

OPERATIONS OF THE OFFICE

PERFORMANCE FOR THE YEAR ENDED MARCH 31, 2022



Auditor General
MANITOBA

» **Our Vision**

Valued for positively influencing public sector performance through impactful audit work and reports.

» **Our Mission**

To focus our attention on areas of strategic importance to the Legislative Assembly, and to provide Members of the Legislative Assembly with reliable and efficient audits.

Our mission includes easy-to-understand audit reports that include discussions of good practices within audited entities, and recommendations that, when implemented, will have a significant impact on the performance of government.



Auditor General
MANITOBA

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Auditor General
MANITOBA

July 2022

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

Dear Madam Speaker,

I am pleased to present my report titled: *Operations of the Office: Performance for the Year Ended March 31, 2022*, in accordance with Sections 26(2) and 28 of *The Auditor General Act*.

Respectfully submitted,

Original Signed by:
Tyson Shtykalo

Tyson Shtykalo, CPA, CA
Auditor General

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Table of contents

Message from the Auditor General	1
1. Our mandate	3
2. How we carry out our work	5
3. The risks we must manage	11
4. The audit work we delivered in 2021/22	13
5. What we accomplished against our strategic priorities	23
6. Our planned audit activities for 2022/23	43
7. Financial results	45
8. Independent Auditors' Report and our financial statements	47
9. Independent Auditors' Report and our disclosure of employee compensation payments	53
Appendices	
Appendix A – <i>The Auditor General Act</i>	57
Appendix B – Office structure	67
Appendix C – List of financial statement audits	69

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Message from the Auditor General

I am pleased to provide the Legislative Assembly with our annual report, *Operations of the Office: Performance for the Year Ended March 31, 2022*.

Over the past year I issued 9 reports, including the following project reports:

- *Manitoba's Implementation of The Path to Reconciliation Act*
- *Department of Education and Early Childhood Learning: Leadership of the K-12 Pandemic Response*
- *Aging Information Systems*
- *Investigations Report (which included 3 separate investigations):*
 - » *Shellmouth Dam Compensation Program*
 - » *City of Winnipeg: Sale of Vimy Arena*
 - » *Municipal Development Corporation*
- *Main Street Project Investigation*
- *Automatic Vehicle Location Systems*

I also released the reports *Public Accounts and Other Financial Statement Audits*, *Follow-up of Previously Issued Audit Recommendations*, and *Operations of the Office: Performance for the Year-Ended March 31, 2021*.

Over the past year, we continued to make progress implementing the priorities and strategies contained in our *2019/20 to 2021/22 Strategic Priorities Plan*, which set us on a course to strengthen many of the foundational aspects of the Office. We will build upon these accomplishments in the coming year, as we roll out our new

Strategic Priorities Plan, which sets out our priorities for the next 3 years, and refreshes our vision, mission, and values.

In 2021/22, we also implemented a new organizational structure.

We now have leaders in place overseeing our 4 service areas, helping to keep us focused on our priorities, and contributing to the long-term vision for the Office.

Like many other organizations across Manitoba, the COVID-19 pandemic continued to affect our operations in 2021/22. Our office was closed to the public for much of the year, and staff continued to work remotely when feasible. We re-opened the office in April 2022. While the last 2 years during COVID have been challenging, I am proud of my staff for adapting, and for their dedication and hard work. We overcame the challenges brought on by the pandemic, and as a team, I believe we are stronger than ever.

I look forward to continuing to serve the Manitoba Legislature, and in turn all Manitobans, in 2022/23.

Tyson Shtykalo, CPA, CA
Auditor General





Website Vision

1. Our mandate

The *Auditor General Act* (the 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."

A key tenet of the Auditor General's legislative mandate is to provide independent information, advice and assurance. This is how we help the Legislative Assembly hold the government accountable.

Independence from government is a cornerstone of legislative auditing. It is foundational. In **SECTION 3**, *The risks we must manage*, we identify as a key risk the failure to maintain independence from government and its organizations and discuss how we manage this risk.





2. How we carry out our work

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

- Values
- Reporting obligations
- Human resource management practices
- Information technology
- Security (information and physical)
- Professional practices and quality assurance
- Communications
- Public Interest Disclosure Act

Values

Our values support our vision to positively influence public sector performance through impactful audit work and reports, and articulate a workplace culture where all staff members can thrive.

Accountability – As an organization and as individuals, we hold ourselves fully responsible for our actions and for meeting our goals and commitments.

Integrity – As an organization, we ensure our outputs are objective and unbiased. As individuals, we do what we say we are going to do.

Trust – As an organization, we maintain confidentiality and present report findings with proper context and sensitivity. As individuals, we are honest, respectful and caring. We treat everyone fairly. We have a positive outlook and attitude toward each team member's strengths and weaknesses.

Collaboration – We are stronger and more productive by working together and sharing knowledge, ideas and solutions.

Innovation – As an organization, we promote creativity and innovation to drive continuous improvement. As individuals, in order to reach new heights, we strive to be creative and challenge conventional views. We display a positive outlook and attitude in how we approach the various challenges or problems we must deal with.

Growth – As an organization, we understand the value of our people and the importance of coaching, professional development, leadership and providing opportunities for career growth. As individuals, we take pride and responsibility to continuously learn and grow new skills, seek out new and improved ways of performing our activities, and maintain ownership of our careers.

Reporting obligations

The most publicly visible aspect of how we conduct our work is the release of our reports. Several sections of *The Auditor General 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 our public reports are tabled in the Legislature by the Speaker and are referred to the Public Accounts Committee (PAC), an all-party standing committee of the Legislature. The PAC meets with the audited entities to inquire about the performance

issues and risks identified in our reports, as well as to confirm that appropriate actions have been taken to address our recommendations.

Human resource management practices

The Legislative Assembly Management Commission approves the number of staff members assigned to the Office. This is currently set at 57 approved FTE positions, consisting of 55 regular (53 funded, 2 unfunded) and 2 permanent term (both unfunded) positions. See **APPENDIX B** for our organizational chart as of March 31, 2022.

Because our staff are hired under *The Public Service Act*, the human resource policies and practices of the Public Service Commission (PSC), as well as its classification and compensation rules, are imposed on us. As such, the PSC oversees the classification of our positions and related compensation decisions. Starting in January 2021, the Legislative Assembly Human Resource office began to oversee our hiring efforts, a function previously performed by the PSC.

The Director Corporate Services is our point person for all interactions with the PSC and the Legislative Assembly HR department, and is responsible for implementing appropriate human resource management practices and policies within the Office.

The Manitoba Government and General Employees' Union (MGEU) represents all our senior auditors, auditors, and certain corporate support positions. Of note is that the union also represents some principals (considered senior management) and some managers. All other positions 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 who are union members.

We have developed a competency model for all staff. We have also implemented a performance management and development system.

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 Essentials Certification, Certified Information Security Manager, Associate Business Continuity Professional, and Project Management Professional.

Information technology

We operate our 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)

Preventing unauthorized access to our audit files and to information obtained from audited organizations is a priority. As such, we continuously review our information and physical security practices, and make changes as required. Key aspects of our layered security program include:

- IT policies, standards and guidelines.
- Security awareness training.
- Physical security controls such as multi-factor authentication locks and security cameras.
- Restricted access to information (based on need-to-know).
- Logical access controls (encryption, passwords).
- Sharing confidential documents with authorized individuals through a secure Web portal.
- Remote access authentication mechanisms.

- Secure removal of data residing on devices.
- Program, data and infrastructure change management.

Professional practices and quality assurance

We regularly review and update our audit methodologies for financial statement audits, performance audits, and investigations to ensure they are consistent with professional standards and best practices. We provide staff with training, audit manuals and electronic file templates to guide them in conducting audits. Our quality control program includes:

- Recruiting and retaining staff who are qualified, and supporting the continuous updating of their professional skills.
- Supervising and reviewing staff work throughout the audit process to ensure conclusions are supported by sufficient and appropriate audit evidence, reports are fair and balanced, and Office policies and professional standards are met.
- Conducting internal quality assurance reviews of completed audit files.
- Participating in independent quality assurance reviews available through the Canadian Council of Legislative Auditors (CCOLA).

Communications

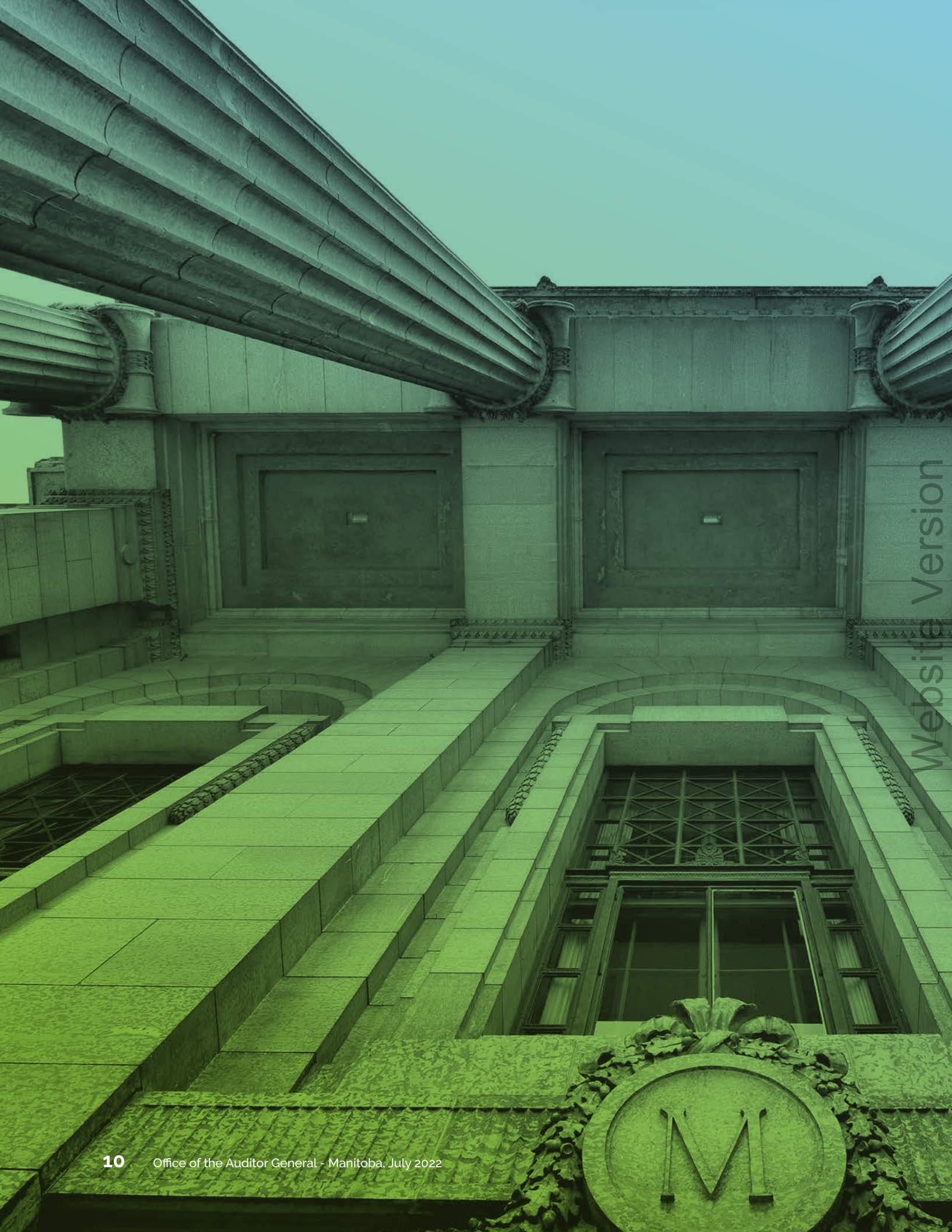
Effective, coordinated, and strategic communications is important in carrying out the work of the Office. The Communications Manager leads, contributes to and/or supervises the delivery of a broad range of communications services including: strategic communications planning, issues management, media relations, report editing, web content, and social media content.

Public Interest Disclosure 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. We have identified a Designated Officer for employee disclosures under PIDA.

In the past fiscal year, we did not receive any disclosures under PIDA, nor were any disclosures made to the Ombudsman regarding the Office.





Website Version

3. The risks we must manage

The following risks could disrupt our ability to achieve our vision and mission. These are broad strategic risks and as such do not include the more operational risks and barriers we must manage. For further details on these risks, please see our **STRATEGIC PRIORITIES PLAN FOR 2019/20 – 2021/22**, which is available on our website: oag.mb.ca.

1. Not being independent from government and its organizations, or are perceived not to be.
2. Audit opinions and conclusions provide inappropriate assurance or incorrect advice.
3. Audit work that is not valued by the Legislative Assembly.
4. Not being able to obtain the information we require to conduct our selected audits efficiently and effectively.
5. Loss of highly skilled team members.
6. Highly skilled individuals not expressing interest in our publicly posted vacancies.
7. Senior Management of government organizations that do not accept or implement our recommendations or otherwise resolve the underlying issues identified in our reports.
8. Audits that are unnecessarily costly and/or not conducted within a reasonable timeframe.
9. Office capacity issues that prevent us from accepting Section 16 Special Audit requests or other allegations-based audit referrals (that are judged to be highly valued by the Legislative Assembly).
10. Rapidly changing developments in auditing standards, best practices and technology that outstrip the Office's collective capacity for change and growth (making it out-of-date).
11. The Public Accounts Committee does not fulfill its key responsibility of ensuring that audited entities are responding appropriately to our audit findings and improving their operations.
12. Funding level shortfalls that significantly impact our ability to achieve our mandate and meet the expectations of the Legislative Assembly.
13. Loss of information systems and network connectivity.
14. An unauthorized individual gains access to our data.



Website: www.audit.gov

4. The audit work we delivered in 2021/22

The primary services we deliver are financial statement audits and project audits, as explained below. In this section, we also discuss how we handle concerns received from stakeholders. Finally, we discuss our follow-up process.

Financial statement audits

Under *The Financial Administration Act*, the Auditor General is responsible for examining and auditing the financial statements included in the Public Accounts, and any other statements the Minister of Finance presents for audit. Unless an Act provides otherwise, the Auditor General is also responsible for examining and auditing public money that is not part of the Consolidated Fund.

In 2021/22, we conducted financial statement audits for 14 entities within the **GOVERNMENT REPORTING ENTITY**, 4 pension plans, and 2 other organizations.

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.

See **APPENDIX C** for a list of financial statement audits we conduct.

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. Office staff, or contracted external audit firms acting as our agents, conduct our financial statement audits.

We completed the following number of work products in 2021/22:

Work product	In 2021/22 conducted by			Total 20/21
	Office	Agent	Total	
Financial statement audit opinion – the Public Accounts Summary Financial Statements	1	–	1	1
Financial statement audit opinions – organizations within the Government Reporting Entity (see APPENDIX C)	7	10	17	18
Reviews of audits conducted by external audit firms – organizations within the Government Reporting Entity	14	–	14	14
Limited procedures - external auditor communications	91	–	91	111
Financial statement audit opinions – organizations outside the Government Reporting Entity (see APPENDIX C)	6	–	6	8
Public sector compensation disclosure opinions	5	2	7	13
Compliance opinions	–	–	–	1
Other audit opinions	3	2	5	7
New management letter recommendations	16	–	16	12
Follow-up of previous years' management letter recommendations	21	–	21	61
Recommendations in the Public Accounts and Financial Statement Audits Report to the Legislature	1	–	1	9

Audit opinion on the Summary Financial Statements

In September 2021, we issued our audit opinion on the Province's Summary Financial Statements for the year ended March 31, 2021. For the third year in a row, we issued a qualified audit opinion. As part of our audit of the Summary Financial Statements, we are involved in varying degrees with the audits of every entity in the Government Reporting Entity. When an entity is audited by an external auditor, we perform either overviews or limited procedures on the audits.

- We performed reviews of 14 audits. The overviews were conducted on the audits of 3 government business enterprises (Manitoba Hydro, Manitoba Public Insurance, and Manitoba Liquor & Lotteries), Shared Health, the 5 regional health authorities, one other health organization, one college, one university, and one school division. We also conducted an overview of the audit of the Workers Compensation Board, which we considered a government business enterprise. 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 obtained and

reviewed the financial statements, auditors' reports, summaries of unadjusted errors, and management letters. For some of these audits, we also reviewed the completed audit files and attended audit committee meetings at the planning and finalization stages of the audits.

- We performed limited procedures on 91 audits. 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 reviewed the financial statements and audit opinions. As needed, we worked with the external auditors if there were specific issues with the entity or sector.

Management letters

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 recommendations to improve internal controls, or other management systems. In 2021/22, we issued 16 new recommendations and followed up on 21 recommendations from prior years. We consider our management letter recommendations when identifying issues that should be brought to the attention of the Legislative Assembly.



Other audit opinions

In addition to the Summary Financial Statements, we issued auditor's reports on the financial statements of 5 entities within the Government Reporting Entity: 3 where we performed the work directly, and 2 where we engaged an external audit firm as our agent.

We also conducted 6 audits of entities that are not in the Government Reporting Entity.

- We conducted 5 because the Auditor General is appointed by an Act or Regulation (includes 3 pension plans).
- We conducted one because it was a pension plan managed by an entity for which the Auditor General was appointed by an Act.

We also issued 12 audit opinions on other financial information such as public sector compensation and schedules supporting claims.

As noted in **SECTION 5** (Strategic Priority 1), we are working towards building a portfolio of financial statement audits that are all of strategic importance to the Legislative Assembly. In the past 2 years we identified some audits that are not as strategically important to the Legislative Assembly as other audits, and have taken steps to remove ourselves as auditors going forward. Additionally, we performed a number of final year audits in 2021/22, as these entities were dissolved as separate reporting entities. These changes will allow us to redirect some financial services audit resources to more strategic assignments.

Reports to the Legislative Assembly

In December 2021, we released *Public Accounts and Other Financial Statement Audits*. This is our recurring report on the examinations and audits we perform under Section 9 of *The Auditor General Act*. We included one new recommendation and the status of 9 recommendations from prior years in this report. We will follow up on the status of these recommendations in our 2022/23 report.

Project audits

Project audits contribute to a public service that is effective and a government that is accountable to the Legislative Assembly and Manitobans. In conducting project audits, the Auditor General examines and audits the:

- Operations of government organizations (see Section 14 of the Act).
- Use of public money by recipients of public money (see Section 15 of the Act).

The term **project audit** includes the following types of audits:

- Performance
- Investigations
- Information technology
- Governance

Project audits look at 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.

These audits are planned, performed, and reported in accordance with professional auditing standards and Office policies.

Project audits are conducted by qualified auditors who:

- Establish audit objectives and criteria.
- 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.

To select project audits, we consider a number of factors, including the financial magnitude, impact of the subject matter on Manitobans, and public interest.

In addition, Section 16 of the Act permits the Lieutenant Governor in Council, 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. Section 16 further states that “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.”

Performance audits

A performance audit is a systematic assessment of how well a government entity, program, or function is managing its



activities, responsibilities, and resources.

Performance audits 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.

Investigations

The typical reason for an investigation is to confirm or dispel allegations. In addition to investigating the specific allegations, these projects may include an audit of related systems and processes. Our experienced forensic accountants conduct investigations with the objective of finding out what happened and why. The investigations team 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 project audits in high-risk areas such as IT governance, security, project management, systems development and changes, and IT continuity. We apply generally accepted frameworks and standards as audit criteria, including the Control Objectives for Information and Related Technologies (COBIT) framework, the International Organization for

Standardization (ISO) standards, and Center for Internet Security (CIS) controls.

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 to support audit effectiveness and efficiency.

Governance audits and reviews

Governance audits and reviews serve to enhance and strengthen board governance practices in the public sector. 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.

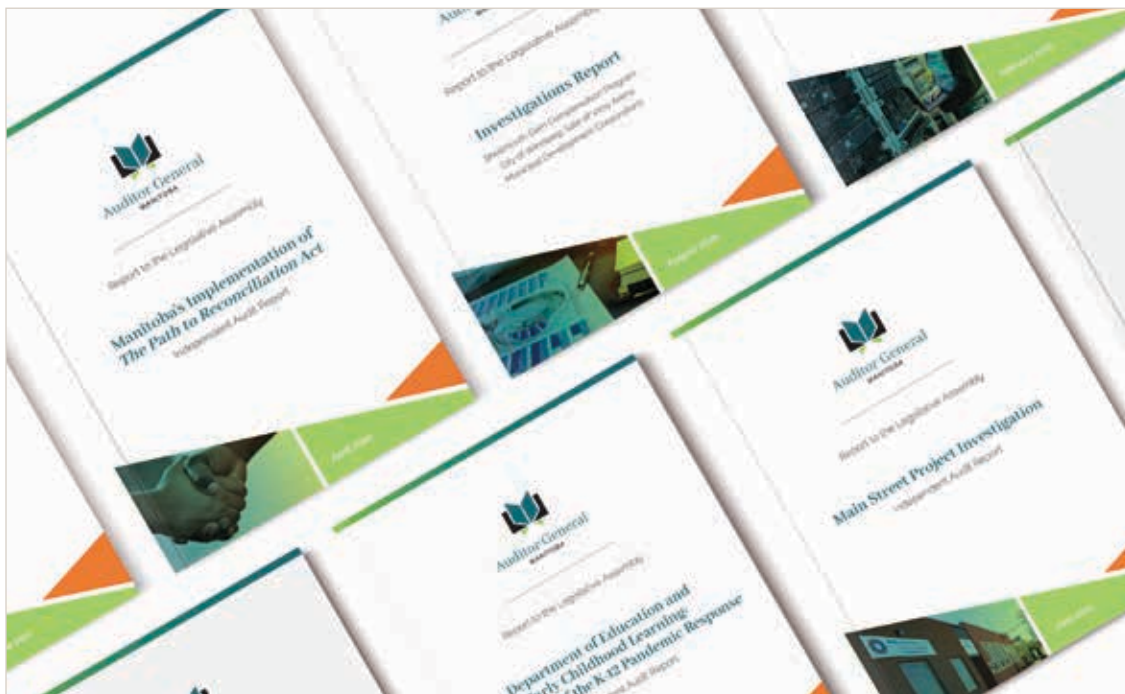
Reports to the Legislative Assembly

Below are the project audit reports we have issued over the past 5 years. These reports and earlier ones can be viewed and downloaded on our website: oag.mb.ca.

Year	Release date	Audit report
2021/22	April 2022*	Manitoba's Implementation of <i>The Path to Reconciliation Act</i>
	April 2022*	Department of Education and Early Childhood Learning: Leadership of the K-12 Pandemic Response
	March 2022	Aging Information Systems
	August 2021	Investigations Report (which included 3 separate investigations) - Shellmouth Dam Compensation Program - City of Winnipeg: Sale of Vimy Arena - Municipal Development Corporations
	June 2021	Main Street Project Investigation
	June 2021	Automatic Vehicle Location Systems
2020/21	January 2021	Animal Disease Preparedness
	January 2021	Physicians' Billings
	October 2020	Oversight of Post-Secondary Institutions
	September 2020	Provincial Oversight of Drinking Water Safety
	September 2020	Vital Statistics Agency
	May 2020	Quarry Rehabilitation Investigation
2019/20	January 2020	Management of Provincial Tourism
	December 2019	Commercial Vehicle Safety
	December 2019	Management of Foster Homes
2018/19	November 2018	Forensic Audits - Pharmacare: Special Audit of Financial Irregularities and Controls - Thompson District Office: Special Audit of Missing Licences and Cash Management Practices - Rural Municipality of De Salaberry: Audit of Financial Irregularities
	October 2018	eChart Manitoba

*These reports were completed in March 2022, but tabling was delayed until April due to a byelection being called.

Year	Release date	Audit report
2017/18	October 2017	Managing Climate Change
	July 2017	Management of Manitoba's Apprenticeship Program
	April 2017	Management of MRI Services



REPORTS RELEASED IN 2021/22

Project audits in progress

At any given time, our audit teams are working on a variety of project audits. Visit the **AUDITS IN PROGRESS** section of our website (oag.mb.ca) for a brief description of project audits currently in progress.

The following project audits were in progress on March 31, 2022:

- Addictions Treatment Services in Manitoba
- Archives of Manitoba
- COVID-19 Vaccines
- Fraud Risk Management
- Information Systems Privileged Access
- Personal Care Homes – Complaints Process
- Provincial Court Operations

Follow-up of previously issued audit recommendations

The Public Accounts Committee (PAC) has adopted a process where it requests Action Plans and Progress Reports from audited entities. This is explained in more detail in **SECTION 5** (Strategic priority 2 – Supporting the Public Accounts Committee).

In April 2022, we issued a report on the implementation status of 41 recommendations issued between October 2017 and November 2018, as indicated in the chart below. This was our third and final follow-up of the recommendations in these reports. The implementation rate remains low.

Third and final follow-up					
Report	Total	Implemented/ resolved	Action no longer required	Do not intend to implement	Work in progress
Managing Climate Change	8	2	–	–	6
eChart Manitoba	15	7	1	4	3
Pharmacare: Special Audit of Financial Irregularities and Controls	5	1	–	–	4
Thompson District Office: Special Audit of Missing Licences and Cash Management Practices	5	5	–	–	–
Rural Municipality of De Salaberry: Audit of Financial Irregularities	8	6	2	–	–
Grand total	41	21 (51%)	3 (7%)	4 (10%)	13 (32%)

Stakeholder concerns

Our stakeholders bring matters to our attention throughout the year. These stakeholders include citizens, civil servants and Members of the Legislative Assembly (MLAs). We conduct a preliminary assessment of all these matters to determine which ones are within our mandate. This information may be used to:

- Assist our audit teams identify risks or concerns related to entities we are auditing.

- Help us identify entities and programs that may benefit from an audit.

In 2021/22, we received 55 concerns from citizens and 3 concerns from MLAs. We performed our initial procedures on all concerns received and identified several potential audits. Some of the information also helped inform on-going audit work.

We want to hear from you

We encourage Manitobans to have their say. Citizens, civil servants and MLAs who suspect financial waste or mismanagement are encouraged to contact us with their concerns by email (citizen.concerns@oag.mb.ca), by phone (204.945.3351), or by fax (204.945.2169).

Manitobans can also contribute information to an audit in progress and suggest new audit topics. For additional information, please visit the We Want to Hear From You section of our website: oag.mb.ca.

5. What we accomplished against our strategic priorities

Our 2019/20 to 2021/22 **STRATEGIC PRIORITIES PLAN** identifies 5 strategic priorities and 24 related key strategies. In this section, we report on our progress implementing these strategic priorities and strategies. As this is the final year of the plan, a new Strategic Priorities Plan will be implemented in 2022/23. We will report against the new plan in future Operations Reports.

Strategic priority 1

Focusing our audit work to maximize its value to the Legislative Assembly

There are far more programs, functions, activities and financial statements within the Government Reporting Entity than we have the resources to audit in a year, or even over several years. Therefore, it is crucial that we focus our audit work on areas of strategic importance to the Legislative Assembly and Manitobans.

Our related key strategies are:

- 1.1 Focus the Office's project audit resources on projects that are of strategic significance to the Legislative Assembly and that demonstrate a broad coverage of government organizations.
- 1.2 Focus the Office's financial statement audit resources on entities that are of strategic significance to the Legislative Assembly.
- 1.3 Through the strategic allocation of staff resources between financial statement audit work and project audit work, we will strive to maximize our impact on the Government Reporting Entity.

Strategy 1.1

Focus the Office's project audit resources on projects that are of strategic significance to the Assembly and that demonstrate a broad coverage of government organizations

When selecting projects, our initial goal is to ensure we conduct audits in all areas of government. This is also what we refer to as audit universe coverage. We created 6 sector groups that cover all government departments and Crown entities. These sectors are:

- Health
- Education
- Social Services
- Economic Development
- Environment/Energy
- Government Operations

For each sector, we continuously identify potential audit topics that we believe are most relevant and of strategic importance to the Legislative Assembly. During the course of audit work, Performance Audit teams ask departmental representatives and stakeholders whether there are other audit subjects that we should examine in the future, and we include these suggestions under the respective sectors. We endeavor to select at least one priority project audit annually from each of the 6 groups or sectors.

COVID-19 has continued to expose areas of risk. In 2021/22 we launched an audit of Addictions Treatment Services in Manitoba.

Drug overdose deaths impact Manitobans from all walks of life and the effects of COVID-19 health measures have further challenged those trying to access supports. We are also part of a coordinated audit of COVID-19 vaccines. This audit will be undertaken in coordination with the Office of the Auditor General of Canada along with participating provinces and territories. The findings will give Manitobans, and Canadians, a better understanding of the vaccine rollout both by the federal and provincial government.

We also have an ongoing focus on IT and governance topics.

Strategy 1.2

Focus the Office's financial statement audit resources on entities that are of strategic significance to the Legislative Assembly

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 strategic significance within the Government Reporting Entity. We believe this has resulted in our resources being used to audit entities that may be considered of lower strategic importance relative to other government entities.

We identified several factors that could be used to determine the importance or strategic significance of an entity within the government reporting entity:

- Financial impact of annual expenses
- Financial impact of assets held
- Type of service delivered
- Significant changes to organization
- Complexity of accounting

In 2020/21, we began making changes to our audit portfolio to free up resources for more strategically significant audits. One action we took was removing our involvement in low- and very-low significance audits where we are not required by legislation to be the auditor. These changes took effect in 2021/22. With this increased capacity, we have moved from using an agent auditor to perform one of the high-significance audits to performing it directly.

In 2020/2021, the Province also announced legislative changes that restructured certain entities we audit. In a number of cases, the entities were dissolved with operations transferred to the responsible department. We conducted the final year audits for these entities in 2021/22. We will still audit the operations of these entities within the scope of the Public Accounts audit; however, by not having to perform separate standalone audits, we will be able to take on additional audits of strategic significance.

Changes to *The Auditor General Act* and to legislation governing auditor appointments to government organizations and funds could provide the Auditor General with the ability to select financial statement audits that better meet our strategic objective, and to ensure our financial statement

audit resources are not used for the same audits each year only based on legislative requirements. The government stated in Budget 2022 that reforms will be made to provide a more uniform process for how audits are performed. We will provide input to any proposed legislation to ensure the Office's needs are considered.

Strategy 1.3

Through the strategic allocation of staff resources between financial services audit work and project audit work, we will strive to maximize our impact on the government reporting entity

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.

We manage our workload with the goal of achieving a balance between financial statement audits and project audits. This allocation of resources enables us to present the Legislature with a wide array of project audits while meeting our statutory obligations to conduct specified financial statement audits. In 2021/22 our time allocation was 64% financial statement audits and 36% project audits (59/41 in 2020/21).

Strategic priority 2

Supporting the Public Accounts Committee

The Public Accounts Committee (PAC) is an all-party Standing Committee of the Legislative Assembly. Its primary role is to examine the financial administration of public assets and the spending of public funds. All reports the Auditor General issues are tabled in the Legislature by the Speaker and automatically referred to the PAC. The PAC meets with the government departments and Crown organizations we audit to inquire about the performance issues and risks identified in our reports, as well as to confirm that appropriate actions have been taken to address our recommendations.

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 PAC 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.*

The PAC can also request the Auditor General conduct specific reviews or tasks, as noted below. The Auditor General is not obliged to do so if it would interfere with the primary responsibilities of the Office (Section 16, *The Auditor General Act*).

- 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.*

An effective PAC can play a significant role in ensuring the Office has the desired positive impact on the performance of public sector organizations. This is because government departments and Crown organizations are accountable to the PAC for the implementation of the Auditor General’s recommendations. The PAC can also issue its own reports and recommendations to the Legislative Assembly on the results of its work.

Our related key strategies are:

- 2.1 Provide advice on audit reports.
- 2.2 Provide advice on good practices for Public Accounts Committees.
- 2.3 Provide orientation sessions for new members and workshops for all members on select/desired topics.
- 2.4 Make every effort to be able to act on any Section 16 Special Audit request made by the Public Accounts Committee.
- 2.5 Consult with Public Accounts Committee members when determining project priorities.



Website version

Strategy 2.1

Provide advice on audit reports

The Auditor General and required staff attend all PAC meetings where audit reports are discussed. PAC meetings are open to the public (except for those held in-camera), and proceedings are recorded in Hansard (gov.mb.ca/legislature/hansard/hansard.html). Section 111(1) of the Procedural Guidelines for the Standing Committee on Public Accounts requires the PAC to hold a minimum of 9 meetings per calendar year. This requirement was not met in 2021/22, as the PAC did not meet.

Provide in-camera briefing sessions on each report

In early 2022, the Auditor General recommended that in-camera briefing sessions with the PAC be held at least one week in advance of public meetings. This new approach was adopted by the PAC in April 2022. Previously, these in-camera sessions typically occurred just prior to public meetings. Holding briefing sessions earlier gives PAC members more time to develop questions and to prepare for the public meeting.

Report on the implementation status of our recommendations

To assist the PAC in fulfilling its role, we follow-up on old reports, and report on the implementation status of recommendations. This is explained in more detail in **STRATEGY 2.2**.

As of March 31, 2022, the PAC has requested 17 Action Plans for audits issued in 2019, 2020, 2021, and 2022, which includes all the audits we would have considered in the first year of our follow-up process. With this new process, we will no longer use the 3-year follow-up approach.

In 2021/22 we reported on the implementation status for 5 previously issued audits. This report followed up on the status of 41 recommendations. The implementation rate for third-year recommendations remains low for most of the reports in the final year of follow up. While there was an improvement over last year, only half of the third-year recommendations have been implemented.

Strategy 2.2

Provide advice on good practices for the Public Accounts Committee

To assist the PAC in its efforts to strengthen its practices, we worked with the committee to develop 2 new processes that were passed in a October 14, 2020 motion:

1. Within 48 hours of a new report by the Office of the Auditor General being tabled by the Speaker, whether during session or intersessionally, the Chairperson and the Vice-Chairperson are to send a joint letter requesting an Action Plan regarding the implementation of the Auditor General's recommendations to the department, Crown corporation or other entity that is the subject of the report.
A deadline of 90 days from the date of the letter will be allowed for a response.
2. Progress reports seeking information on the implementation status of the Auditor General's recommendations may be requested from any department, Crown corporation, or other entity which is the subject of a report by the Office of the Auditor General by either of the following means: (a) The Chairperson and the Vice-Chairperson may request a progress report by joint letter or (b) With unanimous consent, the Standing Committee on Public Accounts may ask the Chairperson and the Vice-Chairperson to request a progress report by joint letter. A deadline of 28 days from the date of the letter shall be allowed for a response.

We will continue to work the PAC to consider how the effectiveness of the committee can be improved, both with and without rule changes. Our past analysis of cross-jurisdictional practices has highlighted key areas where Manitoba is not consistent with good practices in other jurisdictions. For example, Manitoba's PAC is the only committee in Canada required to call the Minister as a witness, and the only one requiring the Government House Leader to call its meetings.

Strategy 2.3

Provide orientation sessions for new members and workshops on selected topics

In January 2022, there were changes to the provincial Cabinet and 3 new members were appointed to the PAC. In early 2022, we met with the PAC Steering Committee and discussed whether an orientation session would be of interest to the committee. Given the extended period of time where PAC had not met and the addition of 3 new members, it was decided that training should be scheduled for 2022/23. We will continue to work in conjunction with the PAC Steering Committee to develop future workshops and information sessions, as required.

Strategy 2.4

Make every effort to be able to act on any Section 16 Special Audit request made by the Public Accounts Committee

Section 16 of *The Auditor General 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. Section 16 further states that "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."

The Public Accounts Committee did not request any Section 16 audits in 2021/22.

Strategy 2.5

Consult with Public Accounts Committee members when determining project priorities

We were unable to discuss project priorities with the PAC as the Committee did not meet in 2021/22.

Strategic priority 3

Ensuring we deliver quality audit products at a reasonable cost

Our related key strategies are:

- 3.1 Develop and maintain professional practices that align with applicable professional standards and respond to emerging best practices.
- 3.2 Develop and maintain strong quality assurance practices for all products produced by the Office.
- 3.3 Deploy and manage resources based on reasonable budgets and deadlines.
- 3.4 Maximize the value of our association with the Canadian Council of Legislative Auditors.
- 3.5 Maximize the value of our association with the Canadian Audit and Accountability Foundation.
- 3.6 Seek opportunities to collaborate with other legislative audit offices and with internal audit departments.

Strategy 3.1

Develop and maintain professional practices that align with applicable professional standards and respond to emerging best practices

Methodology updated

Our methodology is reviewed regularly to ensure it complies with new accounting and auditing standards, and to improve audit efficiency. Changes are made throughout the year as needed. In 2021/22, we updated our methodology and also continued to leverage off the Auditor General of Canada's (OAG Canada's) methodology.

We regularly provide training to our staff on methodology, accounting standards, auditing standards, and the results of our quality assurance reviews. Additionally, staff attend externally-delivered training as needed, including OAG Canada training sessions.

Professional documents reviewed

We monitor exposure drafts and discussion papers issued by various standard setters on an on-going basis to determine how they may impact us and the entities that we audit. If our analysis indicates the exposure draft could have a significant impact to our Office or our audits, we respond to the exposure draft.

Strategy 3.2

Develop and maintain strong quality assurance practices for all products produced by the Office

The Auditor General has overall responsibility for the system of quality control. The Auditor General assigned responsibility for particular aspects of our system of quality control to one or more individuals who have the appropriate experience, ability, and authority to perform the work effectively.

The Auditor General has assigned the monitoring of our system of quality control to the Assistant Auditor General, Professional Practices and Quality Assurance (AAG, PP&QA). The AAG, PP&QA reports annually to the Auditor General, and all Office staff, on the results of the monitoring. In the 2021 calendar year, we concluded the policies and procedures relating to the system of quality control were relevant, adequate, and operated effectively.

Conducted internal quality assurance review of files

On a rotational basis, the AAG, PP&QA conducts file inspections on each audit principal to ensure the engagement followed CPA Canada assurance standards and Office policies. In 2021/22, we reviewed 3 financial statement audit engagements and 2 project audits.

Although not part of our internal quality assurance, we are subject to regular CPA Manitoba practice inspections. In October 2021, CPA Manitoba inspected 5 financial statement audit engagement files. The CPA Manitoba Inspection Committee determined that we had met the requirements of the practice inspection program and we will continue on a 3-year inspection cycle.

In addition, the Inspection Committee determined that our pre-approved program for training CPA candidates continues to follow the CPA profession's practical experience requirements.

Appointed an engagement quality control reviewer for higher risk audits (quality review process)

An engagement quality control review (EQCR) is an objective evaluation of significant judgements made by an audit team, including its conclusions.

An EQCR is performed for audits that we determine have a higher level of risk. When evaluating the level of risk associated with any audit, we consider the nature of the audit entity and any unusual engagement circumstances. Quality reviewers are Office staff who are independent of the audit team, and who have sufficient and appropriate experience and expertise to conduct the EQCR. Based on our assessment, we appointed a quality reviewer for 5 financial statement audit engagements.

Strategy 3.3

Deploy and manage resources based on reasonable budgets and deadlines

One of our priorities is deploying and managing resources based on reasonable budgets and deadlines. We have developed this specific key strategy because of the importance we place on continuing to increase the effectiveness of our project management activities.

In 2021/22, senior management monitored time budgets on an ongoing basis. This included regular meetings with audit teams to review overall audit progress, and to monitor progress against time budgets and milestone dates.

The COVID-19 pandemic continued to present on-going challenges for us. Many staff members continued to work remotely in 2021/22, while navigating other pandemic-related challenges. Despite these challenges, staff continued to produce excellent work and reporting deadlines were met.

Strategy 3.4

Maximize the value obtained from our association with the Canadian Council of Legislative Auditors

The Office is a member of The Canadian Council of Legislative Auditors (CCOLA), an organization that consists of provincial Auditors General or Provincial Auditors of the Canadian provinces, and the federal Auditor General. The Bermuda Auditor General is

an associate member. CCOLA is devoted to sharing information and supporting the continued development of auditing methodology, practices and professional development.

CCOLA members meet throughout the year to discuss emerging issues and share practices in carrying out their respective mandates as legislative auditors.

CCOLA has established several strategic support committees. In 2021/22, at least one staff member sat on each of these CCOLA committees. Staff members also sit on a variety of informal information-sharing groups. Sitting on these committees and groups gives us access to the knowledge and expertise of professionals in other legislative audit offices, and helps ensure we are aware of emerging best practices and opportunities to innovate.

CCOLA committees

Human Resource Committee
 Information and Related Technology/
 Chief Information Officer Committee
 IT Audit Committee
 Peer Review Committee
 Practice Excellence Committee

The Office of the Auditor General of Canada also makes the services of a National Professional Practices Group available to us for a fee. This group provides accounting and auditing advisory services and training support, on an as-requested basis.

Every year, CCOLA organizes professional development events for legislative auditors. Due to COVID-19, the performance audit and financial statement symposiums were held virtually in 2021/22. These events provide significant value to the Office, and we ensure an appropriate number of staff members attend.

Strategy 3.5

Maximize the value obtained from our association with the Canadian Audit and Accountability Foundation

The Canadian Audit and Accountability Foundation (CAAF) is a non-profit organization dedicated to promoting and strengthening public sector performance audit, oversight, and accountability in Canada and abroad through research, education, and knowledge sharing. We use CAAF's research to help identify potential audits, sources of audit criteria, and enhance our knowledge in areas related to public sector oversight, governance and performance audit.

In developing products for use by the Canadian legislative audit community, the CAAF will typically establish a product committee and request participation of related experts from legislative audit offices. To the extent possible, we take advantage of these requests to provide select staff members with the opportunity to share their knowledge with the CAAF and to be further challenged and influenced by other thought leaders participating on the committee.

In 2021/22, the Assistant Auditor General – Performance Audit taught a Root Cause Analysis course for the CAAF. We also shared our experience with survey tools in performance audit in an article for the CAAF, and produced a guidance document with suggested steps for conducting opinion-based surveys. In addition, staff attended a course on audit project management.

Staff members participate in the CAAFs Emerging Leaders Program. This program builds leadership and critical thinking skills for emerging leaders in the audit community, and provides tools and opportunities for participants to grow as leaders. Four of our staff members have participated in this program since it was launched in 2016/17. This program did not run in 2021/22 due to the COVID-19 pandemic.

The CAAF also delivers quality performance audit performance workshops we rely on to provide our performance auditors with skills development opportunities. In 2021/22, staff participated in the Fundamentals of Performance Audit course.

Strategy 3.6

Seek opportunities to collaborate with other legislative audit offices and with internal audit departments

CCOLA committees and groups are tasked with finding appropriate opportunities to collaborate. In 2021/22, we commenced an audit of COVID-19 vaccines. This audit is coordinated with similar audits being undertaken by the Office of the Auditor General of Canada and other provincial auditors general.



Strategic priority 4

Nurturing a thriving Office culture that reflects our values

Our values articulate a workplace culture within which all staff members can thrive. Our Strategic Priorities Plan, and more specifically the strategies discussed below, ensure we continue to move steadily towards the full realization of such a culture.

Our related key strategies are:

- 4.1 Ensure staff are engaged and satisfied with their work experience.
- 4.2 Provide a comprehensive professional development program.
- 4.3 Ensure risks or barriers that may impede the Office's ability to accomplish its vision and related strategic priorities are identified, assessed and, where warranted, mitigated.

Strategy 4.1

Ensure staff are engaged and satisfied with their work experience

We retain 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 surveys. We ran our most recent employee engagement survey in September in 2021 using Prairie Research Associates. We used an independent contractor in order to provide our employees with assurance of confidentiality.

The staff survey had an 96% completion rate and the results of the survey were reviewed by our executive leadership group.

This information will be used to update our strategic priorities, and identify a number of changes we could make.

Our next employee engagement survey is planned for September 2023.

Recognizing long service

Every year, we celebrate the long service of staff members. Milestones are recognized in 5-year increments. The Auditor General presented the following long-service awards at a virtual staff luncheon in December 2021.

5 years – Jomay Amora-Dueck, Emelia Jaworski, Nicole San Juan, Ganesh Sharma

20 Years – Jim Stephen

Retirements – In 2021/22, 2 staff members retired: Maria Capozzi and Cindy Driedger.

Supporting social committee activities

We have a staff-led social committee that plans and hosts a variety of events throughout the year. These events promote camaraderie and collaboration, and allow for employees from different areas to interact.

Providing technological tools and appropriate workspaces

We regularly modernize our software and hardware to help staff members do their jobs, whether in the office or at remote locations. In 2021/22, we upgraded end user devices, applications, databases, and server technology.

We've continued to make the office more social-distance friendly, as we continue to prioritize the safety of our staff and clients during the COVID-19 pandemic.

Strategy 4.2

Provide a comprehensive professional development program

We provide a comprehensive professional development program, with a wide variety of in-house offerings and external professional development training opportunities. There is an expectation that all staff members will manage their skills development and monitor their progress against the competency model developed by the Office. Staff members identify training needs, and discuss and review these with their supervisor. 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.

Every year, we prepare a program of in-house training sessions for all audit staff. We also have a Sunrise Speaker Committee with members coming from all staff levels and service groups. The committee's primary focus is to determine and deliver sunrise speaker events for staff that help raise awareness of the social, environmental, and economic context within which public programs must operate. In 2021/22, we hosted 4 sunrise speakers.

The Canadian Council of Legislative Auditors (CCOLA) provides a database of training resources and available courses nationally. Select senior staff members have been assigned to CCOLA committees to help identify these training resources and courses. Our training program is informed by this centralized database while also considering feedback provided to our PD Committee.

Staff also 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, ISACA, SANS Institute, and CCOLA.

Train future accountants

CPA Manitoba recognizes us as a pre-approved program audit training office. Our CPA student program provides motivated, knowledgeable, and engaged mentors to assist our accounting students as they transition from the academic world into the accounting profession. In 2021/22, we had 4 full-time students and one summer student.

Train future performance auditors

Experienced performance auditors are very difficult to recruit. A good source of potential performance auditors has been graduate studies programs. Candidates can be hired

as co-op students, as summer students and/or on a one-year renewable term.

Strategy 4.3

Ensure risks that may impede the Office's ability to accomplish its strategic priorities are identified, assessed and, if warranted, mitigated

In 2018/19, we enhanced our identification and assessment of risks that could impact our ability to achieve our vision and mission. We note these risks in **SECTION 3**. Our Strategic Priorities Plan maps our identified risks to strategies, which we continue to implement.

Strategic priority 5

Strengthening Office operations

Our related key strategies are:

- 5.1 Develop a comprehensive Office human resources management function.
- 5.2 Develop a comprehensive Office communications function.
- 5.3 Produce appropriately detailed accountability documents to inform the Assembly and the public of the value they receive for their investment in the Office.
- 5.4 Prudent use of public funds entrusted to us.
- 5.5 Ensure Office information, systems, documents and physical plant are secure from inappropriate access.
- 5.6 Ensure the Office is properly structured to respond to existing challenges and to support the effective pursuit/delivery of our vision/mission, priorities, and the production of quality products.
- 5.7 Meet the commitments noted in our French language Services Plan.

Strategy 5.1

Develop a comprehensive Office human resources management function

The Director Corporate Services is responsible for building an effective, efficient, and progressive human resources management function within the Office. Until legislative amendments are in place to allow the Auditor General to manage and administer all aspects of human resources, the Director is the point person for all Office interactions with the Public Service Commission and the Legislative Assembly. As an interim measure, we are seeking delegated staffing authority for the Director Corporate Services.

In 2021/22 we:

- Managed an anonymous online tool where staff can report concerns.
- Recruited several key vacant positions.
- Updated and created several HR and corporate policies.
- Began the process of converting Canadian Council of Legislative Auditors (CCOLA) material into office training.
- Continued work on a transition plan for the new *Public Service Act*.
- Developed and tracked key HR metrics, which are being shared with other Auditor General offices across Canada.
- Transitioned from the Civil Service Commission HR to the Legislative Assembly HR group.
- Implemented a new corporate re-organization.

- Created a new remote work policy and implemented new associated procedures.
- Launched CMHA's 'Not Myself Today' corporate mental health program.
- Continued to adapt the organization's response to COVID-19.

Strategy 5.2

Develop a comprehensive Office communications function

The Communications Manager is responsible for developing, implementing and monitoring an effective communications program for the Office. The individual is the strategic communications expert and leader in the Office, and provides direct and confidential communications support for the Auditor General and senior management.

In 2021/22, we continued implementing the external and internal communications strategies that will guide our communications efforts through to 2024.

Strategy 5.3

Produce appropriately detailed accountability documents to inform the Assembly and the public of the value they receive for their investment in the Office

The Auditor General Act requires the Auditor General to submit an annual report on the operations of the Office to the Legislative Assembly before August 1. The Act states that the report should include information on the performance of the Office as well as the Office's financial information and the

related auditor's report. This year's operations report updates our progress implementing each of the 5 strategic priorities and 24 related key strategies contained in our Strategic Priorities Plan.

Strategy 5.4

Prudent use of public funds entrusted to us

Initiatives with respect to our prudent use of human resources are embedded throughout our strategic priorities, as they involve what we do and how well we do it.

Concerning our operating and capital expenditures, we maintain strong processes to ensure operating and capital expenditures are based on an appropriate need and provide good value.

During 2021/22, the role of CFO was added to the responsibilities of the Deputy Auditor General, to provide additional oversight over our financial processes. As a final review, the Auditor General continues to review and approve all expenditures (see **SECTIONS 8 and 9**).

Strategy 5.5

Ensure Office information, systems, documents and physical plant are secure from inappropriate access

We regularly assess and enhance our security policies and practices to maintain a strong security posture and to prevent inappropriate access to systems and data. Key aspects of our security program include:

- IT policies, standards and guidelines.
- Security awareness training.
- Physical security controls such as multi-factor authentication locks and security cameras.
- Restricted access to information (based on need-to-know).
- Logical access controls (encryption, passwords).
- Sharing confidential documents with authorized individuals through a secure Web portal.
- Remote access authentication mechanisms.
- Secure removal of data residing on devices.
- Program, data, and infrastructure change management.

Strategy 5.6

Ensure the Office is properly structured to respond to existing challenges and to support the effective pursuit/delivery of our vision/mission, priorities, and the production of quality products

We implemented a new corporate structure that will streamline our operations and clearly define our 4 audit areas. The new organizational structure can be seen in **APPENDIX B**.

The restructuring includes the creation of a new, streamlined Executive Leadership Group. The new leadership group includes the Auditor General, and the heads of our 4 service lines:

- Financial Statement Audit
- Performance Audit
- Information Technology & Innovation
- Investigations

The restructuring also includes the addition of the role of Chief Financial Officer to the responsibilities of the Deputy Auditor General. This role oversees all internal financial functions of the Office.

In 2021/22 we:

- Implemented the new organizational structure.
- Finalized position descriptions in order for the new organizational structure to be implemented.
- Had ongoing discussions with Compensation Services to ensure the classifications for all roles match the new responsibilities.

Strategy 5.7

Meet the commitments noted in our French Language Services Plan

On June 30, 2016, the government of Manitoba enacted *The Francophone Community Enhancement and Support Act*. 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:

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 2021/22, we continued to implement our multi-year strategic French Language Services Plan. We issued reports and news releases in both English and French, and shared information about new reports on social media in both languages.



6. Our planned audit activities for 2022/23

Financial statement audits

We issue an annual report to the Legislative Assembly titled *Public Accounts and Other Financial Statements*. In the report, we discuss the results of our financial statement audit work and matters related to this work that we believe should be brought to the Legislative Assembly's attention.

The financial statement audits we conduct either directly or through an agent will change in 2022/23, as many of these audits are for entities we will cease to assist as separate entities. These changes are noted as footnotes in **APPENDIX C**. As noted in **STRATEGIC PRIORITY 1, STRATEGY 1.2**, we are using these changes as an opportunity to use our financial statement audit resources to more strategically select our audits. This will ensure our financial statement audit work—and the related matters we report—are on entities of strategic importance to the Legislative Assembly.

In 2022/23, we plan to complete the following number of work products:

Work product	In 2022/23 we plan to conduct			Total 21/22
	Office	Agent	Total	
Financial statement audit opinions – organizations within the Government Reporting Entity (see APPENDIX C)	4	–	4	18
Reviews of audits conducted by external audit firms – organizations within the Government Reporting Entity	13	–	13	14
External auditor communications	81	–	81	91
Financial statement audit opinions – organizations outside the Government Reporting Entity (see APPENDIX C)	7	–	7	8
Other audit opinions	3	2	5	5
Public Sector Compensation Disclosure Audits	5	2	7	7

Project audits

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

What we plan to deliver in 2022/23

See **SECTION 4** for a list of project audits in progress at March 31, 2022. We anticipate releasing several of these in 2022/23.

Please see the Audits in Progress section of our website (oag.mb.ca) for up-to-date information on what we are working on, and the status of these audits.



7. Financial results

Budget and expenditure management practices

The Legislative Assembly Management Commission (LAMC), 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 LAMC 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 LAMC. At the end of the year, any undrawn amount is considered lapsed and remains in 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 financial information presented in **SECTION 8** of this report and the Public Accounts of the Province.

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 2021/22 financial results

Salaries and benefits

Salaries and benefits were under budget by \$681,000 or 12% (Budget: \$5,929,000; Actual: \$5,248,000), due to several factors including:

- Several positions were kept vacant during the year pending the final steps of an Office reorganization after the appointment of a new Auditor General (about \$534,000). These include vacancies created as a result of promotions that have yet to be refilled.
- Other vacancies due to resignations and retirements resulting in vacant months as we went through the recruitment process (about \$244,000).
- Absences due to maternity leave and long-term disability (about \$175,000).
- Some of our staff members participated in the Reduced Workweek Program and took up to 20 days of unpaid leave, with no impact to their pensionable earnings. As a result, actual salaries paid were lower than budgeted (about \$43,000).
- Benefits costs were lower due to vacancies (about \$43,000).

Counterbalancing the above-noted reductions in paid salaries were the following:

- We have a CPA student auditor development program. Students are hired on one-year renewable terms. These positions are unfunded. The total salary costs of these positions were \$187,000.
- We have 2 other approved full-time equivalent (FTE) positions for which no funding is attached. The funds to pay staff in these positions come from vacancies in funded positions. In 2020/21 these salary costs were \$93,000.
- We employ summer students, which are unfunded term positions. The salary costs of summer students in 2020/21 were \$37,000.
- Severance, vacation, and overtime payouts that were not budgeted (about \$103,000).

Other matters

Operating expenses were under budget by \$464,000 or 32% (Budget: \$1,453,000; Actual: \$989,000) primarily due to several factors:

- We underspent our professional fees budget by about \$287,000 due to lower than anticipated need for outside assistance and external experts. The need for outside assistance varies depending on the nature and timing of our audit work.
- We underspent our professional development budget by \$66,000 due to the continued unavailability of in-person PD opportunities and conferences due to the COVID-19 pandemic.
- We underspent our information technology budget by about \$64,000 due to decreased costs for software licensing and IT support
- We underspent our travel and parking budget by about \$22,000 due to decreased travel and working from home during the pandemic.

Our annual estimate for spending is approved by the LAMC and the appropriation is included in the government's estimates voted on through the annual appropriation act by the Legislative Assembly. We draw down funds from our appropriation to make payments throughout the year. In March of each year we estimate the amount of cash that will be required to pay expenses accrued at year-end. This allows us to use funding from the same fiscal year's appropriation for the expenditures accrued during that fiscal year.

Often because of the timing of receiving information on the actual accrued expenses there is some variance between the amount withdrawn as of March 31 and our actual accrued expenses. Any excess draws are used immediately in the new year to pay for new year expenses thereby reducing our draws from the new year's appropriation. If our expenses accrued are higher than the amount drawn the additional funding will come from the new year's appropriation. In 2021/22, our draws from the appropriation were \$7,519 lower than our expenses – in 2020/21 our draws were \$54,969 higher than our expenses.

8. 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, 2022 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 Professional 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.

Tyson Shtykalo, CPA, CA
Auditor General
July 5, 2022



INDEPENDENT AUDITORS' REPORT

To the Legislative Assembly of Manitoba

Opinion

We have audited the accompanying financial statements of the Office of the Auditor General of Manitoba (the "Office"), which comprise the statements of audit fees deposited to the Consolidated Fund and expenditures for the year ended March 31, 2022, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the audit fees deposited to the Consolidated Fund and expenditures of the Office of the Auditor General of Manitoba, for the year ended March 31, 2022 in accordance with the basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Office in complying with the financial reporting provisions of the Province of Manitoba. As a result, the financial statements may not be suitable for another purpose.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.

(continues)

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

Independent Auditor's Report to the Legislative Assembly of Manitoba (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
1515 One Lombard Place
Winnipeg MB R3B 0X3
July 5, 2022

OFFICE OF THE AUDITOR GENERAL OF MANITOBA
Statement of Audit Fees Deposited to the Consolidated Fund
Year Ended March 31, 2022

	2022	2021
Audit fees billed and deposited to our bank account	\$ 656,625	\$ 861,486
Less: amounts paid to agent auditors	<u>(246,266)</u>	<u>(525,109)</u>
Audit fees transferred to the Consolidated Fund	\$ 410,359	\$ 336,377
Main estimate - audit fees	\$ 320,000	\$ 315,000

Statement of Expenditures
Year Ended March 31, 2022

	2022	2021
Salaries and benefits	\$ 5,247,737	\$ 5,167,741
Operating expenses		
Office rent	308,845	317,145
Information technology	222,573	232,128
Office administration	108,866	118,561
Capital	91,561	102,148
Professional development	90,852	50,502
Professional fees	74,320	87,372
Memberships and publications	42,735	51,104
Printing	40,855	50,687
Parking and travel	<u>8,198</u>	<u>21,793</u>
	988,805	1,031,440
Total expenditures	\$ 6,236,542	\$ 6,199,181
Comparison of actual draws on appropriation to total expenditures		
Appropriation drawn in 2022	6,229,023	6,254,150
Less: Total Expenditures	<u>6,236,542</u>	<u>6,199,181</u>
Appropriation draws (less) more than total expenditures	(7,519)	54,969
Add: Unexpended funds from prior year appropriation draws	<u>229,608</u>	<u>174,639</u>
Unexpended funds available for next year's expenditures (Note 3)	\$ 222,089	\$ 229,608
Comparison of actual draws on appropriation to voted expenditures in the main estimates		
Appropriation drawn in 2022	\$ 6,229,023	\$ 6,254,150
Main estimate - Expenditures	<u>7,373,000</u>	<u>7,338,000</u>
Unexpended appropriation	\$ (1,143,977)	\$ (1,083,850)

OFFICE OF THE AUDITOR GENERAL OF MANITOBA

Notes to Financial Statements

Year Ended March 31, 2022

1. NATURE OF OPERATIONS AND ECONOMIC DEPENDENCE

The Auditor General is appointed under The Auditor General Act 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:

Audit Fees

Audit fees are recorded when received and deposited to the bank account of the Office. Audit fees received from entities audited by agents of the Office are used by the Office to pay the agents. Accordingly, fees paid to agents are excluded from expenditures of the Office.

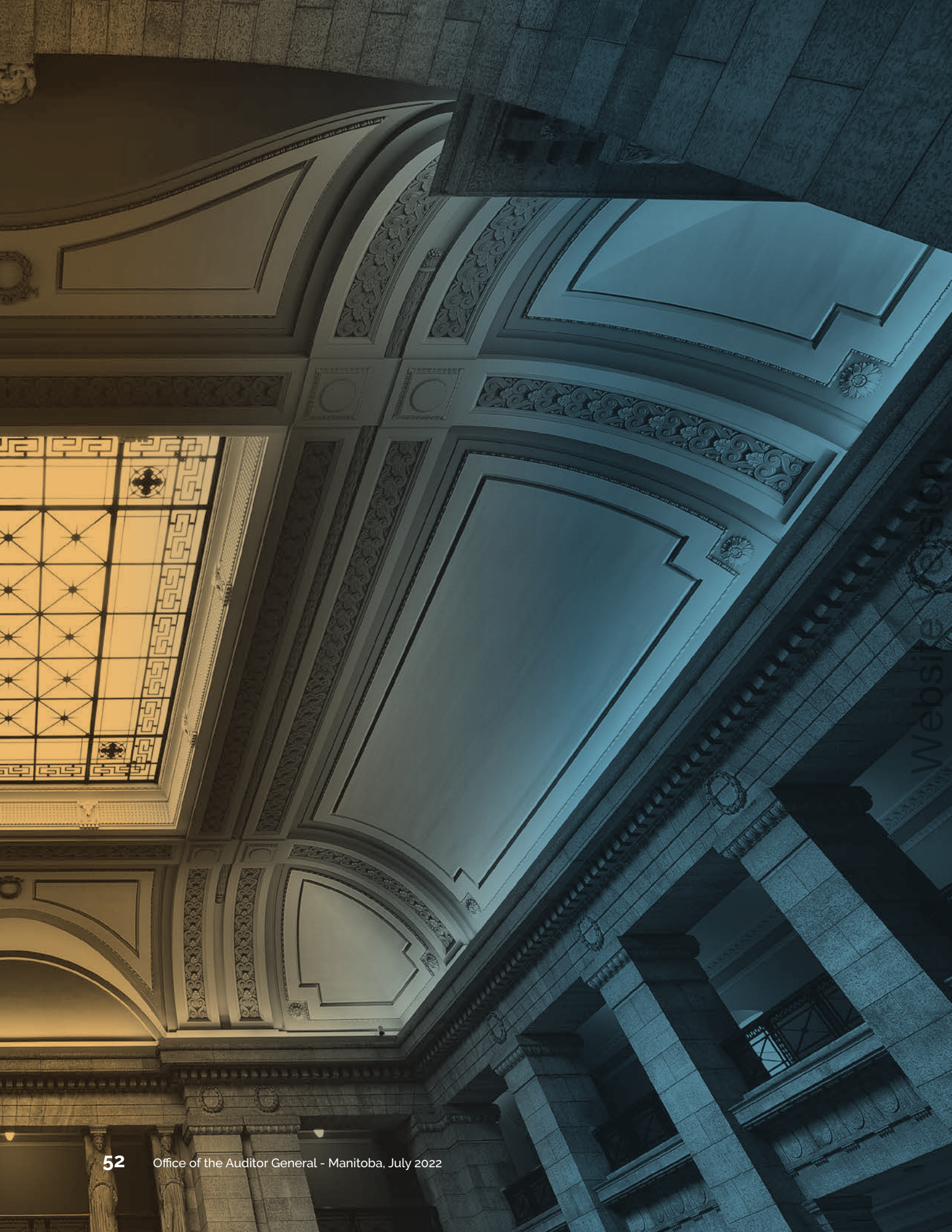
Expenditures

Expenditures are reported on an accrual basis, except for pension, vacation, severance and overtime expenses and retroactive wage accruals which are reported on a cash basis.

3. UNEXPENDED FUNDS

The Auditor General Act requires all unexpended funds drawn from the Office's appropriation to be repaid to the Minister of Finance at the end of the fiscal year.

As the Office's expenditures are accounted for on an accrual basis the exact amount unexpended is not known at March 31. In practice, the Office retains the unexpended funds to reduce the amount drawn from appropriations in the subsequent year.



9. Independent Auditors' Report and our disclosure of employee compensation payments



INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba

Opinion

We have audited the Office of the Auditor General of Manitoba (the "Office") Disclosure of Employee Compensation Payments (the "statement") for the year ended March 31, 2022.

In our opinion, the financial information in the statement presents fairly in all material respects, the compensation of officers and employees in excess of \$75,000 of the Office for the year ended March 31, 2022, in accordance with the Public Sector Compensation Disclosure Act.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statement* section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restriction on Distribution

The statement is prepared to assist the Office to meet the requirements of the Public Sector Compensation Disclosure Act. As a result, the statement may not be suitable for another purpose. Our report is intended solely for the Office and the Province of Manitoba and should not be distributed to other parties.

Responsibilities of Management and Those Charged with Governance for the Statement

Management is responsible for the preparation of the statement in accordance with the Public Sector Compensation Disclosure Act of the Province of Manitoba, and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

In preparing the statement, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.

(continues)

Independent Auditor's Report on Public Sector Compensation Disclosure to the Legislative Assembly of Manitoba (*continued*)

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Office's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
1515 One Lombard Place
Winnipeg MB R3B 0X3
July 5, 2022

**OFFICE OF THE AUDITOR GENERAL OF MANITOBA
DISCLOSURE OF EMPLOYEE COMPENSATION PAYMENTS
For the Year Ended March 31, 2022**

In accordance with The Public Sector Compensation Disclosure Act, disclosure is required of annual compensation payments of \$75,000 or more. For the year ended March 31, 2022, aggregate employees of the Office of the Auditor General of Manitoba received compensation of \$75,000 or more, including professional fees and taxable benefits, as follows:

Amurao, Ryan	Manager	\$ 86,104
Bessette-Asumadu, Natalie	Deputy Auditor General	114,555
Bo-Maguire, Wade	Director, IT Audit, Operations and Security	114,510
Boyechko, Bryden	Manager	82,606
Capozzi, Maria	Director, Corporate Governance Practice	159,127 *
Charron, Shane	Principal	100,457
Chowdhury, Kamrul	Manager, Application Support	85,252
Diaz, Yuki	Manager	91,849
Duenas Heinrichs, Rolet	Manager	84,647
Emslie, Melissa	Director, Performance Audits	114,511
Gilbert, Jeffrey	Executive Director, Investigations & Strategic Projects	111,204
Hickman, Graham	Manager	85,723
Johnson, Jo	Principal	105,840
Landry, Frank	Communications Manager	81,827
Montefrio, Christian	Principal	100,666
Muir, Dallas	Principal	101,787
Muirhead, Adam	Manager	83,745
Nebriada, Arlene	Manager	80,547
Nero, Kenneth	Controller	78,021
Ngai, Jacqueline	Principal	105,840
Riddell, Ryan	Manager	81,744
Sharma, Ganesh	Principal	104,725
Shyiak, Jay	Director, Corporate Services	101,684
Shtykalo, Tyson	Auditor General	162,832 **
Stephen, Jim	Manager, Infrastructure and Security	87,086
Stoesz, Jonathan	Principal	101,269
Storm, David	Principal	107,953
Thiessen, Brendan	Principal	108,231
Thomas, Erika	Principal	110,258
Torchia, Philip	Assistant Auditor General, Professional Practices and Quality Assurance	118,564
Voakes, F. Grant	Principal	101,808
Wowchuk, Stacy	Assistant Auditor General, Performance Audit	130,442
Wright, James	Principal	107,939

* The amount includes severance pay.

** The disclosed amount includes the taxable benefit for the personal use of a government vehicle during the 2021 calendar year.



Website version

Appendices

APPENDIX A

The Auditor General Act

CHAPTER 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:

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

Auditor General

2(1) The Auditor General is an officer of the Assembly.

Role

2(2) The Auditor General is to provide the Assembly with independent information, advice and assurance under this Act, but nothing in this Act is to be interpreted as entitling the Auditor General to question the merits of policy objectives of the government.

S.M. 2004, c. 42, s. 97; S.M. 2022, c. 20, s. 2.

Appointment of Auditor General

3(1) A person shall be appointed as the Auditor General by resolution of the Assembly.

Committee recommendation required

3(2) A person may be appointed as Auditor General only if the appointment has been recommended by the Standing Committee of the Assembly on Legislative Affairs.

Appointment process

3(3) If at any time the office of Auditor General

(a) will become vacant within six months because the term of office is scheduled to expire or the Auditor General has resigned; or

(b) has become vacant for any other reason;

the President of the Executive Council must, within one month after that time, convene a meeting of the Standing Committee on Legislative Affairs and the Standing Committee must, within six months after that time, consider candidates for the office and make a recommendation to the Assembly.

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; S.M. 2015, c. 14, s. 1; S.M. 2017, c. 26, s. 33; S.M. 2022, c. 20, s. 2.

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.

Remuneration

5(1) Subject to this section, the salary and benefits of the Auditor General are to be determined by the Legislative Assembly Management Commission.

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.

S.M. 2022, c. 20, s. 2.

Civil Service Superannuation Act applies

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

6(2) [Repealed] S.M. 2021, c. 11, s. 70.

S.M. 2021, c. 11, s. 70.

Suspension or removal

7(1) The Auditor General may be suspended or removed from office by a resolution of the Assembly carried by a vote of 2/3 of the members voting in the Assembly.

Suspension if Assembly not sitting

7(2) If the Assembly is not sitting, the Speaker may, with the prior approval of the Legislative Assembly Management Commission, suspend the Auditor General for cause.

Length of suspension

7(3) A suspension under subsection (2) ends no later than 30 sitting days of the Assembly after the suspension came into effect.

S.M. 2022, c. 20, s. 2.

Deputy Auditor General

8(1) On the recommendation of the Auditor General and with the prior approval of the Legislative Assembly Management Commission, a Deputy Auditor General may be appointed under section 58 of *The Public Service Act*.

Powers and responsibilities

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 responsibilities of the Auditor General.

Salary in certain cases

8(3) If the Deputy Auditor General has assumed the Auditor General's responsibilities for an extended period, the Legislative Assembly Management Commission may, by resolution, direct that the Deputy be paid a salary within the same range as the Auditor General's salary.

S.M. 2021, c. 11, s. 70; S.M. 2022, c. 20, s. 2.

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.

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.

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 of the operations and accounts of a recipient of public money in respect of public money it received 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.

Audit of operations

15(1.1) The examination and audit of the operations of the recipient of public money may include the matters listed in subsection 14(1).

Effect of commingling public money

15(1.2) If the recipient of public money has commingled the public money it received with any of its other money, the authority of the Auditor General under this section extends to any of the recipient's operations or accounts.

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.

S.M. 2020, c. 21, s. 97.

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.

S.M. 2020, c. 21, s. 98.

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.

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 operations and 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.

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.

PART 5

CONFIDENTIALITY

GENERAL PROVISIONS

**STAFF AND OFFICE OF THE
AUDITOR GENERAL**

Staff

22(1) Officers and employees necessary to enable the Auditor General to perform his or her duties must be appointed under section 58 of *The Public 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*.

S.M. 2021, c. 11, s. 70.

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

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).

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.

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

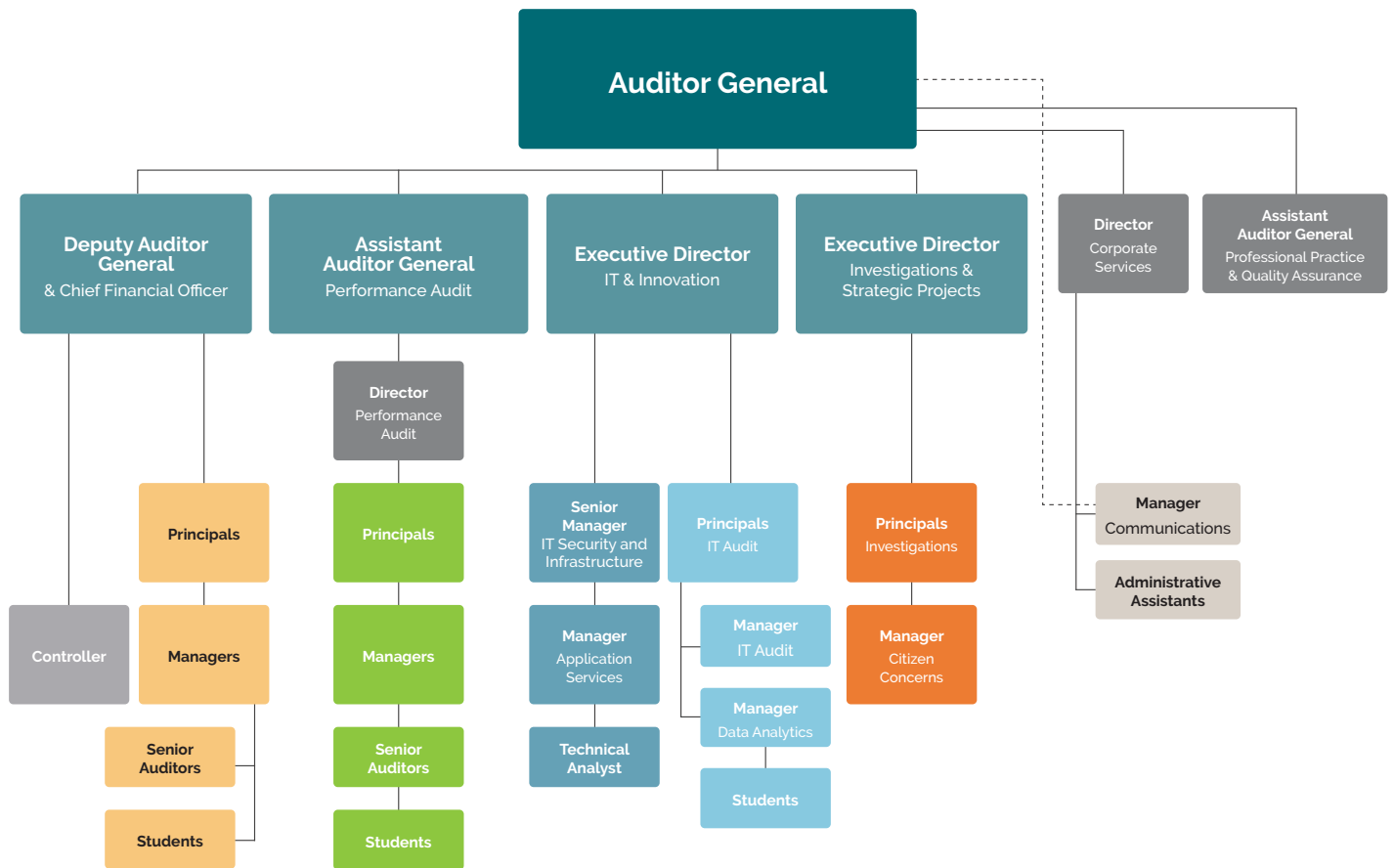
34 This Act comes into force on a day fixed by proclamation.

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

APPENDIX B

Office structure

More than 55 individuals work for the Auditor General in a variety of areas, including financial statement audits, project audits, and corporate services. Here is our organization structure, as of March 31, 2022.



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APPENDIX C

Listing of financial statement audits

Financial statement audits conducted by the Auditor General's Office

ORGANIZATIONS WITHIN THE GOVERNMENT REPORTING ENTITY

Community Revitalization Fund (NOTE 1)
Co-operative Loans and Loans Guarantee Board (NOTE 2)
Funeral Board of Manitoba (NOTE 7)
Manitoba Agricultural Services Corporation
Manitoba Health Services Insurance Plan (NOTE 1)
Public Schools Finance Board (NOTE 2)
University of Manitoba

ORGANIZATIONS OUTSIDE THE GOVERNMENT REPORTING ENTITY

Civil Service Superannuation Fund
Legislative Assembly Pension Plan
Northern Affairs Fund (NOTE 3)
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:

Helen Betty Osborne Memorial Foundation (NOTE 1)
Leaf Rapids Town Properties Ltd. (NOTE 1)
Legal Aid Manitoba
Manitoba Habitat Heritage Corporation (NOTE 4)
Manitoba Housing and Renewal Corporation

Special Operating Agencies:

- Manitoba Learning Resource Centre (NOTE 1)
- Public Guardian and Trustee of Manitoba

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 (NOTE 5)

CROWN ORGANIZATIONS

- | | |
|---|---|
| Addictions Foundation of Manitoba | Manitoba Horse Racing Commission (NOTE 6) |
| Assiniboine Community College | Manitoba Opportunities Fund Ltd. |
| Cancer Care Manitoba | North Portage Development Corporation |
| Le Centre culturel franco-manitobain | Red River College |
| Communities Economic Development Fund | Rehabilitation Centre for Children Inc. |
| Economic Development Winnipeg Inc. | Research Manitoba |
| Efficiency Manitoba | Shared Health Manitoba Inc. |
| General Child and Family Services Authority | St. Amant Inc. |
| Insurance Council of Manitoba | Sport Manitoba Inc. |
| Manitoba Arts Council | Travel Manitoba |
| Manitoba Centennial Centre Corporation | Université de Saint-Boniface |
| Manitoba Combative Sports Commission | University of Winnipeg |
| Manitoba Development Corporation | Personal care homes and other health care facilities (46) |
| Manitoba Film and Sound Recording Development | School divisions (38) |
| Corporation Manitoba Hazardous Waste Management Corporation | |

REGIONAL HEALTH AUTHORITIES

Interlake-Eastern Regional Health Authority

Northern Regional Health Authority Inc.

Prairie Mountain Health

Southern Health-Santé Sud

Winnipeg Regional Health Authority

SPECIAL OPERATING AGENCIES

Entrepreneurship Manitoba

Food Development Centre (NOTE 6)

Industrial Technology Centre

Materials Distribution Agency

Manitoba Education Research and Learning Information Networks (MERLIN)

Manitoba Financial Services Agency

Vehicle and Equipment Management Agency

Vital Statistics Agency (NOTE 6)

1 Our final audit of these entities was for the March 31, 2021 financial statements, which was completed during our 2021/22 year. They are no longer separate entities, but we will continue to audit the accounts as part of our audit of the Public Accounts.

2 Our final audit of these entities was for the November 6, 2020 financial statements, which was completed during our 2021/22 year. They are no longer separate entities, but we will continue to audit the accounts as part of our audit of the Public Accounts.

3 The Northern Affairs Fund is several years behind on financial reporting. We are working with the department responsible to get its reporting up to date. During the 2021/22 year, we completed the audit of the fund for the year ended March 31, 2018. We plan to complete at least 2 more years of audits in the coming year.

4 Our final audit of Manitoba Habitat Heritage Corporation was for the year ended January 31, 2021, which was completed during our 2021/22 year. The governance structure of the Corporation has changed. It is no longer part of the Government Reporting Entity and we are no longer legislated as its auditor. The Corporation will be audited by a private sector accounting firm going forward.

5 Effective November 6, 2020, Workers Compensation Board was no longer part of the Government Reporting Entity.

6 March 31, 2021 was the last year this entity was a separate reporting entity.

7 Our final audit of the Funeral Board will be for the year ended December 31, 2021. The audit will be completed during our 2022/23 year. It will no longer be a separate reporting entity but we will continue to audit the accounts as part of our audit of the Public Accounts.



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Auditor General
MANITOBA

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