the auditor of the organization). All other public sector entities within the government reporting entity are audited by external audit firms.

Although not part of the government reporting entity, we also audit 5 pension plans and 2 other organizations. The Acts for 3 of these pension plans, and both other organizations, appoint the Office as their auditor.

See **Appendix B** for a listing of financial statement audits conducted by us and **section 4** for a more detailed discussion of the financial statement audit service line.

The **government reporting entity** includes all funds, organizations, and business enterprises controlled by the government. These entities are listed in the Province's Public Accounts Volume 1.

Web Site Version

Project audits

In conducting project audits, the Auditor General can examine and audit the:

- operations of a government organization (see Section 14 of the Act)**.**
- use of public money by recipients of public money (see Section 15 of the Act).

Project audits are designed to examine whether:

- financial and administrative provisions of Acts, regulations, policies and directives have been complied with.
- public money has been spent with proper regard for economy and efficiency.
- the Legislative Assembly has been provided with appropriate accountability information.
- the form and content of financial information documents is adequate and suitable.

We use the term **project audit** to include the following types of audits: performance, investigations (including special audits), information technology and governance.

To select project audits, we consider a number of factors, including the significance of the subject matter, potential impact of our audit work, public interest, and staff availability.

Section 16 of the Act permits the Lieutenant Governor in Council (Cabinet), the Minister of Finance, or the Public Accounts Committee to request a **Special Audit** of the accounts of a government organization, recipient of public money or other person or entity that in any way receives, pays or accounts for public money. We must accept these requests unless they interfere with our primary responsibilities. This is an important opportunity for the Legislature to use the skills in our Office.

See **section 4** for a more detailed discussion of the project audit service line.

What we strive to achieve

Our vision

The Office of the Auditor General is an accessible, transparent and independent audit office, serving the Manitoba Legislature with the highest standard of professional excellence.

Our mission

To provide the Legislative Assembly with high quality audits and recommendations, and to focus our resources on areas of strategic importance to the Assembly

Web Site Version

Our operating priorities

To support the realization of our vision, we adhere to our operating principles **(section 2)**, manage 4 critical success factors **(section 3)**, and focus on the following operating priorities:

1. Strengthen the management systems and practices of government organizations.
2. Provide members of the legislative assembly with relevant and useful information on the performance of government entities.
3. Support the public accounts committee in its efforts to improve the performance of government organizations.
4. Manage our internal business efficiently, effectively and economically.

A discussion on what we have accomplished in relation to priorities 1, 2 and 3 is contained in **section 4**, and for priority 4 in **section 6**.

Our outputs

Our outputs include reports to the Legislature, audit opinions, audit advice, and management letters. Beyond providing observations and recommendations, our reports identify good management practices and lessons relevant to public sector organizations.

Our desired outcomes

In providing quality services and products to the Legislative Assembly, we believe we are contributing toward the following outcomes:

- government organizations that focus on results.
- government organizations that produce meaningful, user-friendly performance reports for the public.
- a Public Accounts Committee that closely monitors the spending of public funds.

Web Site Version

Web Site Version

2. How we carry out our work

To be effective the Office must manage its affairs in an appropriate manner. In this section we discuss our:

- operating principles.
- office structure.
- reporting obligations.
- budget and expenditure management practices.
- human resource management practices.
- information technology.
- security (information and physical).

Operating principles

Our operating principles guide how we conduct our business, both externally and internally.

Independence and objectivity

Being independent and objective means being free of influence, conflict of interest and bias.

The Office requires annual conflict of interest declarations from all its staff members and manages all audit jobs to ensure assigned staff have no conflicts, or that conflicts are appropriately mitigated.

See our **critical success factor** discussion on **independence from government** in section 3.

Balanced perspective

Within the context of our audit objectives we report on strengths as well as weaknesses.

Teamwork

We work together cooperatively and in a coordinated manner to achieve a common goal.

Web Site Version

Accountability

We are each accountable for the quality and quantity of our individual contributions to the products and services we provide.

Valuable work

We provide the Legislative Assembly with reports on significant programs and promote efficient and accountable government.

See our **critical success factor** discussion on **relevance of audit work performed** in section 3.

Professional excellence

We maintain sound audit methodology and meet the professional standards for the types of audits we conduct.

Financial stewardship

We make only defensible expenditures and seek to maximize the value obtained from every dollar spent.

See our **critical success factor** discussion on **reliable audit opinions and conclusions** and **Knowledge, skills and abilities of our staff** in section 3.

Honour our values

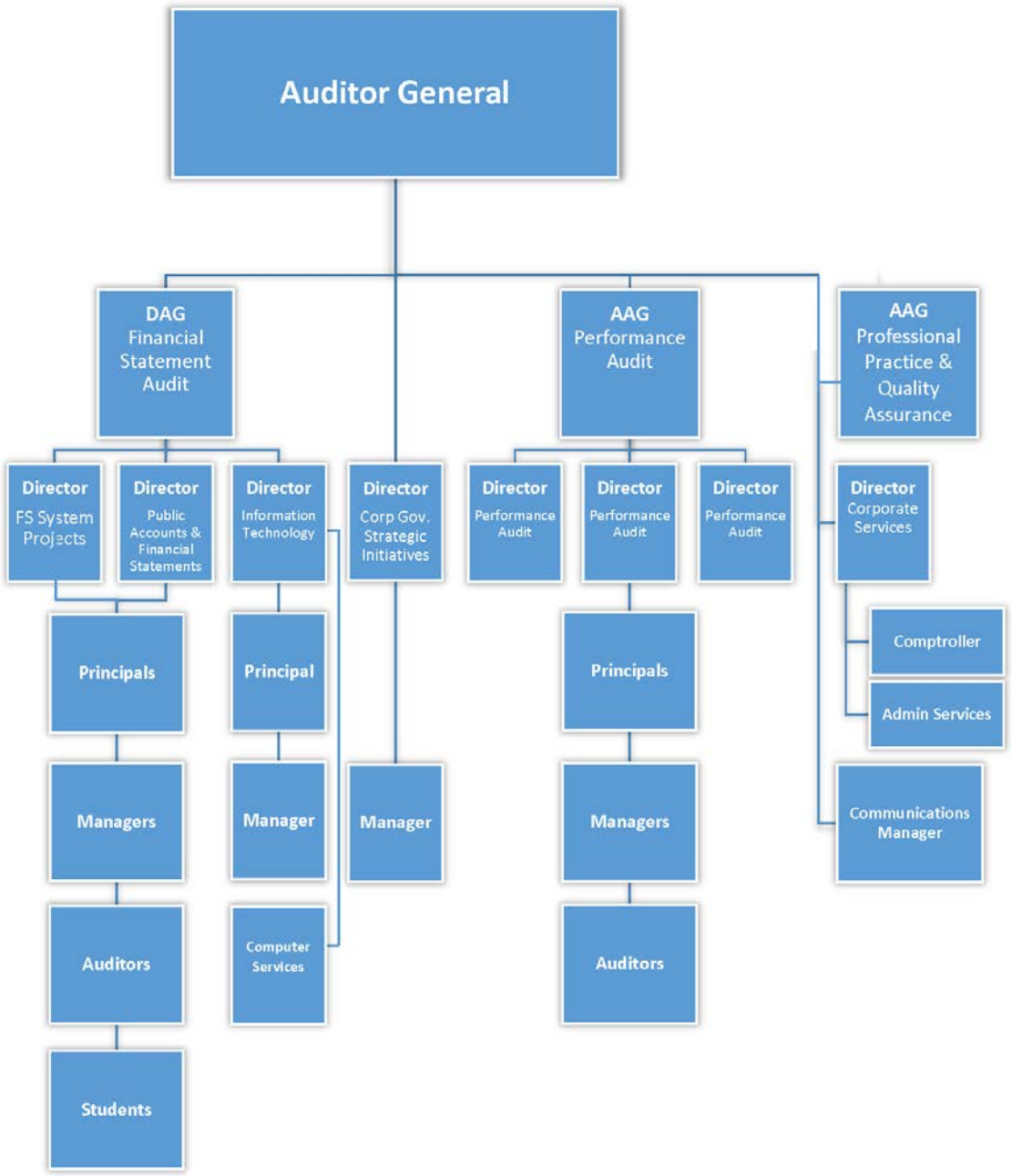
We conduct ourselves in a manner consistent with our values of respect, integrity, honesty, and openness.

Web Site Version

Office structure

In December 2016 a new organization structure was adopted (see **Figure 1**). We anticipate full implementation will be completed by the end of 2018.

Figure 1: Organization chart as at March 31, 2017



Web Site Version

Reporting obligations

The most publically visible aspect of how we conduct our work is the release of our reports. Several sections of our Act deal with our reporting obligations:

Audit of Public Accounts and other financial statements

- Section 10(1): "No later than December 31 in each year, the Auditor General **must** report to the Assembly about the examinations and audits conducted under Section 9."

Special report

- Section 11: "The Auditor General **may** make a special report to the Assembly on any matter of pressing importance or urgency that he or she considers should not be deferred until the next annual report under Section 10 is presented."

Project audits

- Section 14(4): "The Auditor General **must** report to the Assembly annually on the work carried out under this section, and may bring to the Assembly's attention anything he or she considers necessary, including recommendations."
- Section 14(2): "At least once in each year, the Auditor General **shall** make a report about the examinations and audits conducted under this section to the minister responsible for each government organization concerned and to the Minister of Finance. The Auditor General must allow at least 14 days for those ministers to review and comment on the report before finalizing it for submission to the Assembly."

Special audits

- Section 16(2): The Auditor General **must** report the findings of an audit under this section to the person or body that requested the audit and to the minister responsible for any government organization concerned.
- Section 16(3): "The Auditor General **may** submit a report of an audit under this section to the Assembly if it is in the public interest to do so, but must allow at least 14 days for the minister responsible for the government organization and the Minister of Finance to review and comment on the report before finalizing it for submission to the Assembly."

Operations of the Office

- Section 26(2): "Before August 1 each year, the Auditor General **must** report to the Assembly on the operations of his or her office."

All of our reports are tabled in the Legislative Assembly by the Speaker, and are referred to the Public Accounts Committee, an all-party Standing Committee of the Legislature. During its

Web Site Version

meetings, the Committee considers our audit reports, questions witnesses, and when it has finished deliberating, passes our reports (meaning that the Committee has no further questions).

In **section 4** we discuss our role in Public Accounts Committee meetings.

Budget and expenditure management practices

The Legislative Assembly Management Commission, an all-party Legislative Commission, reviews and approves our annual budget. Under Section 27(3) of *The Auditor General Act*, the money required by the Office is paid out of the Consolidated Fund through the appropriation for the Legislative Assembly. Annually, the Auditor General presents to the Commission an estimate of the money required for the upcoming year.

To maintain an appropriate separation between our financial records and those of the government, we maintain our own accounting system and bank account to record and pay our operating expenses. As needed, we draw advances up to the annual amount approved by the commission. At the end of the year, any undrawn amount is considered lapsed and returns to the Consolidated Fund.

All staff employed by the Office are paid through the government's payroll system.

The expenditures of the Office are reflected in the Public Accounts of the Province. On a monthly basis, we provide the Province with a detailed transaction spreadsheet so that Office expenditures can be recorded within the Public Accounts.

In **section 6** we present our financial results.

Human resource management practices

The Legislative Assembly Management Commission approves the number of staff resources assigned to the Office, currently set at 55 full-time equivalent (FTE) positions (2 of which are term positions). Because our staff are hired under *The Civil Service Act*, the human resource policies and practices of the Civil Service Commission as well as their classification and compensation rules are imposed on our Office. As such, the Civil Service Commission oversees our hiring efforts and the classification of our positions and related compensation decisions (see our critical success factor discussion on independence from government in **section 3**).

All of our managers, senior auditors, auditors and certain corporate support positions are represented by the Manitoba Government Employees Union. Of note is that all our Principals (considered senior management) who are not Chartered Professional Accountants with the legacy designation of Chartered Accountants (i.e. CPA, CMA and CPA, CGA) are also represented by the Union. All other positions in the Office, including Principals who are CPA, CAs, are excluded from Union membership. The provisions of the collective agreement between the Government and the Union define the terms and conditions of employment for staff of the Office who are Union members.

Web Site Version

We have developed a competency model for all of our audit professionals and have implemented a performance management system that focuses, for each position, on standardized performance objectives and core competencies.

Information technology

The Office operates its own computer network. Three staff members ensure this network operates reliably and securely, that our various software tools are regularly updated and supported, and that our hardware functions properly and is renewed at appropriate intervals.

Security (information and physical)

We take very seriously the need to properly protect from unauthorized access our audit files and the information we obtain from the organizations we audit. As such, our information and physical security practices are continuously reviewed. Key aspects of our security program include:

- IT policies, standards and guidelines.
- physical security controls such as multi-factor authentication locks and security cameras.
- restricted access to information (based on need-to-know).
- logical access controls (i.e. encryption, passwords).
- remote access authentication mechanisms.
- secure removal of data residing on devices.
- program, data and infrastructure change management.

Web Site Version

3. Critical success factors

We have identified 4 factors critical to the Office's success. These factors are:

- independence from government.
- reliable audit opinions and conclusions.
- relevance of audit work performed.
- knowledge, skills and abilities of our staff.

Independence from government

Above all else, the Office must be, and be perceived to be, independent from government and the government organizations we audit.

The Office's independence from government helps ensure we can manage our mandate effectively. It enables us to examine, without interference or conflict, any key issues or areas of concern. It keeps the Office from being influenced by political or other external pressures that may deter us from conducting certain audits. It also makes it possible for us to report what we find and what we believe are fair conclusions even if the government or government organization disagrees with our conclusions or recommendations. This is a great responsibility that is fundamental to our role in helping the Legislative Assembly hold the government accountable.

A long unresolved matter impacting our actual and perceived independence from government is our relationship with the Civil Service Commission. This was discussed at length in our reports to the Legislative Assembly on the *Operations of the Office* for the years ending March 31, 2014, 2015 and 2016.

We are pleased to note that the Minister of Justice's May 2016 mandate letter included the following objective:

> *Allow the Auditor General to hire auditors independently, as requested by the Auditor General.*

As a result, we are currently working with Legislative Council to craft the necessary amendments to *The Auditor General Act*. We have also engaged our own independent legal counsel to review and comment on any proposed amendments to further help ensure the Office and the Legislative Assembly will be well served by the amended Act. (See our discussion in **section 6** on hiring a Director of Corporate Services.)

Office staff should not be represented by the same union representing most government employees.

As noted in **section 2** about half of the Office's staff are represented by the Manitoba Government Employees Union. While we respect the right of our employees to organize,

Web Site Version

having our staff represented by the Manitoba Government Employees Union is problematic for two reasons:

- In addition to the Office being directly impacted by Civil Service Commission and Treasury Board Secretariat decisions related to hiring, classification and compensation, the Office must also comply with the provisions of the collective agreement between the government and the Union. In our view, this compromises our independence from government.

- Given that the Office is responsible for auditing all government departments, including the Civil Service Commission and Treasury Board Secretariat, this arrangement means that our unionized staff, where required by an audit objective, would have access to confidential documents related to labour relations. This is information that is generally not accessible by union members. This creates a conflict of interest situation for our assigned staff.

Appendix A to the Collective Agreement includes guidelines that are to be considered when negotiating classification exclusions. We have attempted during the last 3 collective bargaining sessions to have our staff excluded using the guidelines in the Collective Agreement. All 3 requests were rejected.

In conversations with select staff within the Civil Service Commission, the Treasury Board Secretariat, and long serving members of our Office, we were unable to determine the rationale or logic for the representation of Office staff by the Manitoba Government Employees Union. Knowledge of how it came to be is effectively lost.

Of particular note is that staff employed by Manitoba Internal Audit, a branch within the Department of Finance, are excluded. We agree that Internal Audit staff should not be represented by the Manitoba Government Employees Union because of their access to confidential labour relations information. This is **one** of the reasons why we believe our staff should be excluded.

We continue to explore opportunities to resolve this structural issue.

Reliable audit opinions and conclusions

Our opinions and conclusions are reliable when they are based on sufficient appropriate audit evidence and sound professional judgments. We do this by having have a strong quality control program.

Key aspects of our quality control program include:

- staff who are qualified and continuously update their professional skills.
- audit manuals that guide audit staff in conducting audits that comply with Office policies and professional standards.
- supervision and review throughout the audit process to ensure conclusions are supported

Web Site Version

by sufficient appropriate audit evidence, reports are fair and balanced, and Office policies and professional standards are met.

- obtaining independent quality assurance reviews of files and reports:
  - The Chartered Professional Accountants of Manitoba – formerly known as The Institute of Chartered Accountants of Manitoba (the Institute) – routinely conducts inspections of audit firms involved in the practice of public accounting as defined in the General Provisions of its By-laws. Although we are not an audit firm and as such are not required to undergo an inspection, we voluntarily participate in this process. In April 2015, the Institute conducted an inspection of the Office's financial statement auditing practice and concluded that we are operating in a manner consistent with professional standards. The next inspection is scheduled for 2018.
  - We participate in peer reviews facilitated by the Canadian Council of Legislative Auditors (see page 19). In 2015/16, one review was conducted (a financial statement audit file). We received a report which stated that the audit engagement was carried out, in all significant respects, in accordance with the assurance standards of CPA Canada. We did not have a review performed in 2016/17.

Efficiencies in developing methodology

In 2016/17, we began to reassess our methodology for conducting both financial statement and performance audits. To achieve efficiencies, we are moving to better harmonize our applied methodology with that used by the Auditor General of Canada. By doing this, we will be able to minimize our investment in methodology development and maximize our ability to take advantage of staff training opportunities offered by the federal office. We will also be able to more easily consult with the federal office on various methodology application issues we may encounter.

Relevance of audit work performed

For our work to benefit the Manitoba Legislature, our reports must be meaningful to the Members of the Legislative Assembly (MLAs) and to the public. We do this by ensuring our audits deal with significant public sector issues and by communicating the results clearly.

Project selection process

There are far more programs, functions and activities within the government reporting entity than we have the resources to audit in a year, or even over several years. Therefore, it's crucial that we focus our audit work on areas of strategic importance to the Legislative Assembly and Manitobans. To do this, we maintain contact with MLAs and government officials, hold discussions with members of the Public Accounts Committee, monitor Hansard and media reports, and maintain contact with colleagues in other jurisdictions and various professional associations.

Web Site Version

When selecting projects, our initial goal is to ensure that we conduct audits in all areas of government (what we refer to as audit universe coverage). We have created 6 groups (sometimes referred to as sectors), and assign all government departments and Crown entities to one of these groups.

For each group, we continuously identify potential audit topics and priority projects which we believe are most relevant and of strategic importance to the Legislative Assembly. Project priority assessments are reviewed annually.

Each year, we select at least one priority project audit from each of the six groups. We also have an ongoing focus on IT and governance topics, with at least one IT and one governance project on the go at all times.

Allocation of staff resources

A key decision for the Office is the percentage of our resources to devote to financial statement audits versus project audits. The current allocation is affected by the priorities of the Auditor General, the number of Section 16 audits the Auditor General is asked to conduct, and the Acts of various organizations that appoint the Auditor General as their financial statement auditor.

For the past several years, our goal has been to spend equal time on financial statement audits and on project audits (see **Figure 2** for actual results). This allocation enables us to present the Legislature with a wide array of project audits while meeting our statutory obligations to conduct specified financial statement audits. The use of agents to conduct financial statement audits on our behalf helps us move toward the goal of equal time allocation, as we are able to redeploy some financial statement audit staff to work on projects. Our use of agents is explained in greater detail in **section 4**.

Figure 2: Time allocation

	2012/13	2013/14	2014/15	2015/16	2016/17
Financial statement audits	53%	57%	49%	54%	55%
Project audits	47%	43%	51%	46%	45%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

We believe that a 50/50 split continues to be an appropriate target.

Web Site Version

Figure 3: Financial statement audit responsibility

Expenses (in millions)	Auditor General	External auditor
$0 to $5	7	37
$5 to $50	6	69
$51 to $250	1	20
Greater than $250		
• **Flow-through entities**	2	0
• **Government business enterprises (i.e. Hydro, MPI)**	0	4
• **Other**	4	4
Total	**20**	**134**

Selecting financial statements to audit

We are concerned that our time spent on financial statement audits is not focused on the best mix of entities. Many of the financial statement audits we perform are the result of a legislative requirement, rather than importance or significance within the government reporting entity. As noted below, we believe this has resulted in office resources being used to audit entities that may be considered of lower importance relative to other government entities.

Figure 3 shows by expense level (a measure of importance) the financial statement audits we conduct versus those conducted by external auditors. Of the 6 financial statement audits we conducted for entities with expenses in excess of $250 million, 2 were flow-through funding entities (the Manitoba Health Services Insurance Plan and the Public Schools Finance Board). The primary purpose of these entities is to fund other government entities. As a result, the usefulness and relative importance of these financial statements is limited. These 2 audits combined required 2,800 hours to complete in 2016/17.

We are required to conduct the audits of 3 pension plans (the Civil Service Superannuation Plan, the Teachers' Retirement Allowances Fund and the Legislative Assembly Pension Plan). We audit 2 other pension plans because of their association with an organization within the government reporting entity. Pension plans are not part of the government reporting entity. As such, the time needed to audit these 5 pension plans (approximately 3,100 hours in 2016/17) is time we could spend auditing entities within the government reporting entity that are of strategic importance to the Legislative Assembly. Of note, however, is that the Office does bill

Web Site Version

the pension plans for our services and returns the revenue to the Consolidated Fund, passing the cost of the audit on to the pension plans.

Figure 4: Pension plan audit responsibility

Auditor General	5
External Auditor	6
Total	**11**

Figure 4 shows the number of pension plan financial statement audits we conduct versus those conducted by external auditors.

We are working on an analysis to identify which financial statement audits we should conduct because of their strategic importance to the Legislative Assembly. As part of our strategic planning process, we will develop an action plan to move us toward this more optimal mix of financial statement audits.

Knowledge, skills and abilities of our staff

The quality of our work depends on the knowledge, skills and abilities of our staff. To succeed, we need to recruit and retain qualified professionals, invest in professional development, and provide a work environment that maximizes opportunities for our staff to exercise and develop their skills while enabling them to maintain a proper work-life balance.

Most audit staff are Chartered Professional Accountants (CPAs). Other certifications held by some of our audit staff are: Master in Public Administration, Certified Government Auditing Professional, Certified Internal Auditor, Diploma in Investigative and Forensic Accounting, Certified Fraud Examiner, Certified Information Systems Security Professional, Certified Information System Auditor, Global Security Essential Certification, Certified in Risk and Information Systems Control, and Certified Information Security Manager.

Training future accountants

We support students seeking a professional accounting designation and we are recognized by CPA Manitoba as an audit training office. Our Student Recruitment and Development Committee offers motivated, knowledgeable and engaged mentors to assist our accounting students as they transition from the academic world into the accounting profession.
We take great pride when our students achieve their academic goals. We currently have 3 full-time students and 1 summer student. One of the full-time students will write his common final exam in September 2017.

Web Site Version

Integration of skills

While all auditors are assigned to a service group, cyclical heavy workloads provide opportunities for auditors to participate in audits within other service groups. This integration of skills and knowledge ensures more effective results than could be achieved if each service group operated in isolation, and provides staff members with enriching professional experiences.

Professional development for all our staff members

Every year our Professional Development Committee prepares a program of in-house training sessions for all our audit staff. Committee members come from all staff levels and service groups. The committee's primary focus is to determine and deliver the training sessions and workshops that staff believe would benefit them on the job. In addition, the Executive Committee may direct that the Professional Development Committee organize a workshop, typically using external resources, to satisfy a strategic office-wide training need.

Supplementing the role of the Professional Development Committee is the expectation that all staff manage their own skills development and monitor their progress against the competency model developed by the Office. Training needs identified by a staff member are discussed and reviewed with their executive member. Training requests are approved if they are consistent with Office priorities and our competency model, costs are reasonable and allocated training dollars are available. Every effort is made to ensure staff assignments also contribute to their professional growth.

Staff frequently attend development activities offered by the following organizations: CPA Manitoba, CPA Canada, Institute of Internal Auditors, Financial Management Institute, Institute of Public Administration of Canada, Institute of Corporate Directors, the Association of Certified Fraud Examiners, the Canadian Audit & Accountability Foundation, and the Canadian Council of Legislative Auditors.

The Canadian Council of Legislative Auditors (see description below) is in the process of developing legislative audit office training curricula for financial statement, performance (project) and IT auditors, and for soft skills development. Select senior staff members have been assigned to each of the Council committees developing these curricula. We intend to develop a training program for all our professional auditors based on these curricula.

It is also essential that our corporate services staff have access to ongoing training and development. These training opportunities are identified by both the corporate services staff member and their immediate supervisor. We support and encourage both technical and soft skills training for our corporate services staff.

The Canadian Council of Legislative Auditors

The Office is a member of The Canadian Council of Legislative Auditors (CCOLA), which consists of the Auditors General from each jurisdiction across Canada. We meet twice a year to discuss emerging issues and share practices in carrying out our mandate as legislative auditors. The Council has established several working committees and groups (listed below),

Web Site Version

and many of our staff participate in these. Sitting on these committees and groups gives us access to the knowledge and expertise of professionals in other legislative audit offices.

In 2016/17, we ensured that at least one staff member participated on each of the Council's committees and groups.

Canadian Council of Legislative Auditors committees and groups

Committee	Group
Strategic Matters	Education
Training Oversight-Financial Statements	Environment, Energy & Natural Resources
Training Oversight-Performance Audits	Governance
Peer Review	Health
Human Resources	Justice
Information Technology Audit	Information Technology Administration
	Infrastructure

In 2011, the Auditors General of each province entered into a memorandum of understanding with the Office of the Auditor General of Canada to benefit from the services of a National Professional Practices Group. This Group provides us with accounting and auditing advisory services and training support, on an as-requested basis.

Employee Engagement and Satisfaction

We seek to retain our staff by keeping them engaged and professionally challenged, and by supporting work-life balance. We formally gauge how well we are doing by monitoring our turnover and by periodically conducting employee satisfaction surveys.

Eighty-four per cent of staff members participated in our last survey, conducted in February 2016 by an independent research firm. We used an independent contractor in order to provide our employees with assurance of confidentiality. Responses indicated that:

- 71% get a strong sense of satisfaction from their work.
- 95% know what is expected of them, and 82% know how their work contributes to the success of the Office.
- 87% feel the Office allows for good work-life balance.
- 90% report they are provided the time and resources to do their job properly, and 93% are comfortable putting in extra effort when required.
- 87% feel they are given the opportunity to provide input into the decisions that affect

Web Site Version

their work, and 83% feel respected by their supervisor.

- 81% feel their Executive member sets a good example in modelling the Office values.
- 88% feel they have positive relationships with their co-workers.
- 75% are proud to work for the Office of the Auditor General.

Room for improvement was identified with respect to enhancing internal communications around strategic objectives and future direction, as well as receiving meaningful and timely feedback about work performance.

The results of our survey were reviewed and analyzed by our Executive Management Team as part of our strategic planning process. Our goal was to strengthen our internal processes as needed to resolve concerns raised by staff members. Actions underway that will help address staff concerns include:

- implementing a new office structure, with additional opportunities for advancement.
- updating our performance management system to include more meaningful and timely feedback.
- committing to quarterly staff meetings.
- hiring a Communications Manager, whose priorities include improving internal communications.
- initiating the process of recruiting a Director of Corporate Services whose priorities will include identifying, developing and managing staff training opportunities (this position is expected to be filled in 2017/18).

We plan to conduct our next employee engagement and satisfaction survey in 2019.

Employee survey on workplace ethics

As part of the employee survey noted above, we included a survey on workplace ethics. This was based on the ethics survey conducted of all Manitoba civil servants and reported in our March 2014 report, *Manitoba's Framework for an Ethical Environment* (Chapter 7). The survey results below are all significantly higher than the overall Manitoba civil service results:

- 76% feel the Office has made available sufficient policies and guidelines regarding the ethical standards of behaviour required at work.
- 90% are clear on the ethical standards of behavior required of them in their work.
- 78% indicate that if faced with an ethical dilemma, they know where they can go for help in resolving the situation.
- 83% feel comfortable talking to their supervisor about ethical issues which arise within their work environment.
- 66% feel confident that they would be protected from reprisals if they reported an ethics violation or suspected impropriety.
- 74% believe that overall current OAG policies and practices with respect to values and ethics are working effectively in creating an ethical environment.

Web Site Version

Like our staff engagement and satisfaction survey, the results of the ethics survey were reviewed and analyzed by the Executive Management Team as part of our strategic planning process. We will continue to strengthen internal processes and communications to provide our staff with greater certainty and comfort if ever they are confronted with ethical challenges.

Disclosures and the *Public Interest Disclosure (Whistleblower Protection) Act*

The Public Interest Disclosure (Whistleblower Protection) Act (PIDA) is one avenue for employees to disclose concerns about significant and serious wrongdoing within the workplace. Our Office has identified a Designated Officer for employee disclosures under PIDA.

In the past fiscal year, the Office received no disclosures under PIDA nor were any disclosures made to the Ombudsman regarding our office. No other types of complaints or allegations were received.

Web Site Version

4. What we delivered in 2016/17

In support of our operating priorities 1, 2 and 3 we deliver services primarily along the following lines:

- financial statement audits.
- project audits.
- attending Public Accounts Committee meetings.
- following-up on the implementation of our recommendations.

For a discussion on our fourth operating priority see **section 6**.

Operating priorities 1, 2 and 3

1. Strengthen the management systems and practices of government organizations.
2. Provide Members of the Legislative Assembly with relevant and useful information on the performance of government entities.
3. Support the Public Accounts Committee in its efforts to improve the performance of government organizations.

Financial statement audits

Strong financial stewardship by government organizations is critical. We support effective financial accountability through our annual audits of the financial statements and other financial information of government organizations and the Public Accounts of the Province. Our financial statement audits are conducted either by Office staff or by contracted external audit firms acting as our agents.

In 2016-17 the Office completed the following number of work products:

Work product	Conducted by			
	Office		Agent	
	16/17	15/16	16/17	15/16
Financial statement audit opinions – organizations within the government reporting entity (see Appendix B)	10	10	10	11
Reviews of audits conducted by external audit firms – organizations within the government reporting entity	8	8	-	-
External auditor communications	134	136	-	-
Financial statement audit opinions – organizations outside the government reporting entity (see Appendix B)	5	5	2	1
Compliance opinions	1	1	1	1
New management letter recommendations	18	14	5	7
Follow-up of previous years' management letter recommendations	72	85	31	33
Audit opinions on other financial information (including public sector compensation disclosures)	11	13	11	12

Web Site Version

In September 2016, we issued our audit opinion on the Province's Summary Financial Statements for the year ended March 31, 2016. We stated that the Summary Financial Statements presented fairly, in all material respects, the Province's financial position and results of operations and cash flow in accordance with Canadian public sector accounting standards.

In 2016/17, we issued 20 auditor's reports on financial statements within the government reporting entity, 10 where we performed the work directly, and 10 where we engaged an external audit firm as our agent. Six of the 20 organizations had expenses greater than $250 million **(see figure 3).**

In conducting our Summary Financial Statements audit we are involved in varying degrees with the audits of every entity in the government reporting entity. When our Office is not the auditor of an entity, we either conduct overviews or limited procedures on the audits performed by an external auditor.

- We performed overviews of 8 audits conducted by external audit firms. The overviews were conducted on the audits of 4 government business entities (Manitoba Hydro, Manitoba Public Insurance, Manitoba Liquor & Lotteries, the Workers Compensation Board of Manitoba), 2 regional health authorities and 2 school divisions. We communicated with each external auditor and informed them that we planned to use their audit work as part of our audit evidence in forming our opinion on the Summary Financial Statements. We reviewed the external audit firms' risk assessments, audit plans and audit approaches. At the end of the audits, we reviewed the audit files and obtained the financial statements, auditors report, summary of unadjusted errors and the management letter. We also attended audit committee meetings at the planning and finalization stages of the audits.

- We performed limited procedures on audits of 134 entities in the government reporting entity that were performed by external audit firms. We communicated with each external auditor and informed them that we planned to use their audit work as part of our audit evidence in forming our audit opinion on the Summary Financial Statements. For these entities, we obtained the financial statements and audit opinions. As needed, we worked with the external auditors if there were specific issues with the entity or sector.

We also conducted 7 audits of entities that were not directly related to our work on the Summary Financial Statements. These entities are not in the government reporting entity. We conducted 5 of these audits (including 3 pension plans) because an Act or Regulation requires us to perform the audit. The other 2 audits were associated with entities where we are appointed auditors by an Act. As noted in **section 3**, we are working to identify which financial statement audits we should conduct because of their strategic importance to the Legislative Assembly. One consideration will be whether entities that are not in the government reporting entity are of strategic importance to the Legislative Assembly.

At the end of each of our financial statement audits, we may issue a management letter to senior management and those charged with governance. A management letter contains

Web Site Version

recommendations to improve internal controls, or other management systems. In 2016/17, we issued 23 new recommendations and followed up on 103 recommendations from prior years. We consider our management letter recommendations when identifying issues that should be brought to the attention of the Assembly.

We issued 11 audit opinions on other financial information such as public sector compensation and schedules supporting claims. This has decreased from the prior year because we have begun the process of declining audits that we do not believe are of strategic importance to the Legislative Assembly. These actions will free up some of our financial statement audit resources for more strategic assignments.

Project audits

Project audits consist of performance audits, investigations (including special audits), information technology audits, and governance audits and reviews.

Performance audits

A performance audit is an independent, objective and systematic assessment of how well government is managing its activities, responsibilities and resources. Performance audits contribute to a public service that is effective and a government that is accountable to the Legislative Assembly and Manitobans. Performance audits do not question the merits of government policies. Rather they examine the government's management practices, controls, and reporting systems based on its own public administration policies and on best practices. Some of our performance audits are cross-government. For example, we may examine a given topic of strategic importance across departments or across other types of government organizations, such as Crown corporations.

Performance audits are planned, performed, and reported in accordance with professional auditing standards and Office policies. They are conducted by qualified auditors who:

- establish audit objectives and criteria for the assessment of performance.
- gather the evidence necessary to assess performance against the criteria.
- report both positive and negative findings.
- conclude against the established audit objectives.
- make recommendations for improvement when there are significant differences between criteria and assessed performance.

Investigations

The typical reason for an investigation is to confirm or dispel allegations. In addition to investigating the allegations, these projects incorporate value-for-money considerations. Our experienced forensic accountants find out what happened and why, and then recommend how to avoid similar situations.

Web Site Version

Our forensic accountants will typically also conduct any requested Section 16 Special Audits that the Auditor General agrees to conduct as these audits tend to be allegation based.

Information technology (IT) audits

Our information technology audit team conducts IT audit projects in high-risk areas such as IT governance, security, project management, systems development and changes, and business continuity. We apply generally accepted frameworks and standards as audit criteria, including the Control Objectives for Information and Related Technologies (COBIT) framework and the International Organization for Standardization (ISO) standards.

In support of annual financial statement audits, our IT auditors review and test IT general controls. These controls include security, access, change management, and operating controls.

In addition, our auditors test application controls and system-generated reports. The primary goal is to determine if system-generated information used in support of financial statement audits is both complete and accurate. Data analysis services, using computer assisted audit techniques, are provided to all areas of the Office as needed, with a primary focus on assisting financial statement auditors.

In 2016/17 we continued training 3 financial statement auditors to specialize in conducting information technology general control reviews.

Governance audits and reviews

Governance audits and reviews serve to enhance and strengthen board governance practices in the public sector. We believe that enhancing the effectiveness of governance practices in public sector organizations contributes to improved organizational performance and stronger accountability processes. We conduct audits and assessments of specific public sector boards, often in conjunction with performance audits and investigations. We also conduct primary research on governance issues of significance to the public sector, as well as provide advice and assistance to public sector boards, as requested.

Project audit reports

The following project audit reports have been issued since 2009:

Date	Audit reports
September 2016	East Side Road Authority – Community Benefits Agreements
	Public Interest Disclosure Investigation at the Manitoba East Side Road Authority
	Manitoba Hydro – Keeyask Process Costs and Adverse Effects Agreements with First Nations
July 2016	Management of Provincial Bridges

Web Site Version

Date	Audit reports
January 2016	Improving Educational Outcomes for Kindergarten to Grade 12 Aboriginal Students
July 2015	Manitoba Home Care Program
	Winnipeg Regional Health Authority's Management of Risks Associated with End-user Devices
March 2014	Citizen Concerns
	Helicopter Ambulance Program
	Lake Manitoba Financial Assistance program: Parts C and D
	Managing the Province's Adult Offenders
	Manitoba's Framework for an Ethical Environment
	Manitoba Hydro – Managing Cyber Security Risks Related to Industrial Control Systems
	Northern Airports and Marine Operations (special audit)
	Waiving of Competitive Bids (cross-government audit)
August 2013	Rural Municipality of Lac du Bonnet
January 2013	Citizen Concerns
	Information Technology Security Management
	Manitoba Early Learning and Child Care Program
	Manitoba eHealth Procurement of Contractors
	Office of the Fire Commissioner (special audit)
	Provincial Nominee Program for Business
	Senior Management Expense Policies (cross-government audit)
June 2012	Rural Municipality of St. Clements
January 2012	Appointment Process to Agencies, Boards and Commissions
	Animikii Ozoson Child and Family Services Agency
	Food Safety
	Personal Injury Protection Plan (Manitoba Public Insurance)
	Special Needs Education (Department of Education)
	Taxation Division, Audit Branch (Department of Finance)
	Wireless Network Security (Winnipeg Regional Health Authority and Manitoba eHealth; Manitoba Lotteries Corporation)
May 2011	Manitoba's Participation in Canada's Economic Action Plan
December 2010	Managing Climate Change
	Economic Development: Loans and Investments under The Development Corporation Act

Web Site Version

Date	Audit reports
	Society for Manitobans with Disabilities
	Rural Municipality of St. Laurent
May 2010	WRHA—Administration of the Value-Added Policy
November 2009	Meeting Manitoba's Obligations Under the 1997 Treaty Land Entitlement Framework Agreement
	Personal Care Homes Program
	Assessment Services Branch
	Members' Allowances
September 2009	Study of Board Governance in Crown organizations

Project audits in progress

During 2016/17 we worked on the following audits:

- Citizen concerns (limited scope audits)
- Commercial Vehicle Safety
- Department of Conservation – Thompson District Office Investigation (special audit)
- eChart Manitoba
- Management of the Agreement with Pinaymootang First Nation
- Managing Foster Care
- Management of Manitoba's Apprenticeship System
- Management of MRI Services
- Oversight of Post-Secondary Education Institutions
- Oversight of the Teranet Service Provider Agreement
- Pharmacare (special audit)
- Rural Municipality of De Salaberry
- Student Financial Aid Information System
- Update of our 2010 report on Managing Climate Change
- Vital Stats – Information Technology Systems
- WRHA – Specialized Contracts

Citizen concerns

Matters are brought to our attention throughout the year by concerned citizens, public servants and members of the Legislative Assembly. During 2016/17, 31 such matters came to our attention (2015/16: 50 matters). We conduct a preliminary assessment of all such matters to

Web Site Version

determine which ones are within our mandate and which ones are better investigated by another organization, such as the Office of the Ombudsman.

Concerns received were handled as follows:

Concerns received from the public	2013/14	2014/15	2015/16	2016/17
Full audit conducted or in progress	5 (resulting in 2 audits)	4 (resulting in 2 audits)	-	-
Limited scope audit conducted or in progress	4	3	1	4
Referred the concern to another organization	8	8	10	10
Waiting for additional information	5	2	3	2
Added to our list of potential audits (limited or full)	9	8	8	9
No action considered necessary	26	16	16	5
Not within our mandate, no further action taken	8	14	10	-
Total	**65**	**55**	**48**	**30**

Audit requests/concerns received from Members of the Legislative Assembly (excludes Section 16 requests)	2013/14	2014/15	2015/16	2016/17
Full audit conducted or in progress	3	-	-	-
Referred the concern to another organization	-	-	1	-
Added to our list of potential audits	1	2	1	-
No action considered necessary	-	1	-	1
Total	**4**	**3**	**2**	**1**

Web Site Version

Attending Public Accounts Committee meetings

The Public Accounts Committee of the Legislature is an all-party Standing Committee of the Legislature. Its primary role is to examine the financial administration of public assets and the spending of public funds. All reports issued by the Auditor General are referred to the Public Accounts Committee. During its meetings, the Committee considers the audit reports, questions witnesses, and when it has finished deliberating, passes the reports (meaning the Committee has no further questions).

Chapter 10 of the Rule Book – Legislative Assembly of Manitoba, "Procedural Guidelines for the Standing Committee on Public Accounts," references the role and responsibilities of the Auditor General vis-à-vis the Committee as follows:

- Section 114: "The Auditor General should be in attendance at all Public Accounts Committee meetings to provide advice and opinions and answer questions on matters of accounting, administration and reports issued by the Auditor General, except where the Committee feels the circumstances do not require such attendance."
- Section 118: "The Auditor General shall at the discretion of the Committee, attend all meetings of the Committee that are held in camera."

In addition to attending and preparing for Public Accounts Committee meetings, the Committee can impact Office operations by requesting the Auditor General to conduct specific reviews or tasks:

- Section 120: "The Public Accounts Committee may request the Auditor General to perform specific reviews or tasks."
- Section 121: "Requests to the Auditor General for reviews or special tasks shall be passed as a motion by the whole Committee and terms of reference should be provided to the Auditor General in writing."

In 2016/17, the Public Accounts Committee met 8 times (see **Figure 5)**. The Auditor General and required staff attended all of the Committee meetings except for the meeting held June 27 to elect a chair and vice chair. The proceedings of all Public Accounts Committee meetings (except those held in-camera) are recorded in Hansard, which is available on the Legislative Assembly website in the Legislative Business tab.

On June 30, 2016, the Auditor General participated in an orientation for the new members of Public Accounts Committee, where he outlined the role and responsibilities of the Office of the Auditor General. At the November 24, 2016 in-camera meeting, we sponsored an orientation/information session presented by the Canadian Audit & Accountability Foundation, a non-profit organization that promotes and strengthens public sector auditing, oversight, and accountability in Canada and abroad. The session discussed leading practices in Canadian Public Accounts Committees.

Web Site Version

On November 23, 2016, we presented an educational session on navigating the province's Public Accounts. All members of the Public Accounts Committee were invited.

Figure 5: Public Accounts Committee meetings in 2016/17

Meeting dates	Reports listed on the meeting notice
December 7, 2016	Auditor General's Reports – Operations of the Office for the fiscal years ending March 31, 2015 and March 31, 2016 Auditor General's Report – Follow-Up of Previously Issued Recommendations, May 2014 Section 2 – Mandatory Legislative Reviews Section 5 – Compliance with Oil and Gas Legislation Section 9 – Public Sector Compensation Disclosure Reporting Section 11 – Winnipeg Regional Health Authority – Administration of the Value-Added Policy Section 13 – Appointment Process to Agencies, Boards and Commissions Section 22 – Taxation Division, Audit Branch
November 30, 2016	Public Accounts for the fiscal year ending March 31, 2014 Volumes 1, 2, 3 and 4 Public Accounts for the fiscal years ending March 31, 2015 and 2016 Volumes 1, 2, and 3
November 24, 2016	Orientation Session (in-camera)
October 31, 2016	Auditor General's Report – Annual Report to the Legislature, March 2014 Chapter 6 – Managing the Province's Adult Offenders Auditor General's Report – Follow-Up of Recommendations, May 2016 Managing the Province's Adult Offenders
September 15, 2016	Auditor General's Report – Management of Provincial Bridges, July 2016
August 17, 2016	Auditor General's Report – Annual Report to the Legislature, March 2014 Chapter 10 – Waiving of Competitive Bids Auditor General's Report – Follow-up of Recommendations: Waiving of Competitive Bids, November 2015 Auditor General's Report – Follow-Up of Recommendations, May 2016 Waiving of Competitive Bids
June 30, 2016	Orientation session (in camera) Auditor General's Report – Annual Report to the Legislature, January 2013 Chapter 6 – Office of the Fire Commissioner Auditor General's Report – Follow-Up of Previously Issues Recommendations, May 2014 Section 3 – Department of Conservation's Management of Environmental Livestock Program Section 12 – Animikii Ozoson Child and Family Services Agency Section 20 – Special Audit: Society for Manitobans with Disabilities Section 21 – Special Needs Education Auditor General's Report – Rural Municipality of St. Clements, June 2012
June 27, 2016	Election of the Chairperson and Vice-Chairperson

Web Site Version

Following up on the implementation of our recommendations

A follow-up review is scheduled about 18 months after a project audit report is released, and then annually for 2 years (for a total of 3 years).

The follow-up review begins in July/August each year when we request a status update from management. Implementation status is determined as at the forthcoming September 30. When status updates are received we conduct review procedures to assess the plausibility of the statuses provided. We do not re-perform audit procedures from the original report.

The following follow-up reports have been issued since 2009:

Date	Number of recommendations followed-up
March 2017	Implementation status as at September 30, 2016 for 262 recommendations
May 2016	Implementation status as at June 30, 2015 for 368 recommendations
December 2015	Implementation status as at October 30, 2015 for 25 recommendations from the *Waiving of Competitive Bids* report
May 2015	Implementation status as at June 30, 2014 for 296 recommendations
May 2014	Implementation status as at June 30, 2013 for 244 recommendations
January 2013	Implementation status as at June 30, 2012 for 198 recommendations
September 2012	Follow-up of our December 2006 Report: Audit of the Child and Family Services Division Pre-Devolution Child and in Care Processes and Practices – 29 recommendations (status determined as at May 2012)
January 2012	Implementation status as at June 30, 2011 for 249 recommendations
March 2011	Implementation status as at June 30, 2010 for 140 recommendations
March 2010	Implementation status as at June 30, 2009 for 237 recommendations
March 2009	Implementation status as at June 30, 2008 for 489 recommendations

Web Site Version

5. Our planned activities for 2017/18

Financial statement audits

Our list of financial statement audits noted in Appendix B is unchanged for 2017/18. As we noted in **section 3**, we are preparing an analysis of which financial statements audits we should conduct to ensure our financial statement audit work, and the related matters we report, are on entities of strategic importance to the Legislative Assembly.

Project audits

We issue reports on project audits as they are completed. On April 6, 2017, we released our report: *Management of MRI Services.*

We anticipate also releasing the following audit reports in 2017/18:

- Citizen concerns (limited scope audits)
- Department of Conservation, Thompson District Office Investigation (special audit)
- eChart Manitoba
- Management of Manitoba's Apprenticeship Program
- Management of the Agreement with Pinaymootang First Nation
- Oversight of Post-Secondary Education Institutions
- Pharmacare (special audit)
- Rural Municipality of De Salaberry
- Student Financial Aid Information System
- Update of our 2010 Report on Managing Climate Change
- Vital Stats – Information Technology Systems

In 2017/18 we will begin or continue working on the following audits:

- Commercial Vehicle Safety
- Managing Foster Care
- Oversight of Drinking Water
- Oversight of the Teranet Service Provider Agreement
- WRHA – Specialized Contracts

Web Site Version

Follow-up of Recommendations

In 2017/18 we will follow up on the status of 224 recommendations issued since 2013. We will determine the status of these recommendation as at September 30, 2017. We anticipate releasing this report in February 2018.

Attending Public Accounts Committee meetings

We will attend all scheduled meetings to which we are invited.

Web Site Version

6. Internal business and financial results

Internal business

In support of our fourth operating priority, we have been focusing on the following initiatives:

Modernizing the Auditor General's Act

We worked with Legislative Council to begin drafting proposed amendments to *The Auditor General Act*. These amendments will allow us to independently manage our human resources and strengthen or clarify various other provisions. We anticipate the Bill will be prepared in time for review during the Spring 2018 session of the Legislative Assembly.

Creating a new organization structure

Operating Priority 4
Manage our internal business efficiently, effectively and economically.

We developed and introduced a new organization structure. The new structure is expected to be fully implemented by the end of 2018 (see **Figure 1**).

Creating the Director Corporate Services position

We worked with the Manitoba Civil Services Commission in 2016/17 to properly classify this new position. We expect to hire a qualified Director Corporate Services in 2017/18. The Director will be responsible for building an effective, efficient, and progressive human resources management function within the Office. The Director will also be responsible for directly managing the administration support and finance areas.

Until legislative amendments are in place to effectively allow the Auditor General to manage and administer all aspects of his human resources, the Director will be the point person for all Office interactions with the Civil Service Commission. As an interim measure, we will seek delegated staffing authority for the incumbent. Key initiatives with respect to human resources management will include:

- leading the Office's succession management process and its workforce planning process.
- developing HR management performance metrics and gathering the needed information.
- developing and managing an anonymous concern/complaint process.
- monitoring the quality and timeliness of performance reviews and ensuring the resulting learning plans properly address staff needs.
- developing a comprehensive onboarding program for new employees.
- developing an Office professional development program based on CCOLA material and staff learning plans.

Web Site Version

- developing an action plan to transition the Office to its own human resource management function.

Recruiting a Communications Manager

The Communications Manager is a new position we began recruiting for in 2016/17. This individual is responsible for creating an effective communications program for the Office. The Communications Manager is the strategic communications expert and leader in the Office and provides direct and confidential communications support for the Auditor General and senior management.

Key initiatives for the Communications Manager include:

- working with the Auditor General and audit team to assist in developing audit reports that use plain language to clearly and simply convey complex technical matters.
- updating the Office's visual identity.
- developing effective internal communication practices.
- updating the website both visually and functionality.
- determining how the Office can best use social media.
- providing the Office's auditors with effective communications skills training, both oral and written.

Strengthening security practices

One of the key initiatives of our IT Audit, Operations and Security Division is to strengthen our Office's security practices. During 2016-17 we:

- started to enhance our IT risk management program.
- strengthened the Office's physical security and cybersecurity controls.
- provided our IT staff with advanced security training.
- developed a business case for an online tool that will allow internal and external individuals to securely sharer and view sensitive documents.

Critical success factors

In **section 3** (Critical Success Factors) we discuss various initiatives that are aimed at ensuring we are properly managing our critical success factors.

French language services

On June 30, 2016 *The Francophone Community Enhancement and Support Act* was enacted. The purpose of the Act is to "provide a framework for enhancing the vitality of Manitoba's Francophone community and for supporting and assisting its development..." The legislation includes the following provision which impacts the Office:

Web Site Version

15 An independent officer must prepare and submit for approval a proposed multi-year strategic plan relating to the provision of French language services to the Legislative Assembly Management Commission continued under The Legislative Assembly Management Commission Act, and the commission may avail itself of the assistance of the secretariat in approving the plan.

In September 2017 we will provide the Legislative Assembly Management Commission with a proposed plan. We anticipate our plan will focus primarily on making our public reports, or key portions thereof, available in French.

Financial results

Basis of reporting

We prepare our financial statements using a disclosed basis of accounting as described in **Note 2** to the financial statements. Our financial statements describe how the money authorized was spent, how it compares to last year's actuals, and how actual revenue compared to estimated revenue.

Overview of 2016/17 financial results

Salaries and benefits were under budget by $568,000 (10%) due to staff vacancies, maternity leaves and voluntary reduced work week days. Vacancies were not filled unless absolutely necessary in order to give the new Auditor General the ability to effect change after being appointed.

Operating expenses were under budget by $53,000 (4%).

In March 2017, as we do every year, we estimated the value of 2016/17 invoices that would be received after year-end and drew that amount from the appropriation. We did this to ensure we would have sufficient funds in our bank account to pay all 2016/17 expenses (from funds appropriated for 2016/17).

Any excess draws are used immediately in the new year to pay for new year expenses. We also lapse (do not spend) at least that amount from our new year approved appropriation. In 2016/17, we lapsed $847,000 (2015/16 $495,000) due mainly to staff vacancies.

Web Site Version

Web Site Version

7. Independent Auditors' Report and our financial statements

Management's responsibility for financial statements

The accompanying financial statements of the Office of the Auditor General for the year ended March 31, 2017 are the responsibility of management of the Office. Management has prepared the financial statements to comply with *The Auditor General Act*. The financial statements are prepared in accordance with the basis of accounting described in the notes to the financial statements and, where appropriate, reflect management's best estimates and judgments. The financial information presented elsewhere in this report is consistent with that in the financial statements.

The Office maintains appropriate systems of internal control (including policies and procedures) which provide management with reasonable assurance that assets are safeguarded and that the financial records are reliable and form a proper basis for the preparation of the financial statements.

The financial statements have been audited by the firm of Craig & Ross Chartered Accountants, in accordance with Canadian generally accepted auditing standards. Their report to the Members of the Legislative Assembly on the following pages expresses their opinion on the financial statements of the Office.



Norm Ricard, CPA, CA
Auditor General
July 7, 2017

Web Site Version

CRAIG & ROSS
CHARTERED PROFESSIONAL ACCOUNTANTS

July 7, 2017

INDEPENDENT AUDITORS' REPORT

To the Legislative Assembly of Manitoba

We have audited the accompanying financial statements of Office of the Auditor General of Manitoba, which comprise the statements of revenue and expenditures for the year ended March 31, 2017, 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 the disclosed basis of accounting described in Note 2, and for such internal control as management determines is necessary to enable the preparation of the 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 revenue and expenditures of the Office of the Auditor General of Manitoba, for the year ended March 31, 2017 in accordance with the basis of accounting described in Note 2.

Craig & Ross

Chartered Professional Accountants

1515 ONE LOMBARD PLACE WINNIPEG MB R3B 0X3 (204) 956-9400 FAX (204) 956-9424
www.craigross.com

Web Site Version

OFFICE OF THE AUDITOR GENERAL OF MANITOBA

Statement of Revenue

Year Ended March 31, 2017

	2017	2016
Audit fees - for financial statement audits conducted by the Office		
Audit fees deposited in bank account	$ **350,851**	$ 356,050
Work in process beginning of the year	**(178,441)**	(205,565)
Work in process end of the year	**212,335**	178,441
Audit fees (accrual basis)	**384,745**	328,926
Contract audit fees revenue - for financial statement audits conducted by our agents (accrual basis)	**453,274**	464,039
Total revenue (accrual basis)	$ **838,019**	$ 792,965
Comparison of audit fees (excludes contract audit fees revenue) to voted revenue in the main estimates		
Audit fees transferred to the Consolidated Fund	$ **350,851**	$ 356,050
Main estimate - audit fees	$ **350,000**	$ 400,000

Web Site Version

OFFICE OF THE AUDITOR GENERAL OF MANITOBA

Statement of Expenditures

Year Ended March 31, 2017

	2017	2016
Expenditures per appropriation		
Salaries and benefits	$ **5,091,780**	$ 4,945,698
Operating	**1,179,756**	1,475,811
Total expenditures per appropriation	**6,271,536**	6,421,509
Appropriation draws less (more) than recoverable expenditures	**226,415**	(127,444)
Total (accrual basis)	**6,497,951**	6,294,065
Professional fees - contract audits	**453,274**	464,039
Total expenditures (accrual basis)	$ **6,951,225**	$ 6,758,104

Comparison of actual expenditures per appropriation to voted expenditures in the main estimates

Actual - Expenditures per appropriation	$ **6,271,536**	$ 6,421,509
Main estimate - Expenditures	**7,119,000**	6,917,000
Variance	$ **(847,464)**	$ (495,491)

Web Site Version

OFFICE OF THE AUDITOR GENERAL OF MANITOBA

Notes to Financial Statements

Year Ended March 31, 2017

1. NATURE OF OPERATIONS AND ECONOMIC DEPENDENCE

The Auditor General is appointed under The Auditor General Act (Chapter 39) as an officer of the Legislature. The Act provides for the establishment of the Office of the Auditor General of Manitoba (the "Office") and sets out the authority and powers of the Auditor General, identifies the audit services to be provided and establishes reporting responsibilities.

The Office is economically dependent on the Province of Manitoba. The annual estimates for the operations of the Office are approved by the Legislative Assembly Management Commission and are included in the Government's estimates which are voted through the Appropriation Act by the Legislative Assembly. The expenditures of the Office are reflected in the Public Accounts of the Province.

2. SIGNIFICANT ACCOUNTING POLICIES

The Auditor General Act requires an annual audit of the accounts of the Office of the Auditor General. Accordingly, these financial statements report on the accounts of the Office and reflect the following accounting policies:

Revenue

The Statement of Revenue is prepared on an accrual basis. An accrual adjustment of $487,168 has been recorded to reflect $212,335 of revenues earned at March 31, 2017 that have not been billed or deposited, less the $178,441 of revenue that had not been billed or deposited at March 31, 2016 and $453,274 of contract fee revenue. Contract audit fees are deposited directly to the Office's bank account and used to pay auditors engaged to conduct audits on behalf of the Office of the Auditor General.

Expenditures

The Statement of Expenditures is prepared on the accrual basis, except for pension, vacation, severance and overtime costs which are prepared on the cash basis. An accrual adjustment of $679,689 has been recorded to reflect $226,415 drawn from the appropriation less than recoverable expenditures and $453,274 of contract audit costs. $453,274 of contract audit costs were incurred and recovered through fees charged to the clients.

Web Site Version

Web Site Version

Appendices

Web Site Version

Appendix A - The Auditor General Act

© Queen's Printer. This is not an official version. For the official version, please contact Statutory Publications.

C.C.S.M. c. A180

The Auditor General Act

(Assented to July 6, 2001)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Manitoba, enacts as follows:

PART 1
DEFINITIONS

Definitions

1 In this Act,

"department" means a department or branch of the government; (« ministère »)

"external auditor" means a professional auditor or firm of professional auditors appointed to audit the financial statements of a government organization; (« vérificateur externe »)

"government organization" means a department, government agency, fund or other organization included in the summary financial statements of the government reporting entity referred to in clause 65(1)(b) of *The Financial Administration Act*; (« organisme gouvernemental »)

"public money" means public money as defined in *The Financial Administration Act*; (« fonds publics »)

"recipient of public money" means

(a) a person, organization or other body

(i) that has received, directly or indirectly, a grant, loan or advance from the government or a government organization,

(ii) to whom the government or a government organization has transferred property for no consideration or consideration substantially less than its fair market value, or

(iii) for whom the government or a government organization has guaranteed the performance of an obligation or given an indemnity,

(b) a business entity or organization that has received a tax credit under a Manitoba law, or

(c) a business entity or organization that has issued a share, debt obligation or other security, if a person is eligible for a tax credit under a Manitoba law in respect of that acquisition or ownership of the security,

but does not include a government organization. (« bénéficiaire de fonds publics »)

S.M. 2007, c. 6, s. 100.

PART 2
AUDITOR GENERAL

Appointing the Auditor General

2(1) On the recommendation of the Standing Committee of the Assembly on Legislative Affairs, the Lieutenant Governor in Council must appoint an Auditor General of Manitoba, as an officer of the Assembly, to provide the Assembly with independent information, advice and assurance under this Act.

Web Site Version

Appendix A (cont'd)

Role respecting government policy objectives

2(2) Nothing in this Act is to be interpreted as entitling the Auditor General to question the merits of policy objectives of government.

S.M. 2004, c. 42, s. 97.

Appointment process

3(1) The President of the Executive Council must convene a meeting of the Standing Committee on Legislative Affairs if

(a) the office of Auditor General is vacant;

(b) the term of the Auditor General in office will expire within 12 months; or

(c) the Auditor General has resigned and the resignation takes effect within 12 months.

Recommendations of committee

3(2) The Standing Committee on Legislative Affairs must consider candidates for the position of Auditor General and make recommendations to the President of the Executive Council.

Meetings of committee

3(3) To carry out its responsibilities, the Standing Committee on Legislative Affairs may meet during a session of the Legislature or during a recess after prorogation.

No other public office

3(4) The Auditor General may not be nominated for, be elected as, or sit as a member of the Assembly, and may not hold any other public office or engage in any partisan political activity.

S.M. 2004, c. 42, s. 97.

Term

4 The Auditor General is to hold office during good behaviour for a term of 10 years, and may be reappointed for further terms of 10 years each.

Salary

5(1) The Auditor General must be paid a salary within the range of salaries paid to senior deputy ministers in the civil service, and is entitled to the same privileges of office as a senior deputy minister.

No reduction in salary

5(2) The Auditor General's salary must not be reduced except by a resolution of the Assembly carried by a vote of 2/3 of the members voting.

Civil Service Superannuation Act applies

6(1) The Auditor General is an employee within the meaning of *The Civil Service Superannuation Act*.

Civil Service Act does not apply

6(2) *The Civil Service Act*, except sections 42 and 43, does not apply to the Auditor General.

Suspension or removal

7(1) The Lieutenant Governor in Council may suspend or remove the Auditor General from office on a resolution of the Assembly carried by a vote of 2/3 of the members voting.

Suspension if Assembly not sitting

7(2) When the Assembly is not sitting, the Lieutenant Governor in Council may suspend the Auditor General for cause, if advised to do so in writing by a majority of a committee consisting of the President of the Executive Council and the recognized leaders of the members belonging to the political parties in opposition. But a suspension imposed when the Assembly is not sitting may not continue beyond the end of the next sitting.

Web Site Version

Appendix A (cont'd)

Deputy Provincial Auditor General

8(1) On the Auditor General's recommendation, the Lieutenant Governor in Council may appoint a Deputy Auditor General in accordance with *The Civil Service Act*.

Duties

8(2) If the Auditor General is absent or unable to act or if the office is vacant, the Deputy Auditor General has the powers and must carry out the responsibilities of the Auditor General.

Salary in certain cases

8(3) During any period that the Deputy Auditor General must assume the Auditor General's responsibilities for an extended period, the Lieutenant Governor in Council may direct that the Deputy be paid a salary within the same range as the Auditor General.

No other public office

8(4) The Deputy Auditor General may not be nominated for, be elected as, or sit as a member of the Assembly, and may not hold any other public office or engage in any partisan political activity.

PART 3

RESPONSIBILITIES OF THE AUDITOR GENERAL

AUDIT OF ACCOUNTS AND FINANCIAL STATEMENTS

Audit of government accounts

9(1) The Auditor General is the auditor of the accounts of the government, including those relating to the Consolidated Fund, and must make any examinations and inquiries that he or she considers necessary to enable the Auditor General to report as required by this Act.

Audit of other public money

9(2) The Auditor General is responsible for examining and auditing public money that is not part of the Consolidated Fund, unless an Act provides otherwise.

Audit of the Public Accounts

9(3) The Auditor General is responsible for examining and auditing the financial statements included in the Public Accounts under *The Financial Administration Act*, and any other statements the Minister of Finance presents for audit.

Opinion about the Public Accounts

9(4) The Auditor General must express an opinion as to whether the financial statements included in the Public Accounts fairly present information in accordance with the accounting policies of the government stated in the Public Accounts and on a basis consistent with that of the preceding year, and must set out any reservations the Auditor General might have.

Report to ministers

9(5) At least once in each year, the Auditor General shall make a report about the examinations and audits conducted under this section to the minister responsible for each government organization concerned and to the Minister of Finance. The Auditor General must allow at least 14 days for those ministers to review and comment on the report before finalizing it for submission to the Assembly under subsection 10(1).

Advice to officials

9(6) The Auditor General may advise appropriate officers and employees of matters discovered in conducting examinations and audits under this section.

Annual report to Assembly

10(1) No later than December 31 in each year, the Auditor General must report to the Assembly about the examinations and audits conducted under section 9.

Web Site Version

Appendix A (cont'd)

Content of the report

10(2) The report must indicate anything resulting from the work of the Auditor General that he or she considers should be brought to the Assembly's attention, including, but not limited to, circumstances in which

(a) required information was not provided or was not provided within a reasonable time;

(b) accounts were not properly kept or public money was not fully accounted for;

(c) essential records were not maintained, or the rules and procedures applied were insufficient, to

(i) safeguard and control public property,

(ii) secure an effective check on the assessment, collection and proper allocation of revenue, or

(iii) ensure that expenditures were made only as authorized;

(d) public money was expended for purposes other than those for which it was appropriated by the Legislature;

(e) financial and administrative provisions of Acts, regulations, policies and directives were not complied with.

Report may include recommendations

10(3) The report may include any recommendation the Auditor General wishes to make, and may draw attention to and make recommendations about any audit conducted by an external auditor under section 12.

SPECIAL REPORT TO ASSEMBLY

Special report to Assembly

11 The Auditor General may make a special report to the Assembly on any matter of pressing importance or urgency that he or she considers should not be deferred until the next annual report under section 10 is presented.

AUTHORITY OVER EXTERNAL AUDITORS

Scope of an external audit

12(1) When an external auditor is appointed to audit the financial statements of a government organization, the Auditor General may require the external auditor to give the Auditor General a description of the proposed scope of the audit before the audit is begun. The Auditor General may then require changes to be made in the scope of the audit.

Further directions

12(2) Before an external auditor issues an audit opinion on the financial statements of a government organization, the Auditor General may require the external auditor to

(a) give the Auditor General a copy of the proposed audit opinion, the financial statements, and any recommendations arising out of the audit of the financial statements; and

(b) conduct additional examinations relating to the financial statements.

Audit working papers

12(3) The Auditor General may require an external auditor to give the Auditor General a copy of the audit working papers.

Audit opinion

12(4) As soon as an audit is completed, an external auditor must give the Auditor General a copy of the audit opinion on the financial statements of a government organization and any recommendations arising out of the audit of the financial statements.

Reliance on external auditor's report

13 In order to fulfil his or her responsibilities as the auditor of the government's accounts, the Auditor General may rely on the report of an external auditor of a government organization or of a subsidiary of a government organization.

Web Site Version

Appendix A (cont'd)

AUDIT OF OPERATIONS

Audit of operations

14(1) In carrying out his or her responsibilities under this Act, the Auditor General may examine and audit the operations of a government organization with regard to any of the following matters:

(a) whether financial and administrative provisions of Acts, regulations, policies and directives have been complied with;

(b) whether public money has been expended with proper regard for economy and efficiency;

(c) whether the Assembly has been provided with appropriate accountability information;

(d) whether the form and content of financial information documents is adequate and suitable.

Report to ministers

14(2) At least once in each year, the Auditor General shall make a report about the examinations and audits conducted under this section to the minister responsible for each government organization concerned and to the Minister of Finance. The Auditor General must allow at least 14 days for those ministers to review and comment on the report before finalizing it for submission to the Assembly.

Report to officials

14(3) The Auditor General may advise appropriate officers and employees of matters discovered in conducting examinations and audits under this section.

Report to Assembly

14(4) The Auditor General must report to the Assembly annually on the work carried out under this section, and may bring to the Assembly's attention anything he or she considers necessary, including recommendations.

AUDIT OF RECIPIENT OF PUBLIC MONEY

Audit of recipient of public money

15(1) The Auditor General may conduct an examination and audit in respect of public money received by a recipient of public money, including the matters listed in subsection 14(1), and may require the recipient to prepare and give to the Auditor General the financial statements setting out the details of the disposition of the public money received.

No obstruction

15(2) No person shall obstruct or provide false or misleading information to the Auditor General or a person employed under the Auditor General in conducting an examination or audit under this section, or conceal or destroy any records or things relevant to an examination or audit.

Offence

15(3) A person who contravenes subsection (2) is guilty of an offence and is liable on summary conviction to a fine of not more than $10,000.

Reliance on report of other auditor

15(4) The Auditor General may rely on the report of an auditor appointed by a recipient of public money.

SPECIAL AUDIT ON REQUEST

Special audit on request

16(1) When requested to do so by the Lieutenant Governor in Council or the Minister of Finance, or by resolution of the Standing Committee on Public Accounts, the Auditor General may examine and audit the accounts of a government organization, recipient of public money or other person or entity that in any way receives, pays or accounts for public money. But the Auditor General is not obliged to do so if he or she is of the opinion that it would interfere with the primary responsibilities of the Auditor General.

Web Site Version

Appendix A (cont'd)

Report

16(2) The Auditor General must report the findings of an audit under this section to the person or body that requested the audit and to the minister responsible for any government organization concerned.

Report submitted to the Assembly

16(3) The Auditor General may submit a report of an audit under this section to the Assembly if it is in the public interest to do so, but must allow at least 14 days for the minister responsible for the government organization and the Minister of Finance to review and comment on the report before finalizing it for submission to the Assembly.

JOINT AUDIT

Joint audit

17 With respect to public money that is spent jointly, the Auditor General may undertake a joint audit with the Auditor General of Canada, an Auditor General or Provincial Auditor of another province or territory, or an auditor of a municipality.

PART 4

POWERS OF THE AUDITOR GENERAL

Access to records

18(1) Despite any other Act, the Auditor General is entitled to access at all reasonable times to the records of any government organization that are necessary for the purpose of this Act.

Access to information

18(2) The Auditor General may require and is entitled to receive any information necessary for the purpose of this Act from

(a) any person in the public service or formerly in the public service;

(b) any current or former director, officer, employee or agent of a government organization or of a recipient of public money; or

(c) any other person, organization or other body that the Auditor General believes on reasonable grounds may have information relevant to an examination or audit under this Act.

No access to Cabinet confidences

18(3) Despite subsections (1) and (2), the Auditor General shall not have access to information described in subsection 19(1) of *The Freedom of Information and Protection of Privacy Act*, except in the circumstances mentioned in subsection 19(2) of that Act.

Part V of Evidence Act powers

19 The Auditor General or his or her delegate may examine any person on oath on any matter that the Auditor General considers relevant to an examination and audit under this Act, and for that purpose the Auditor General or delegate has the powers of a commissioner appointed under Part V of *The Manitoba Evidence Act*.

Staff in government organizations

20 To carry out responsibilities under this Act more effectively, the Auditor General may place a person or persons employed under the Auditor General in any government organization, and the organization must provide the necessary office accommodation.

Security requirements

21 The Auditor General must ensure that every person employed under the Auditor General who is to examine records of a government organization complies with any security requirements applicable to persons employed in that organization.

Web Site Version

Appendix A (cont'd)

PART 5
GENERAL PROVISIONS

STAFF AND OFFICE OF THE AUDITOR GENERAL

Staff appointed under Civil Service Act

22(1) Officers and employees necessary to enable the Auditor General to perform his or her duties must be appointed in accordance with *The Civil Service Act*.

Civil Service Superannuation Act applies

22(2) Officers and employees of the Auditor General, including the Deputy Auditor General, are employees within the meaning of *The Civil Service Superannuation Act*.

Office of the Auditor General

23 The Auditor General is responsible for the internal operations of his or her office and for the persons employed under the Auditor General. For those purposes, the Auditor General may

(a) establish office policies and procedures consistent with practices followed by the government;

(b) charge fees for services provided by the office on a basis approved by the Lieutenant Governor in Council;

(c) delegate to any person employed under the Auditor General any responsibility or power that the Auditor General has under this Act, other than the responsibility to report to the Assembly;

(d) maintain an independent bank account; and

(e) contract for professional services.

CONFIDENTIALITY

Confidentiality

24(1) The Auditor General and everyone employed under the Auditor General shall preserve secrecy concerning all matters that come to their knowledge in the course of their work under this Act, and shall not communicate those matters to any person unless required to do so in connection with the proper administration of this Act or a proceeding under this Act, or in a court of law.

Exception

24(2) Nothing in subsection (1) limits the Auditor General's right to report under this Act on the conclusions of an examination or audit.

Working papers confidential

25 The working papers relating to an examination or audit by the Auditor General or a person employed under the Auditor General are confidential and must not to be laid before the Assembly or any committee of the Assembly.

ANNUAL REPORT OF AUDITOR GENERAL'S OFFICE

Annual audit of Auditor General's office

26(1) Each year, an auditor whose appointment is approved by the Legislative Assembly Management Commission must examine the accounts of the office of the Auditor General and prepare a report. The Commission may also direct the auditor to conduct an audit respecting any of the matters listed in subsection 14(1).

Annual report

26(2) Before August 1 each year, the Auditor General must report to the Assembly on the operations of his or her office. The report must include

(a) information on the performance of the office; and

(b) the report on the annual audit under subsection (1).

Web Site Version

Appendix A (cont'd)

ESTIMATES

Estimates

27(1) The Auditor General shall present annually to the Legislative Assembly Management Commission estimates of the amount of money that will be required for the purpose of this Act.

Special report

27(2) The Auditor General may make a special report to the Assembly if he or she thinks that the amount of money provided in the estimates submitted to the Legislature is inadequate.

Money

27(3) The money required for the purpose of this Act is to be paid out of the Consolidated Fund from money authorized by an Act of the Legislature.

Unexpended money to be paid into Consolidated Fund

27(4) All money which has been authorized by an Act of the Legislature to be paid and applied for the purposes of this Act that remains unexpended at the end of the fiscal year must be paid to the Minister of Finance and becomes part of the Consolidated Fund.

TABLING REPORTS IN THE ASSEMBLY

Tabling reports in the Assembly

28(1) When making a report to the Assembly under this Act, the Auditor General must submit the report to the Speaker. The Speaker must lay a copy of it before the Assembly within 15 days after receiving it if the Assembly is sitting or, if it is not, within 15 days after the beginning of the next sitting.

Distribution to members of the Assembly

28(2) On receiving a report under this Act, the Speaker must direct that copies be sent to the members of the Assembly.

Referral to Public Accounts Committee

28(3) A report to the Assembly under this Act stands referred to the Standing Committee on Public Accounts.

PROTECTION FROM LIABILITY

Protection from liability

29 No proceeding may be instituted against the Auditor General, the Deputy Auditor General, or any person employed under the Auditor General,

(a) for any act done in good faith in the performance or intended performance of a duty or in the exercise or intended exercise of a power under this or any other Act or regulation; or

(b) for any neglect or default in the performance or intended performance or in the exercise or intended exercise in good faith of a duty or power described in clause (a).

TRANSITIONAL, CONSEQUENTIAL, REPEAL AND COMING INTO FORCE

Transitional

30 *The Provincial Auditor appointed under **The Provincial Auditor's Act** continues in office as the Auditor General under this Act as if appointed under this Act for a term that expires on the day the appointment under **The Provincial Auditor's Act** would expire.*

31 **NOTE: The Schedule referred to in this section contained consequential amendments to other Acts that are now included in those Acts.**

Web Site Version

Appendix A (cont'd)

Repeal

32 *The Provincial Auditor's Act*, R.S.M. 1987, c. P145, is repealed.

C.C.S.M. reference

33 This Act may be referred to as chapter A180 of the *Continuing Consolidation of the Statutes of Manitoba.*

Coming into force

34 This Act comes into force on a day fixed by proclamation.

NOTE: S.M. 2001, c. 39 came into force by proclamation on May 1, 2002.

Web Site Version

Appendix B - Listing of financial statement audits

Financial statement audits conducted by the Auditor General's Office

Organizations within the government reporting entity

Province of Manitoba Summary Financial Statements

Crown organizations:

- Cooperative Promotion Board
- Co-operative Loans and Loans Guarantee Board
- Funeral Board of Manitoba
- Liquor and Gaming Authority of Manitoba
- Manitoba Health Services Insurance Plan
- Public Schools Finance Board
- University of Manitoba
- Community Revitalization Fund

Special Operating Agency:

- Public Guardian and Trustee of Manitoba

Organizations outside the government reporting entity

Civil Service Superannuation Fund
Legislative Assembly Pension Plan
Public Service Group Insurance Fund
Teachers' Retirement Allowances Fund
Winnipeg Child and Family Services Employee Benefits Retirement Plan

Financial statement audits conducted by the Auditor General's Office under an agency agreement with a private sector accounting firm

Organizations within the government reporting entity

Crown organizations:

- Brandon University
- Helen Betty Osborne Memorial Foundation
- Leaf Rapids Town Properties Ltd.
- Legal Aid Manitoba
- Manitoba Agricultural Services Corporation
- Manitoba Habitat Heritage Corporation
- Manitoba Housing and Renewal Corporation
- Manitoba Water Services Board
- University College of the North

Web Site Version

Appendix B (cont'd)

Special Operating Agency:
Manitoba Learning Resource Centre

Organizations outside the government reporting entity

Brandon University Retirement Plan
Northern Affairs Fund

Financial statement audits conducted by private sector accounting firms with overviews performed by the Auditor General's Office

Government enterprises

Deposit Guarantee Corporation of Manitoba
Manitoba Hydro-Electric Board
Manitoba Liquor and Lotteries Corporation
Manitoba Public Insurance Corporation
Workers Compensation Board of Manitoba

Crown organizations

Addictions Foundation of Manitoba
Assiniboine Community College
Cancer Care Manitoba
Le Centre culturel franco-manitobain
Communities Economic Development Fund
Crown Corporations Council
Diagnostic Services of Manitoba Inc.
Economic Development Winnipeg Inc.
Insurance Council of Manitoba
Manitoba Arts Council
Manitoba Centennial Centre Corporation
Manitoba Combative Sports Commission
Manitoba Community Services Council Inc.
Manitoba Development Corporation
Manitoba East Side Road Authority
Manitoba Film and Sound Recording Development Corporation
Manitoba Hazardous Waste Management Corporation
Manitoba Horse Racing Commission
Manitoba Opportunities Fund Ltd.
Medical Transportation Coordination Centre
Red River College
Rehabilitation Centre for Children Inc.
Research Manitoba

Web Site Version

Appendix B (cont'd)

Regional Health Authorities of Manitoba Inc.
St. Amant Inc.
Sport Manitoba Inc.
Travel Manitoba
Universitaire de Saint-Boniface
University of Winnipeg
Venture Manitoba Tours Ltd.
40 Personal Care Homes and other Health Care Facilities
38 School Divisions

Regional health authorities

Interlake-Eastern Regional Health Authority
Northern Regional Health Authority Inc.
Prairie Mountain Health
Southern Health-Santé Sud
Winnipeg Regional Health Authority

Family services authorities

First Nations of Northern Manitoba Child & Family Services Authority
First Nations of Southern Manitoba Child & Family Services Authority
General Child and Family Services Authority
Métis Child and Family Services Authority

Special operating agencies

Crown Lands and Property Agency
Entrepreneurship Manitoba
Green Manitoba Eco Solutions
Food Development Centre
Industrial Technology Centre
Materials Distribution Agency
Office of the Fire Commissioner
Pineland Forest Nursery
Manitoba Education Research and Learning Information Networks (MERLIN)
Manitoba Financial Services Agency
Vehicle and Equipment Management Agency
Vital Statistics Agency

Web Site Version