



OFFICE OF THE
AUDITOR GENERAL
MANITOBA

March 31, 2008

Operations of the Office

Website Version



July 2008

The Honourable George Hicke
Speaker of the House
Room 244, Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Sir:

I have the honour to transmit herewith my report titled, *Operations of the Office for the year ended March 31, 2008*, to be laid before Members of the Legislative Assembly in accordance with the provisions of Section 28 of The Auditor General Act.

Respectfully submitted,

Original document signed by:
Carol Bellringer

Carol Bellringer, FCA, MBA
Auditor General

Website Version

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Message from the Auditor General

The release of this report marks the end of my second year as Manitoba's Auditor General. During this time I have been fortunate to work with a group of dedicated, hard working legislative audit professionals.

While well over half of our audit time continued to be spent on financial statement and related information technology audits, we also completed six major value-for-money and special audits this year. This report summarizes these results, describes what we've been mandated to do to serve Manitoba's Legislature, and how we believe this is best accomplished.

In carrying out our work over the period 2007/08, our focus has been on taking active steps to: strengthen how we serve our clients and beneficiaries of our work; and attract and retain highly qualified staff.

Serving the Manitoba Legislature

I believe that having positive working relationships is essential to our ability to have a meaningful impact. Accordingly, and consistent with our operating principles of respect, integrity, honesty and openness, we have taken a proactive approach to relationship building. Over the past year I have held meetings with Members of the Legislative Assembly (MLA's), members of the Public Accounts Committee, Deputy Ministers, and Chief Executive Officers of Crown Corporations on a regular basis. Members of my staff have worked closely with the Department of Finance on a major undertaking, and one that this Office has long encouraged, that being the transition to summary financial statements. As well, our audit staff attend audit committee meetings of Crown Corporations and communicate regularly with senior officials during the course of their audit work.

I am in regular contact with the other Legislative Officers (the Ombudsman, the Children's Advocate, the Chief Electoral Officer and the Clerk of the Legislative Assembly). This allows us to co-ordinate and collaborate as need be to maximize the efficient use of public monies in carrying out our respective mandates. For instance, when our Office receives a citizen complaint, one of the first things we do is determine whether it belongs with our Office to review or should be referred to another of the Legislative Officers. Likewise, as appropriate, we support other Legislative Officers in their work. This past year we were asked, and agreed to assist the Ombudsman's Office by conducting some audit work for them that related to certain of their investigations.

The Public Accounts Committee (PAC), which receives all of our audit reports and holds meetings to discuss them, is an important part of the accountability cycle, holding government answerable for its expenditures. I have made myself available to members of the Committee to help it to operate more effectively. One of the ways I have assisted the PAC during this past year was to arrange for a specialist from CCAF-FCVI to provide a briefing to members of the PAC on leading practices in the functioning of PACs in other jurisdictions. CCAF-FCVI is a national research and education foundation that researches public sector accountability, management and audit issues. More recently, members of the PAC have instituted the practice of holding in camera sessions prior to a PAC meeting which has provided the opportunity to seek my advice on the critical aspects from our audit reports that they may wish to focus on during PAC meetings.

Attracting and Retaining Staff

Without capable and committed staff, the caliber of our work would suffer. The Operations Report of 2006/07 identified the turnover in staff as a risk that we would be focusing our attention on in the coming years. To address this situation, during 2007/08, we took steps to rebuild our capacity in the area of information technology audits by re-assigning resources to this function and engaging a private sector firm to provide guidance and support on a transitional basis. We also continued our strategy of recruiting students articling to become chartered accountants. In conjunction with these efforts, I have been building my Executive Team.

We were saddened to lose a valued, long serving senior member of our staff who passed away on October, 4, 2007. Ron Oswald had made a significant contribution to both our value-for-money and special audit teams. He will be missed.

An employee survey that we undertook in 2007/08 informed us that 100% of respondents are committed to performing quality work; 94% feel that the Office of the Auditor General treats them with respect and dignity; and 95% feel that the Office allows for a good work-life balance. One of the main observations provided by staff was the need to place greater emphasis on our value-for-money audits by assigning adequate resources to such audits. This is a key commitment for the coming year.

In support of professional development, all audit staff prepared learning plans based on our Office's Competency Model. Having such plans in place will also help the Office use its training resources in a fair and efficient manner.

We continue to provide our staff with up to date computer equipment which allows us to remain competitive with private sector auditors in applying technology to carry out our work efficiently. However, our office space is insufficient for our needs and we are working with Accommodation Services Division in the Department of Infrastructure and Transportation to address this situation.

Priorities for 2008/09

Increasing Capacity in Value-for-Money Audits

We plan to place more emphasis on value-for-money audits through several strategies: assigning staff on a full-time basis to this functional area; ensuring we have an appropriate number of staff in that area; and continuing to provide training in value-for-money auditing to all of our audit staff.

Gearing Up for New Professional Standards

International Standards on Auditing will come into effect in Canada in 2010 and International Financial Reporting Standards will come into effect in 2011. These are significant changes that will impact both our work and the financial statements prepared by government organizations that we audit. These changes will also increase the complexity and add to the challenge of understanding public sector financial reports, as the standards set by the Public Sector Accounting Board (PSAB) will continue to apply to the Public Accounts. Over the coming years we will be providing standards setters with our views on emerging issues. We will also be determining how these changes will affect the way we undertake our audits, prepare our staff to operate under the new professional standards and report publicly on issues of relevance to members of the Legislative Assembly.

Increasing our Focus on Environmental Audits

The Province of Manitoba has a number of initiatives in place in support of environmental management and climate change, which is generally recognized as a key variable that impacts our environment and ultimately, our quality of life. Accordingly, our Office will be focusing more attention on audits in these areas. As a starting point, we have engaged an environmental specialist who will assist us in developing an audit plan in consultation with MLAs and various government officials including program staff.

Original document signed by:
Carol Bellringer

Carol Bellringer, FCA, MBA
Auditor General

1.0 Our Role and Purpose

Our Mandate

The Auditor General Act (Appendix A) establishes the Office of the Auditor General as an independent entity, reporting to the Legislative Assembly. The Auditor General is appointed for a 10 year renewable term. The current Auditor General was appointed in July 2006.

The Auditor General and his/her staff have the authority, under The Act, to audit all government organizations and recipients of public monies and to provide members of the Legislature with independent information, advice and assurance on whether:

- public money has been spent with proper regard for economy and efficiency;
- the Legislative Assembly has been provided with appropriate accountability information from government organizations (e.g., annual reports, the Public Accounts); and
- government organizations are complying with financial and administrative legislation, regulations, policies and directives.

With respect to internal operations of the Office, *The Act* gives responsibility for such matters to the Auditor General.

Our clients are Members of the Legislative Assembly (MLAs), and through them, the citizens of Manitoba. Government organizations and recipients of public monies are the beneficiaries of our work.

Our Strategic Framework

The vision, outcomes and objectives identified below guide the work we carry out to fulfill our mandate

Our Vision

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

Our Desired Outcomes

- Government organizations that focus on the achievement of results.
- Meaningful and user friendly public performance reporting by government organizations.
- Strong monitoring function by the Public Accounts Committee and the Legislative Assembly regarding the expenditure of public funds.

Our Objectives

- That our work adds value to the management systems and practices of government organizations. **(Section 3.0)**
- That we manage our internal business effectively. **(Section 4.0)**

Our Finances

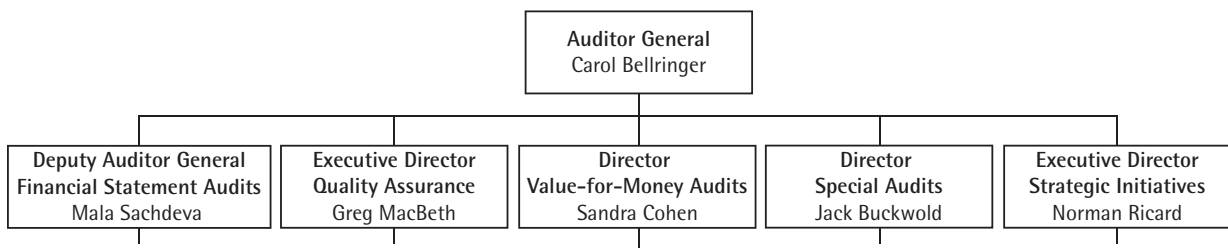
The Legislative Assembly Management Commission (LAMC), an all-party Legislative Committee, reviews and approves our annual budget. LAMC is also responsible for approval of the auditor selected to audit our Office's financial statements. Frostiak and Leslie Chartered Accountants, Inc., were re-appointed to conduct the financial statement audit of our office for the period 2006/07 to 2010/11.

Our Office's audited financial statements for the year ended March 31, 2008, are presented in **Section 6** of this Report.

Organizational Structure

We have approval for a staff of 53 full time equivalent positions to deliver the outputs presented in Section 3.0. Our organizational structure and members of our staff are presented below.

For the period April 1, 2007 to July 31, 2008



Principals:

Capozzi, Maria
Edwards, Gene
Emslie, Melissa
Frag, Marianne
Hay, Susan
Heke, John*
Lewarton, Larry
Shtykalo, Tyson
Storm, David
Thomas, Erika*
Torchia, Phil
Unryn, Larry
Wirth, Brian
Wright, James

Auditors:

Besette, Natalie	Ngai, Jacqueline
Charman, Corey	Rahim, Faizul**
Chase, Leanne	Riddell, Ryan
Desmond, Serene	Saunders, Barry
Donnelly, John	Slater, Catherine
Gilbert, Jeff	Song, Ding Ding
Hickman, Graham	St. Amant, Michel**
Jia, Ashley	Stoesz, Jon
Johnson, Jo	Thiessen, Brendan
Keefe, Bradley	Torre, Melanie
Kirton, Joel	Tu, Ye
Larson, Dennis	Vanderdonckt, Erica
Lin, Leah	Voakes, Grant
McLean, Fraser	Yang, Angela
Muir, Dallas	

Computer Services:

Richardson, Shirley
Stephen, Jim

Administrative Services:

Burton, Shirley
Humbert, Sandra
Radley, Susan
Smith, Jan

* Secondment to the Office from Province of Manitoba Public Sector

** Secondment from the Office to Province of Manitoba Public Sector

The Public Accounts Committee of the Legislature

The Public Accounts Committee (PAC) is an all party committee of the Legislature chaired by a member of the Official Opposition and Vice-Chaired by a member of the Government Party. The PAC's primary role is to examine the financial administration of public assets and spending of public funds.

We include a section in our Operations Report on the PAC because the Office of the Auditor General is a key player in the accountability cycle along with the PAC. Our relationship to the PAC extends on a number of fronts: under our legislation, our reports to the Legislature are referred to the PAC; the Auditor General is expected to attend meetings of the PAC; and PAC may request the Auditor General to undertake a special audit, perform specific reviews or special tasks.

During its meetings, the PAC considers our audit reports and when it has concluded its deliberations, it passes our reports. Passing our audit reports means that the Committee has completed its consideration of the report and has no further questions/aspects to examine regarding that report.

The PAC also has the option of preparing a report to the Legislature on its examination of any of our reports and can include recommendations in its reports. As such, the PAC can play an important role in ensuring that our recommendations are appropriately acted upon. In fact, the PAC's procedural rules entitle it to systematically follow-up on Government's actions and responses to its recommendations in order to complete the accountability cycle.

The PAC is required by its rules to hold between six and eight meetings in each calendar year. However, during the 2007 calendar year PAC only held four meetings during which it discussed nine and passed five of our reports that had been referred to it. Since 2000, twenty one of our reports to the Legislature have not been dealt with by PAC. Of those twenty one reports, nine have been referred to the PAC but have not yet been passed; and twelve that were issued between 2005 and 2008 have not yet been referred to the PAC.

To help strengthen the functioning of the PAC, during the past year, our Office organized an information session on leading practices in the operations of PACs in other jurisdictions. The briefing was offered by CCAF-FCVI, which is a national research and education foundation that researches public sector accountability, management and audit issues.

In 2007/08, the PAC instituted the practice of holding consultation sessions with me prior to a PAC meeting in order to seek my advice on the critical aspects from our audit reports that they may wish to focus on during PAC meetings.

2.0 Risk Management

Risk Management is the process of making and carrying out decisions that will minimize the liabilities and effects of possible adverse events (risks) on an entity's performance. We have established controls to reduce the likelihood that risks would adversely affect our ability to achieve our mandate and objectives.

Independence

We need to maintain our independence in order to ensure that we provide objective and non-partisan advice. To address the risk of loss of independence or perceived loss of independence, we have a number of policies and procedures in place and we comply with standards of our professional associations.

Issue Raised in 2006/07 Operations Report

The requirement to follow government policies and procedures with respect to hiring, compensation, classification of staff positions, and hiring through the Civil Service Commission (CSC) and certain approvals required by Treasury Board (TB) could one day impact our independence. As well, certain of our staff are part of the Government employees' union. While the working relationship with the CSC and TB Secretariat has been positive, the risk to our independence does exist since our role is to audit government organizations which would include the CSC and TB Secretariat.

Update for 2007/08

- Government's requirement that we procure services from government organizations continues to place our independence at risk. During 2007/08, we entered into lease negotiations for future office space and were required to use Accommodation Services Division of the Department of Infrastructure and Transportation in the process. Thus, on the one hand, Accommodation Services is our service provider, and on the other hand, we are their external auditor.
- We will continue to explore options to minimize the risk of loss of independence created by relying on provincial departments for certain services.

Credibility

Our reputation is critical to our success. Therefore we must avoid the risk of providing inappropriate or inaccurate assurance and advice. We strive to do this by using best practices in legislative auditing, including strong quality control practices.

Issue Raised in 2006/07

We have faced legal challenges on some of our audit reports. When that happens, it can undermine our credibility. To address such challenges, we have had to utilize financial resources to hire legal counsel to defend our assertion that our audits were conducted in accordance with professional standards and reported in good faith.

Update for 2007/08

- During 2007/08, there were no new legal challenges to the Office. The legal claim against the former Auditor General regarding audit work conducted in 1996/97 in conjunction with Manitoba Telecom Services pension plan has been dismissed. Similarly, there was no further legal action under the "Notice of Application" that followed the Office's release of An Examination of the Crocus Investment Fund.
- Our office continues to seek legal advice on a regular basis to avoid inadvertent exposure.

Relevance of Work

In order for our work to be beneficial to our clients, we must ensure that our reports are meaningful to them. We do this by ensuring our audits deal with significant public sector issues. We maintain contact with Members of the Legislature and government officials in order to keep current on trends and developments within government organizations.

Issue Raised in 2006/07

To ensure the relevance of our work, we need to provide opportunities for on-going input from Members of the Legislature, the Public Accounts Committee and government officials in identifying audits of significant public sector issues.

Update for 2007/08

- This past year, the Auditor General held regular meetings with members of the Legislature to gain an understanding of their perspective on our role and work, as well as the issues and concerns that they perceive as audit priorities.

- Through on-going environmental scans, we are able to remain current on areas of strategic importance for our audit work. For instance, we hold discussions with members of the Public Accounts Committee; monitor Hansard and media reports; maintain contact with our colleagues in other jurisdictions and various professional associations in which we hold memberships.
- The Province has a number of environmental management and climate change initiatives underway. In response to the importance of the impact of climate change on all citizens, our Office has engaged an environmental specialist to assist us in developing an audit plan of scheduled climate change audits that we will be undertaking over the coming years. Part of our planning process includes consultation with MLA's, government officials and relevant program staff.

Resources and Competencies

The quality of our assurance and advice is dependent on the knowledge, skills and ability of our employees. To be successful we need to be able to recruit and retain high quality professionals. We do this by providing a work environment that supports on-going opportunities for our staff to further develop their skills and by supporting a proper work-life balance.

Issue Raised in 2006/07 Operations Report

During 2006/07 we saw the loss of several staff: four individuals retired; four accepted positions within the public sector impacting our value-for-money and information technology audit groups; and one accepted a position with the private sector.

Update for 2007/08

- As part of our recruitment strategy, we hired 4 full-time financial statement auditors.
- We re-assigned one of our audit staff to information technology audits and we engaged a firm of Chartered Accountants to provide technical support and guidance to re-build our in-house capacity in the area of conducting information technology audits.
- Staff vacancies still exist in the value-for-money audit group and recruitment efforts are on-going to fill four vacancies.
- During 2007/08 we experienced the loss of a long serving value-for-money Principal, Ron Oswald, who passed away on October 4, 2007.

3.0 Our Audit Activities and Outputs

Our audit activities include financial statement, value-for-money, and special audits. Our output takes a variety of forms including: audit opinions, audit advice, management letters, and reports to the Legislature. In addition, we make a wide variety of presentations on our work to government organizations and to conferences, symposiums, and workshops.

Beyond providing observations and recommendations, our reports identify good management practices and learnings that are of general relevance to public sector organizations – see **Appendix C** for a listing of reports going back to 1996 by subject areas.

Allocation of Audit Time

Audit Time Allocations		
	2007-08	2006-07
Financial Statement & Related Information Technology Audits	68%	52%
Value-For-Money Audits	18%	34%
Special Audits	<u>14%</u>	<u>14%</u>
Total:	100%	100%

In 2007/08, the number of audit hours spent on financial statement and related information technology audits increased because of work required to meet professional standards and to train new students; and staff vacancies in our value-for-money audit team.

Linking Our Objectives to Our Results

<i>Our Objective</i>	<i>Our Strategies</i>	<i>How we Monitor our Performance</i>
That our work adds value to the management systems and practices of government organizations.	1. Providing the Legislative Assembly and government organizations with audit products that meet professional standards while being clear and easy to understand.	<ul style="list-style-type: none"> • Through our quality control process (Section 5.0) • Through our post audit survey (Section 5.0). • Through our survey of Members of the Legislative Assembly (Section 5.0).
	2. Providing fair and balanced audit conclusions.	
	3. Providing proactive advice and maintaining constructive client/audit entity relations.	

Strategy No. 1:	To provide the Legislative Assembly and government organizations with audit products that meet professional standards while being clear and easy to understand.
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Financial Statement Audits

Strong financial stewardship by government organizations is critical. One of the central ways in which we support financial accountability is through the audit opinions we provide on the financial statements of government organizations and the Public Accounts of the Province. We support adherence to professional accounting standards and transparency, as well as fair and accurate representation in public sector budgets and financial reporting.

Financial statement audit activities include:

- undertaking the necessary examinations to be able to provide audit opinions on annual financial statements, special reports, and public sector compensation disclosures as well as management letters with recommendations on financial management, internal control, compliance, or general operations;

- conducting overviews of government entities, which may also encompass file reviews of the work conducted by private sector auditors. (This work is necessary for our reliance on the work of the private sector firms for consolidation of their clients' financial statements into the Summary Financial Statements for the Province);
- undertaking special reports on financial information, including claims;
- reviewing compliance with legislation to the extent required for the issuance of financial statement opinions; and
- working in partnership with the private sector audit firms that we have retained as our agents to provide some of our financial statement attest audits.

Highlights of Output in 2007/08

- Provided attest audit opinions or overviews to 100 government organizations. (See **Appendix B** for attest audits conducted by the Auditor General's office and attest audits conducted by private sector accounting firms with overviews by the Office of the Auditor General).
- Issued audit opinions on the Public Accounts of Manitoba in accordance with the statutory deadline and issued the Audit of the Public Accounts report to the Members of the Legislative Assembly in December 2007, released publicly in January 2008.
- Issued management letters to our attest audit clients as required.
- Provided feedback on audit plans, draft financial statements, and management letters prepared by private sector auditors during the course of their work on financial statement audits of government entities.

Value-for-Money Audits

Value-for-money auditing examines programs and services in order to identify the level of performance achieved and opportunities for improving operations and ultimately results. In carrying out value-for-money audits, we examine management practices, operating systems, processes, and control mechanisms. Some of our value-for-money audits are cross-government – i.e., examinations of a given topic of strategic importance across departments or across other types of government organizations (e.g. Crown Corporations).

Highlights of Output in 2007/08

October 2007	Audit of the Province's Management of Contaminated Sites and Landfills	The audit examined the process for estimating and recording liabilities; departmental monitoring of compliance with applicable legislation; and licensing of landfills for those entities included in the Government Reporting Entity and in municipalities.
	Audit of the Department of Conservation's Management of the Environmental Livestock Program	The purpose of the audit was to evaluate the Department of Conservation's operational efforts on protecting surface and groundwater from potential contamination caused by livestock operations.
December 2007	Audit of Mandatory Legislative Reviews	The purpose of this cross-government audit was to determine compliance with the requirement in some statutes and regulations for a five year review of the legislation/regulations and the process followed for such reviews.

Special Audits

We refer to certain of our audits as "Special Audits" when they are conducted under Section 16 of our Act, or when they result from the follow-up of allegations brought to our attention. The special audit team are experienced forensic accountants who also rely on the assistance of external consultants where necessary.

Audits Conducted Under Section 16 of The Auditor General Act

Section 16 of our Act enables us to respond to requests from the Minister of Finance, the Lieutenant Governor in Council, or the Standing Committee on Public Accounts to undertake audit work if we determine that the work would not interfere with the primary responsibilities of the Auditor General.

Allegations

Allegations are brought to our attention throughout the year. During 2007/08 we received 22 allegations. We conducted preliminary examinations of all such matters in order to determine which ones were within our mandate. For all allegations within our authority, we conducted a risk assessment to determine the timing, nature and scope of the audit work required.

Highlights of Output in 2007/08

August 2007	Special Audit: Property Transactions in the Seven Oaks School Division	The purpose of the audit was to examine: allegations concerning the legality of the Seven Oaks School Division acting as a land developer; whether the Division had followed appropriate land disposition processes; and whether the Public Schools Finance Board had ensured that the appropriate processes were followed in the disposition of certain lands by the Division.
October 2007	Special Audit: Image Campaign for the Province of Manitoba	This audit was requested by the Public Accounts Committee. The audit examined the procurement process for Manitoba's place brand including whether vendors were selected in accordance with relevant provincial policies and procedures. As well, the audit verified the total amount of public spending on the Image Campaign and whether research work paid for by public money gathered information relating only to the Campaign.
March 2008	Special Audit: Rural Municipality of La Broquerie	The purpose of the audit was to examine: allegations concerning the operations of the R.M. of La Broquerie and to determine whether the Department of Intergovernmental Affairs had adequate processes in place to review and assess citizen complaints concerning the operations of municipalities.

Our Planned Activities for 2008/09

In 2008-09 we will continue to perform financial statement attest audits including the audit of the Public Accounts for the Province of Manitoba, and related work. We will also be reporting on the following:

Public Sector Compensation Legislation

Opportunities for improvement in the processes for administrating the Public Sector Compensation Disclosure Act in order to ensure that it results in relevant disclosure of compensation in the public sector.

Tax Collection

Taxation collections and taxation audit processes in the Taxation Division to identify opportunities for improvement.

Ambulance Services

Whether the Department of Health was appropriately administering the provisions of *The Ambulance Services Act* and the *Ambulances Services and Licenses Regulation*. This included an examination of processes to ensure ambulance service providers and ambulance attendants were appropriately licensed and ambulance vehicles met specified requirements.

Oil and Gas Legislation

Whether the Department of Science, Technology, Energy and Mines was managing oil and gas resources in Manitoba in compliance with *The Oil and Gas Act* and related regulations. This included an examination of permitting and licencing systems, monitoring and inspection activities, and systems to assess and collect taxes and royalties on oil and gas production in Manitoba.

Pharmacare Part II

Whether disbursements under the Pharmacare program were valid and accurate. This included an examination of processes to ensure eligibility, accurate calculation of deductibles, accurate claim processing, and pharmacy compliance with *The Prescription Drugs Cost Assistance Act*, *The Pharmaceutical Act*, associated regulations, and prescribed procedures and guidelines.

Employment Income Assistance Program

The processes that were in place to ensure that: only eligible applicants received income assistance; recipients were paid accurately; and recipients obtained timely access to needed employment enhancement and skills development activities.

Municipal Assessments

Whether the province has appropriate processes for ensuring fair and reliable property assessment practices under *The Municipal Assessment Act*.

Work that will be undertaken in 2008/09 is as follows:

Treaty Land Entitlement

This project will examine the processes in place to ensure adequate on-going progress to fulfill the Province's obligations under the Treaty Land Entitlement Framework Agreement.

Personal Care Homes

The audit will examine the processes in place to ensure a consistent and appropriate quality of care is delivered in a timely manner to individuals requiring admission to a Personal Care Home, as well as examining the financial and operational accountability framework for Personal Care Homes.

Grant Accountability

This project will focus on examining how departments have utilized the guidance in the Department of Finance's 2005 *Grant and Other Funding Accountability Guide*.

Review of Board Governance in the Public Sector

In 1998 we conducted a board governance survey of Manitoba crown corporations. In 2008, ten years after the initial survey, we will be undertaking another one in order to gain an understanding of what has changed in public sector board governance and the current board governance practices and challenges.

Trends in Public Sector Challenges

We will be conducting an analysis of key issues and recommendations from the past several years of our audit reports in order to identify recurring themes, as well as emerging cross-cutting issues/risks within the government reporting entity.

Society for Manitobans with Disabilities (SMD)

This audit will focus on determining whether provincial funding to SMD is being spent in a manner that is consistent with the Service Purchase Agreement between the Province and SMD.

MLA Constituency Allowance Claims

The Members' Allowance Regulation, made under The Legislative Assembly Act, outlines the various types of allowances to be paid to Members of the Legislative Assembly (MLAs). The audit will examine Member Allowance Claims to determine whether the claims paid to MLAs were in accordance with the Members' Allowances Regulation.

Ministerial and Senior Staff Expense Accounts

The majority of guidelines regarding the day-to-day financial management of the Province of Manitoba are contained in the General Manual of Administration (GMA). This audit will examine whether expense account claims paid to Ministers and senior staff of Departments were in accordance with the General Manual of Administration.

Follow-Up Report on Previously Issued Audit Recommendations

As a result of our audit work, we develop recommendations for management. To determine whether our recommendations have been implemented requires follow-up work.

Typically we follow-up on the status of recommendations we make in our performance audit reports and special audit reports within three years of issuing the recommendations and then annually until they are implemented.

We track the implementation status of our recommendations by requesting progress reports from the audited entities. We review the progress reports submitted by audited entities for plausibility and include them and our review comments in a report to the Legislative Assembly.

In 2006 we requested government organizations to update us on the status of implementing our recommendations issued up to 2003. We had hoped to issue our findings from this follow-up in 2007, but were unable to do so for two reasons. First, there was a substantial volume of recommendations (390) that required follow-up. Second, the follow-up process is labour intensive - typically, it is necessary for us to undertake supplementary steps to satisfy ourselves that management's assertions regarding progress are accurate. Consequently, the status reports provided by audited entities had, in some cases, become outdated. To provide MLA's with the most current picture possible, we have requested up to date information from government organizations. We plan to issue this follow-up report in early 2009.

To address the labour intensive demands of conducting follow-ups, in 2008/09 we will be exploring, in consultation with officials from the Department of Finance as well as the PAC, opportunities for streamlining the process using a risk-based approach to determine: the frequency of follow-ups, and the roles and responsibilities to be assumed by the PAC, central government, and our Office in monitoring the status of implementation of our audit recommendations.

Strategy No. 2: To provide fair and balanced audit conclusions.

Our Value-for-Money Auditing and Reporting Process

Essential to our ability to make fair and balanced audit conclusions is our understanding of the subject of our examination. Some of our audits involve complex subjects which may also be quite technical in nature. When necessary, we supplement our knowledge of business by obtaining external expertise some of which may be in the form of consultants.

To help ensure the completeness and accuracy of the work we undertake and the fairness of our reporting on it, staff from our Office maintain ongoing communication with senior management throughout the audit process. When we undertake a value-for-money audit, we provide the entity that we are auditing with an opportunity to advise us of areas of concern for inclusion in our audit and to give us feedback on proposed audit criteria. We discuss with senior management and staff potential audit issues as they arise. Prior to preparing an audit report we meet with senior management to discuss key findings, conclusions and recommendations. Moreover, senior management and any person named in our reports are given an opportunity to review our draft report and to submit written comments on our recommendations; these comments are considered for inclusion in our final report.

Prior to issuing a report, we are required by legislation to provide a copy of it to the Minister responsible for the program area that was audited as well as the Minister of Finance with a 14 day notice that we will be releasing the report. Final reports of the Office are submitted to the Speaker for tabling with the Legislative Assembly. Each report is automatically referred to the Standing Committee on Public Accounts.

Strategy No. 3: To provide proactive advice and maintain constructive relations with our client and audit entities.

Apart from undertaking audits, we believe that another important way for us to meet our objective of adding value is through timely advice that can assist and support government organizations to prevent problems from occurring. We undertake this role in a variety of ways. During 2007/08 for instance, we agreed to a request from the Department of Finance to participate in an advisory role on the Department of Finance's committee tasked with developing a risk management framework for government departments. We were also asked to provide feedback to Treasury Board Secretariat staff who are developing performance reporting principles and guidelines. As well, throughout the year, we responded to requests for advice on various issues from government organizations including: financial reporting, accountability, and board governance.

We also believe that taking active steps to foster constructive relations with our client and audit entities is essential to our ability to add value through our work. The Auditor General therefore holds regular meetings with our client (members of the Legislative Assembly) and monitors their proceedings in the House in order to stay current on matters of significance and risk.

Likewise, we strive to maintain open and transparent communication and audit processes. To the extent we can maintain positive relations, we increase the likelihood of government organizations being receptive to our findings, conclusions and recommendations. To that end, our audit processes are structured to provide the organization being audited with on-going communication and feedback throughout the process and we monitor our performance through post audit surveys.

4.0 How We Carry Out Our Work

This section briefly describes key aspects of how we operate in order to be able to generate independent assurance and advice pursuant to our mandate and to deliver the products identified in Section 3.0. In carrying out our work, we are guided by a set of operating principles as follows:

Operating Principles

Independence

We conduct our work in an objective and unbiased manner.

Balanced Perspective

We put forth well considered and fair conclusions based on analysis of all opinions and where appropriate, reporting on strengths as well as weaknesses.

Teamwork

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

Accountability

We are accountable for our individual contributions to the products and services provided by the Office.

Value-Added Work

We provide the Legislative Assembly with value-added reports.

Professional Conduct

In carrying out our work, we adhere to the Office values of: respect, honesty, integrity, and openness.

Professional Excellence

We maintain sound audit methodology and meet the professional standards and competency requirements of our Office.

Financial Stewardship

We use taxpayers' money efficiently and effectively.

Linking Our Objectives to Our Results

<i>Our Objective</i>	<i>Our Strategies</i>	<i>How we Monitor our Performance</i>
That we manage our internal business effectively.	<ul style="list-style-type: none"> Sustaining our professional capacity and being an employer of choice. 	<ul style="list-style-type: none"> Tracking the amount of time allocated to professional development and training. (Section 5.0). The employee satisfaction survey. (Section 5.0). Number of student accountants who pass the final exam for chartered accountants (Section 5.0) Our quality control process (which includes our Operating Principles) (Section 5.0).
	<ul style="list-style-type: none"> Implementing leading administrative practices suitable for a legislative audit office. 	<ul style="list-style-type: none"> On-going environmental scans of new/emerging government of Manitoba policies/practices (e.g. competency based hiring and staff performance evaluation; sustainable development), and through discussions with our colleagues in other jurisdictions and various professional associations in which we hold a membership.
	<ul style="list-style-type: none"> Exercising appropriate financial stewardship over the funding allocated to us by the Legislative Assembly Management Committee. 	<ul style="list-style-type: none"> Financial Accountability (Section 6.0).

Strategy No. 1: Sustaining our professional capacity and being an employer of choice.

Professional Standards

The Canadian Institute of Chartered Accountants (CICA) will be adopting International Standards on Auditing. These will come into effect in Canada for audits of financial statements with periods beginning on or after December 15, 2009.

As well, effective for periods beginning on or after January 1, 2011, financial statements of publicly accountable enterprises in Canada will have to follow International Financial Reporting Standards (IFRS). This will result in different sets of generally accepted accounting principles in Canada:

- the Public Sector Accounting Board standards for the public accounts;
- the IFRS for publicly accountable enterprises (includes government business enterprises and government business type organizations);
- Generally Accepted Accounting Principles (GAAP) for non-profit organizations;
- GAAP for pension plans; and
- a basis yet to be determined for profit enterprises that are not publicly accountable.

Over the coming years we will be preparing for the changing standards by determining how the changes in auditing standards are going to affect the way we conduct audits and the impact of the changes in financial reporting standards on the financial statements of the government organizations we audit. We will also be training our staff, and ensuring that our audit methodologies meet the requirements of the new standards.

Professional Development

Generally accepted auditing standards require that staff conducting audits have adequate technical training and proficiency in auditing. On an annual basis, staff are exposed to a wide variety of training opportunities some of which are provided in-house. In other cases, staff pursue individual training through seminars or short courses offered through external sources. We also invite guest speakers throughout the year to provide presentations on topics that help to maintain the knowledge of our staff about emerging issues within government organizations.

We also support individual staff members in the pursuit of specialist audit training applicable to the legislative audit environment including designations in the following:

- Information Technologist Audit Specialist;
- Certified Fraud Examiner/Investigative and Forensic Accountant; and
- Certified Internal Auditor.

Our Designation as an Articling Office

The Office is approved by the Institute of Chartered Accountants of Manitoba as a training office and supports articling students in their pursuit of the Chartered Accountant (CA) designation. In 2007/08, we hired 3 full-time articling students.

Competency Model

Competencies are those characteristics and behaviours that underlie performance on the job. Our Office's Competency Model is primarily based on the model developed by the Civil Service Commission of Manitoba with some adaptations to suit our context. We have seven areas for which we have developed the expected competencies that our staff must meet:

- Leadership,
- Professional/Technical,
- Reasoning/Judgment,
- Managing for Results,
- Communicating Ideas, Findings, and Conclusions,
- Relationship Building, and
- Personal Effectiveness.

In 2007/08 we piloted a competency self-assessment process after which all audit staff undertook a competency self-assessment followed by the preparation of their individual learning plans.

CCOLA

The Office is a member of the Canadian Council of Legislative Auditors (CCOLA), which consists of the Auditors General from each jurisdiction across Canada. We meet twice a year to discuss emerging issues and share practices in carrying out our mandate as legislative auditors. CCOLA has established several working committees. Our staff are represented on these committees. Participation on CCOLA and its committees is of collective benefit to the legislative audit community by giving us access to each others' knowledge, information, and expertise. The CCOLA committees that we participated on in 2007/08 are:

- The Strategic Issues Group;
- The Human Resources Management Group;
- Health Study Group;
- The Quality Assurance Committee;
- The Performance Reporting and Auditing Group;
- The Information Technology Committee; and
- The Governance Study Group.

Strategy No. 2: Implementing leading administrative practices suitable for a Legislative Audit office.

Office Support Functions

The Office's administrative services provide a wide range of functions to help us carry out our mandate including:

- in-house preparation of our reports to go to print;
- providing our staff with computer services, including co-ordination of our website upgrades;
- safeguarding our Office assets including information security;
- updating when necessary our Office policies and procedures;
- preparing our annual budget, financial statements, monthly statements with variance explanations and other comptrollership responsibilities; and
- providing human resource management support.

Sustainable Development

In the spring of 2000, the Government of Manitoba committed to implementing sustainable development guidelines for operations of all departments, entities and related corporations. Our Office established a Sustainable Development Committee to review the guidelines and prepare an action plan. We submitted the action plan to Government Services in September 2002 and effective April 1, 2003 our Office began working toward the achievement of the action plan.

On an on-going basis, we contribute to sustainable development through the following initiatives:

- shredding and recycling of paper products;
- using recycled paper;
- reducing the number of paper copies of our audit reports by issuing CDs of our reports and making them available on our website (which was updated in 2007/08 to make it more user friendly);
- including environmentally friendly technology criteria in the Request for Proposal for the lease of all new office machines;
- using an electronic auditing software program in part to help reduce paper and printer usage;
- promoting the acceptance of sustainable development principles in government departments and agencies through the performance of compliance and environmental audits; and
- conducting audits and reviews of sustainable development activities undertaken by government organizations.

Strategy No. 3: Exercising appropriate financial stewardship over the funding allocated to us by the Legislative Assembly Management Committee.

We support adherence to professional accounting standards, and transparency, as well as fair and accurate representation in public sector budgeting and financial reporting. **Section 6.0** presents our Financial Accountability which provides explanations to the accompanying audited financial statement for our Office.

We are always searching for new ways to be more efficient and effective in carrying out our work. During 2007/08 we reduced the number of printed reports for each audit and instead made the reports available on in-house generated CDs. This practice has resulted in significant reductions in report production costs. In 2008/09 we will begin to print certain reports in-house to further augment our cost savings.

5.0 Our Performance

MLA Survey

In 2007/08 the Auditor General held informal one-on-one meetings with MLAs to brief them on the work of our Office and to engage them in discussion around their perspectives on audit priorities and how they perceive the work of our Office. A more formal process of obtaining feedback will be undertaken over the next 18 months. The process will include as a first step re-assessing our MLA questionnaire to ensure that the questions provide us with feedback that relates to our vision, objectives and strategies.

Post Audit Survey

At the conclusion of our financial statement audits, we issue a survey to the audit committee and senior management to provide feedback on our performance and provide us with suggestions for improvement. As part of the survey, we ask the client to provide us with an overall assessment of whether they were satisfied with the delivery of our services, the skills and knowledge of the audit team, value added to their organization and our performance. The assessment is done using a numerical scale with "1" being very poor, "3" average, and "5" excellent.

During 2007/08, we sent our 27 surveys and received 20 completed responses (75% response rate). The average overall client assessment of our Office was approximately "4". This indicates that the clients believe we are better than average in the provision of financial statement audit services, but we recognize there is always room for improvement.

Quality Control

As legislative auditors, we must exercise significant professional judgment in carrying out our work and reporting our findings and opinions. For this reason, we have in place a quality control process designed to provide us with reasonable assurance that:

- we are complying with professional standards, regulatory and legal requirement and internal policies; and
- the opinions and reports issued are appropriate in the circumstances.

Key elements of our quality control system include maintaining:

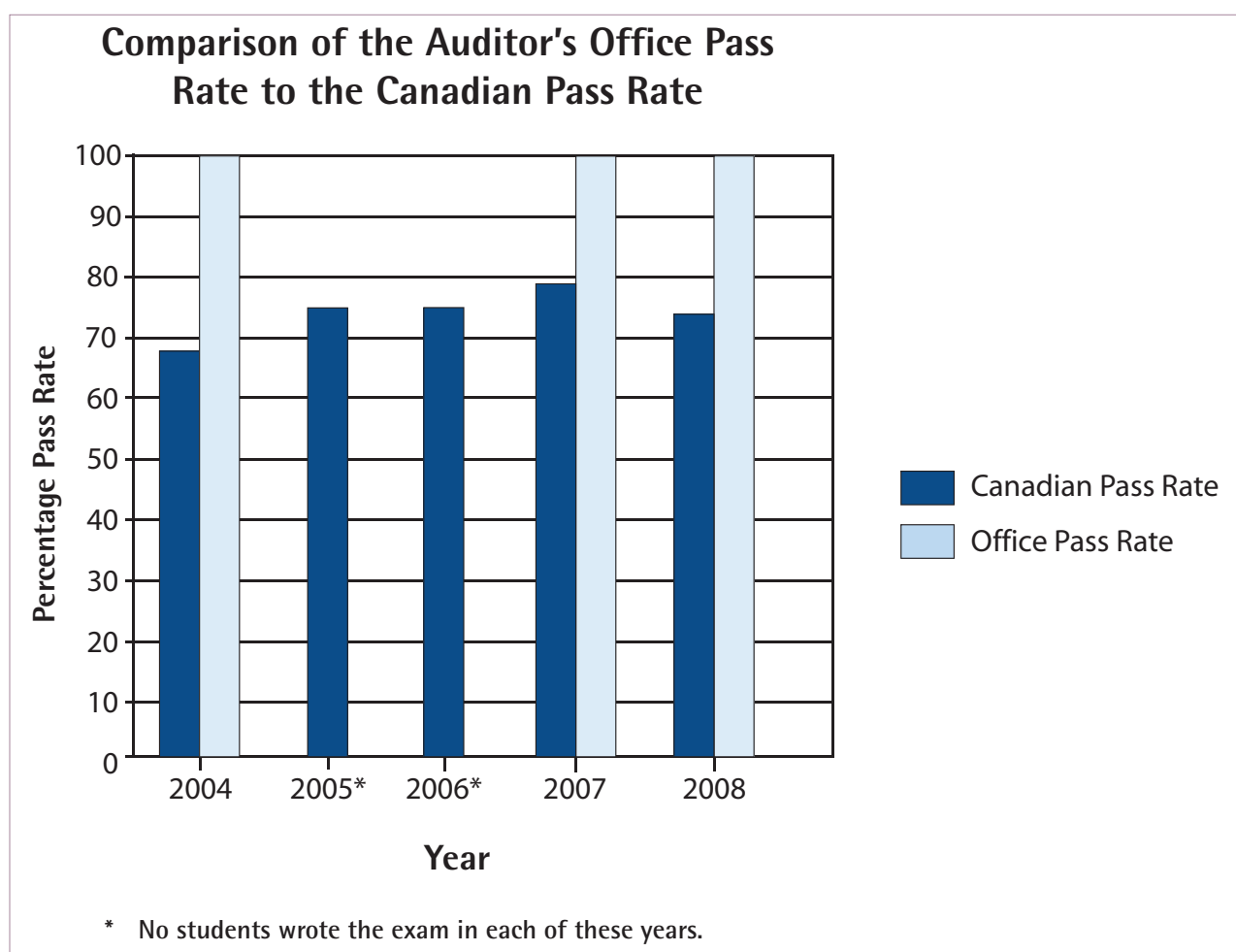
- qualified staff;
- adequate supervision and review throughout the audit process;
- an internal challenge process to ensure that our work is fair, balanced, meets professional standards, and produces appropriate audit reports and practical recommendations; and
- an independent quality review of files and reports for all assurance service areas in our office.

The Institute of Chartered Accountants of Manitoba (ICAM) routinely conducts inspections of audit firms involved in the practice of public accounting as defined in the General Provisions of the ICAM By-laws. Although we are not an audit firm and as such are not required to undergo an inspection, we voluntarily participate in this process. In April 2006, ICAM conducted an inspection of the Office's financial statement auditing practice and concluded that we are operating in a manner consistent with professional standards. The next inspection is scheduled for 2009. As well, we participate in peer reviews facilitated by the Canadian Conference of Legislative Audit Offices (CCOLA). We expect to have a peer review in 2008/09 for financial statement audits and in 2009/10 for value-for-money audits.

Exam Pass Rates for Student Accountants

We are a training office for students who want to become professional accountants. One of our measures of success is the number of employees who pass the uniform final examinations (UFE) to become Chartered Accountants. The table below shows that the pass rate for our student accountants exceeds the national pass rate in each year that we had students writing the exam.

Figure 1



Professional Development and Training

Time and expenditures spent on professional development and training are depicted in the graphs below.

Figure 2

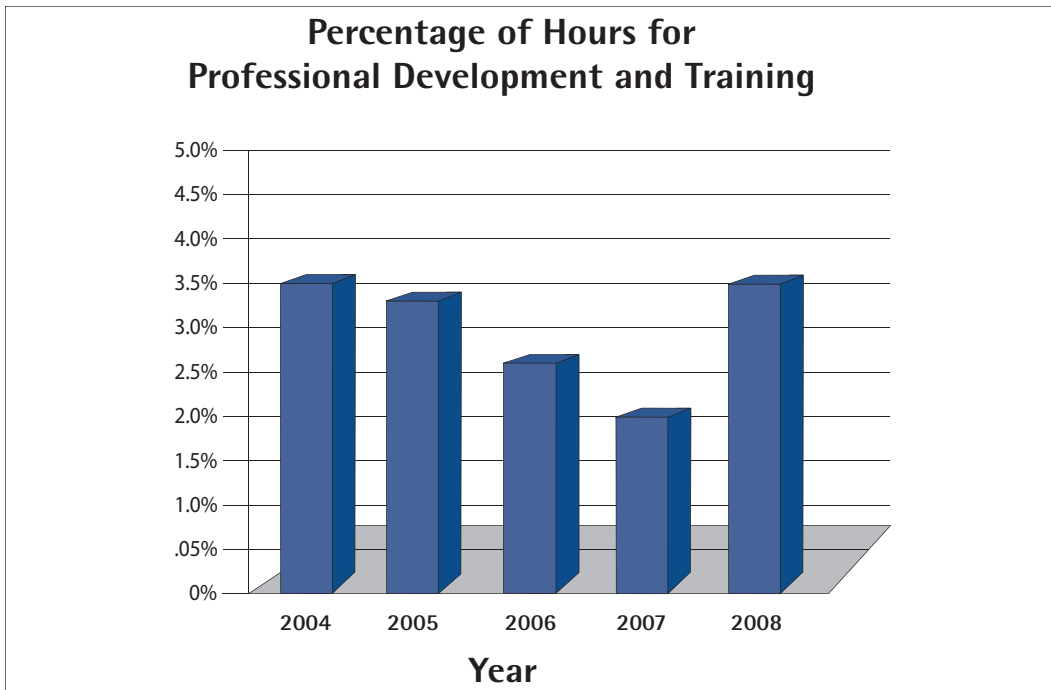
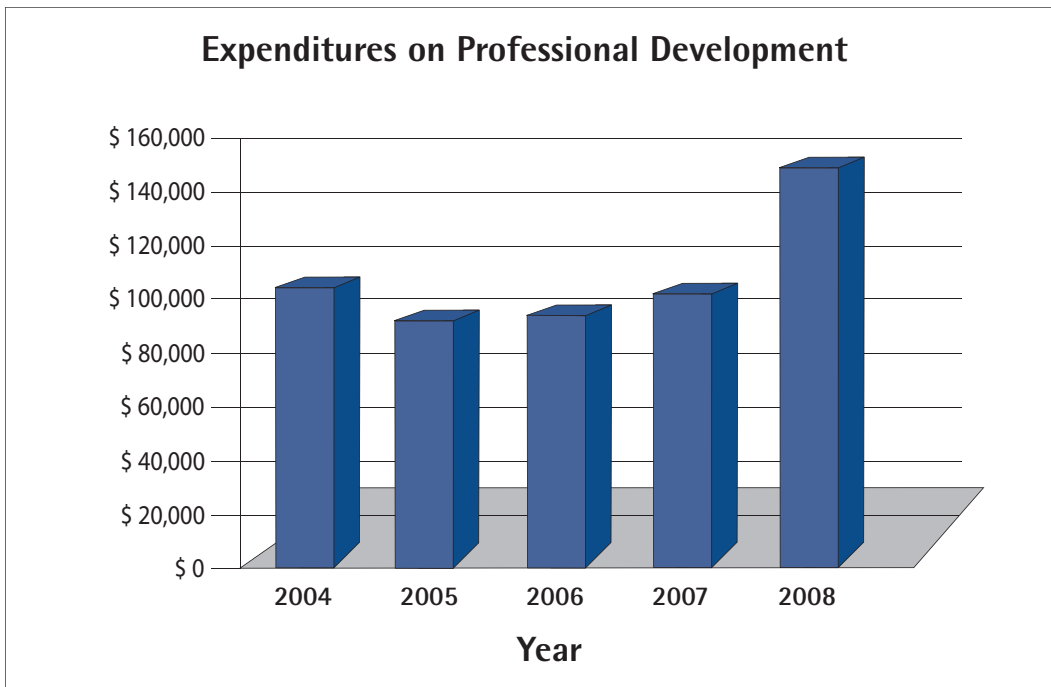


Figure 3



The nature of the professional development and training provided to staff varies from year to year. In 2007/08, a significant investment was made to provide audit staff with the opportunity to attend courses developed by CCAF-FCVI Inc. in value-for-money auditing techniques.

Employee Survey

In 2007/08 we undertook a staff survey which indicated that 90% of respondents were satisfied to be working in our Office. The employee survey informed us that 100% of respondents are committed to performing quality work; 94% feel that the Office of the Auditor General treats them with respect and dignity; and 95% feel that the Office allows for a good work-life balance.

6.0 Financial Accountability

This section provides an analysis of our expenditures and explanations of any significant variances from the previous year's expenditures.

The audited financial statements for the Office are presented at the end of this section.

Our Budget Process

As per Section 27(3) of The Auditor General Act, the Office receives funding from the Legislative Assembly appropriations. The Auditor General annually presents to the Legislative Assembly Management Committee (LAMC) an estimate of the amount of money that will be required for the purpose of conducting the work of the Office for the forthcoming year.

The Office maintains a bank account from which its operating expenses are paid. Advances are provided by the Province up to the amounts approved by LAMC.

Note 6 to the financial statements summarizes the approved funding for the past two years. In both years, the Office managed within its allocated funding and returned unexpended balances to the Consolidated Fund in accordance with Section 27(4) of *The Auditor General Act*.

Year's Operations

In 2007/08, operations differed from the previous year due to the following:

- Audit fee revenue increased to reflect the impact of additional procedures required as a result of recently amended Canadian Institute of Chartered Accountants professional standards. This increase was also reflected in the increased allocation of total audit hours to financial statement audits.
- Salaries decreased due mainly to staff positions which remained vacant throughout 2007/08. Part of this was offset by the cost of living adjustment of 2.5%.
- The increase in information technology costs is related to the replacement of computer equipment which takes place on a scheduled basis.

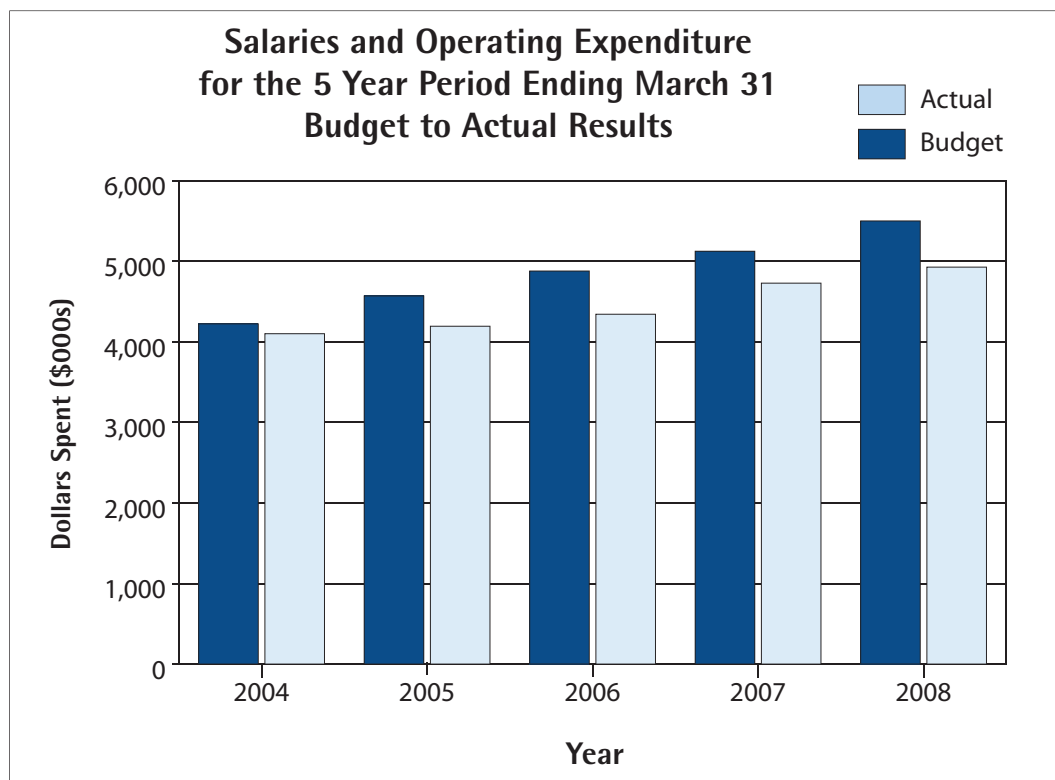
The legal fees paid in 2007/08 totaled \$45,433.28. This compares to \$108,593.50 for 2006/07 and \$73,504.09 for 2005/06. The legal fees for 2007/08 include:

- Approximately \$7,500 paid to Thompson Dorfman Sweatman LLP who provide general legal advice to the Office of the Auditor General (\$13,000 in 2006/07).
- Approximately \$25,000 to Duboff, Edwards, Haight & Schacter who are representing the former Auditor General, the former Deputy Auditor General and the Office of the Auditor General in defense of a "Notice of Application" following the OAG's issuance of An Examination of the Crocus Investment Fund (\$50,000 in 2006/07).
- Approximately \$13,000 to Aikins MacAulay & Thorvaldson LLP, primarily for work on behalf of the former Auditor General in defense of an outstanding claim regarding audit work conducted in 1996/97 in conjunction with the Manitoba Telecom Services pension plan. Subsequent to the 2006/07 year end, the claims against the former Auditor General were dismissed (\$40,000 in 2006/07).

Salaries and Operating Expenditures

The following chart reflects the budget to actual expenditures of the Office over the past five years. The slight increase in expenditures mainly reflects inflation and contractual salary adjustments. In 2007/08 we had approval for 53 full time equivalent staff.

Figure 4



Management's Responsibility for Financial Statements

The accompanying financial statements of the Office of the Auditor General for the year ended March 31, 2008 are the responsibility of management of the Office. Management has prepared the financial statements to comply with The Auditor General Act and with generally accepted accounting principles in Canada. The financial information presented elsewhere in this annual report is consistent with that in the financial statements.

To ensure the integrity and objectivity of the financial data, management maintains a comprehensive system of internal controls including an organizational structure that effectively segregates duties. These controls provide reasonable assurance that transactions are appropriately authorized, assets are adequately safeguarded and financial information is reliable and accurate.

The financial statements have been audited by the firm of Frostiak & Leslie, Chartered Accountants Inc. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the financial statements, is attached.

**Original document signed by:
Carol Bellringer**

Carol Bellringer, FCA, MBA
Auditor General
May 16, 2008

Auditor's Report

FROSTIAK & LESLIE

Chartered Accountants Inc.

www.cafinancialgroup.com



Larry H. Frostiak, FCA, CFP, TEP Kenneth T. Leslie, CA Myles L. Pouteau, CA, TEP, CAFA Angela D. Zarn, CA, CAFA

INDEPENDENT AUDITORS' REPORT

TO THE LEGISLATIVE ASSEMBLY OF MANITOBA

We have audited the balance sheet of the Office of the Auditor General of Manitoba as at March 31, 2008 and the statements of operations and net assets available and cash flows for the year then ended. These financial statements are the responsibility of the Office of the Auditor General. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the Auditor General as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
May 16, 2008

Chartered Accountants Inc.

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Financial Statements and Notes

Balance Sheet as at March 31, 2008 (000s)


OFFICE OF THE AUDITOR GENERAL OF MANITOBA BALANCE SHEET

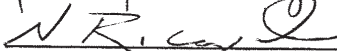
As at March 31, 2008, with comparative figures for 2007 (000's)

	2008	2007
ASSETS		
Current assets		
Cash	\$ 12	\$ 17
Accounts receivable	100	135
Short term funding commitments - Province of Manitoba	368	353
Prepaid expenses	298	17
Work-in-process - audit fees	<u>145</u>	<u>174</u>
	923	696
Long term funding commitments - Province of Manitoba (Note 3 & 7)	10,958	10,402
Capital assets (Note 4)	230	147
	<u>\$ 12,111</u>	<u>\$ 11,245</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 116	\$ 99
Accrued liabilities	16	10
Accrued vacation pay	368	353
Current portion of lease obligations (Note 5)	<u>-</u>	<u>42</u>
	500	504
Provision for employee severance benefits (Note 7)	458	462
Provision for employee pension benefits (Note 7)	<u>10,501</u>	<u>9,939</u>
	11,459	10,905
Net assets available	652	340
	<u>\$ 12,111</u>	<u>\$ 11,245</u>

See accompanying notes to financial statements.

Approved by the Office of the Auditor General of Manitoba:

 Auditor General

 Executive Director, Strategic Initiatives

Financial Statements and Notes

Statement of Operations and Net Assets Available
as at March 31, 2008
(000s)

OFFICE OF THE AUDITOR GENERAL OF MANITOBA
STATEMENT OF OPERATIONS AND NET ASSETS AVAILABLE

Year ended March 31, 2008, with comparative figures for 2007 (000's)

	2008	2007
Revenue		
Province of Manitoba - net funding (Notes 3 & 6)	\$ 5,387	\$ 5,222
Audit fees	<u>796</u>	<u>692</u>
	6,183	5,914
Expenses		
Salaries	2,883	3,080
Pension and other benefits	1,339	1,348
Professional fees	748	794
Office administration	202	206
Office rent	167	167
Information technology	163	116
Professional development	149	102
Memberships and publications	67	50
Printing	33	39
Travel	14	7
Interest and bank charges	<u>2</u>	<u>4</u>
	5,767	5,913
Excess of revenue over expenses before undernoted	416	1
Amortization of capital assets	<u>(104)</u>	<u>(106)</u>
Excess of revenue over expenses	312	(105)
Net assets available, beginning of year	340	445
Net assets available, end of year	\$ 652	\$ 340

See accompanying notes to financial statements.

Financial Statements and Notes

Statement of Cash Flows
as at March 31, 2008

OFFICE OF THE AUDITOR GENERAL OF MANITOBA
STATEMENT OF CASH FLOWS

Year ended March 31, 2008, with comparative figures for 2007 (000's)

	2008	2007
Operating activities		
Excess of revenue over expenses	\$ 312	\$ (105)
Items not involving a current outlay of cash		
Amortization	<u>104</u>	<u>106</u>
	416	1
Net change in working capital balances		
Accounts receivable	35	(119)
Short term funding commitment - Province of Manitoba	(15)	81
Prepaid expenses	(281)	132
Work-in-process - audit fees	29	(2)
Accrued vacation pay	15	(81)
Accrued liabilities	23	19
Long term funding commitment	(556)	(458)
Provision for employee severance	(4)	(121)
Provision for employee pension	<u>561</u>	<u>583</u>
	<u>223</u>	<u>35</u>
Investing activities		
Purchases of capital assets	<u>(186)</u>	<u>(24)</u>
Financing activities		
Repayments of capital lease obligation	<u>(42)</u>	<u>(51)</u>
Net Decrease in cash	(5)	(40)
Cash, beginning of year	17	57
Cash, end of year (Note 8)	<u>\$ 12</u>	<u>\$ 17</u>

See accompanying notes to financial statements.

Financial Statements and Notes

Notes to Financial Statements as at March 31, 2008

OFFICE OF THE AUDITOR GENERAL OF MANITOBA NOTES TO FINANCIAL STATEMENTS

March 31, 2008 (000's)

1. NATURE OF OPERATIONS AND ECONOMIC DEPENDENCE

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

All of the funding for the operations of the Office is approved by the Legislative Assembly Management Commission and is included in the Government's estimates which are voted through the Appropriation Act by the Legislative Assembly. Accordingly, the Office is economically dependent on the Province of Manitoba.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

a) Revenue from the Province of Manitoba

In accordance with Section 27(3) of The Auditor General's Act, the costs of carrying on the business of the Office shall be paid from the Consolidated Fund of the Province of Manitoba. As a result, funding from the Consolidated Fund to cover the costs of the Office is reflected as revenue. Revenue also includes increases in future funding commitments from the Province of Manitoba for the Office's share of provisions recorded for unfunded pension benefits, and accrued severance benefits and increases to the accrued vacation payable. Revenue from the Province of Manitoba is reduced by the amount of audit fees and other recoveries collected by the Office which have been deposited to the Consolidated Fund (Note 6).

b) Revenue from audit fees

The Office is the financial statement auditor for a number of government entities that account for their financial activities outside of the Consolidated Fund. The Office charges a fee for this service. Audit fee revenue is recognized on the basis of the percentage of work completed. The amount reflected as work in process is valued at its estimated billable amount.

c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incident to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

d) Vacation Pay

The value of employee vacation entitlements earned but not taken at the year end is recorded as a liability.

Financial Statements and Notes

Notes to Financial Statements as at March 31, 2008

OFFICE OF THE AUDITOR GENERAL OF MANITOBA NOTES TO FINANCIAL STATEMENTS

March 31, 2008 (000's)

e) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. The more subjective of these are estimating the pension obligation and severance liability. Actual results could differ from those estimates.

f) Amortization

Capital assets are stated at cost. Capital assets are amortized using the straight line basis over the estimated useful life of the capital assets as follows:

Computer software licenses	the life of the license over 1 year
Computer hardware, software and computer equipment under capital lease	3 years
Furniture and fixtures	10 years

3. LONG-TERM FUNDING COMMITMENTS - PROVINCE OF MANITOBA

The long-term funding commitments from the Province of Manitoba represent the pension and severance benefits earned by the employees of the Office. The amount of this funding commitment is equal to the provisions recorded for the employees' severance and pension benefits.

The long-term funding commitment is increased every year by the amount of benefits earned by the employees of the Office and decreased by an amount equal to the value of pension benefits paid and processed through the Consolidated Fund on the Office's behalf, and by the value of severance benefits paid by the Office.

4. CAPITAL ASSETS

	2008		2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware and software	\$ 767	\$ 598	\$ 605	\$ 562
Computer equipment under capital lease	292	292	292	268
Furniture and fixtures	237	176	233	153
	<u>\$ 1,296</u>	<u>\$ 1,066</u>	<u>\$ 1,130</u>	<u>\$ 983</u>
Net book value	<u>\$ 230</u>		<u>\$ 147</u>	

Financial Statements and Notes

Notes to Financial Statements
as at March 31, 2008

OFFICE OF THE AUDITOR GENERAL OF MANITOBA
NOTES TO FINANCIAL STATEMENTS

March 31, 2008 (000's)

5. CAPITAL LEASE OBLIGATIONS

	<u>2008</u>	<u>2007</u>
Capital lease - bears interest at 4.16%, with a monthly payment of principal and interest of \$4.2, expiring January 1, 2008	-	43
Less: Lease interest	-	<u>1</u>
	-	42
Less: Current portion of principal payments	-	<u>42</u>
	<u>\$ -</u>	<u>\$ -</u>

Financial Statements and Notes
Notes to Financial Statements
as at March 31, 2008

OFFICE OF THE AUDITOR GENERAL OF MANITOBA
NOTES TO FINANCIAL STATEMENTS

March 31, 2008 (000's)

6. REVENUE - PROVINCE OF MANITOBA

Net funding from the Consolidated Fund which is reflected as revenue is comprised of the following amounts:

	<u>2008</u>	<u>2007</u>
Funding from the Legislative Assembly appropriations:		
Salaries	\$ 3,204	\$ 3,415
Operating expenses	<u>1,638</u>	<u>1,241</u>
	<u>4,842</u>	<u>4,656</u>
Increase in future funding commitments from the Province of Manitoba:		
Employee pension benefits	946	940
Severance pay	50	61
Vacation pay	<u>-</u>	<u>9</u>
	996	1,010
Less : Audit fees and other recoveries	<u>(451)</u>	<u>(444)</u>
	<u>545</u>	<u>566</u>
Revenue from the Province of Manitoba	<u>\$ 5,387</u>	<u>\$ 5,222</u>

Funding from the Legislative Assembly for the operations of the Office was originally approved in the annual estimates of the Government as follows:

	<u>2008</u>	<u>2007</u>
Salaries	\$ 3,662	\$ 4,115
Other	<u>1,798</u>	<u>1,027</u>
Approved estimates	<u>\$ 5,460</u>	<u>\$ 5,142</u>
Payments processed, as above	\$ 4,842	\$ 4,656
Receivable from the Province of Manitoba out of appropriations	(24)	-
Severance payments paid from the Consolidated Fund	55	182
Vacation payments	<u>56</u>	<u>91</u>
	<u>\$ 4,929</u>	<u>\$ 4,929</u>
Unexpended balance	<u>\$ 531</u>	<u>\$ 213</u>

Financial Statements and Notes

Notes to Financial Statements as at March 31, 2008

OFFICE OF THE AUDITOR GENERAL OF MANITOBA NOTES TO FINANCIAL STATEMENTS

March 31, 2008 (000's)

7. PENSION OBLIGATION AND SEVERANCE LIABILITY

Pension obligation

Employees of the Office participate as members of the Civil Service Superannuation Plan, a defined benefit pension plan.

The Office's portion of the pension benefits paid to retired employees is processed through central appropriations of the Government and is reflected in the Office's financial statements as both revenue and expenditure transactions. A provision is recorded at the year end to reflect the pension benefits earned by the Office's employees. The value of these earned benefits is determined based on the Office's pro-rata share of the most recent actuarial valuation of unfunded pension liabilities estimated for the Civil Service Superannuation Plan.

Severance liability

Provision has been made for employee severance entitlements based on one week of salary for each year of service up to a maximum of fifteen weeks. In addition to this severance, employees who retire in accordance with the provisions of The Civil Service Superannuation Act will also be eligible for severance pay:

- a) Employees with 20 or more years of accumulated service, an additional 2 weeks of pay;
- b) Employees with 25 or more years of accumulated service, an additional 2 weeks of pay plus the amount in a) above;
- c) Employees with 30 or more years of accumulated service, an additional 2 weeks of pay plus the amounts in a) and b) above;
- d) Employees with 35 or more years of accumulated service, an additional 2 weeks of pay plus the amounts in a) and b) and c) above.

The provision includes accumulated benefits for all employees and includes a probability rate provided by the Province of Manitoba.

Actuarial valuation

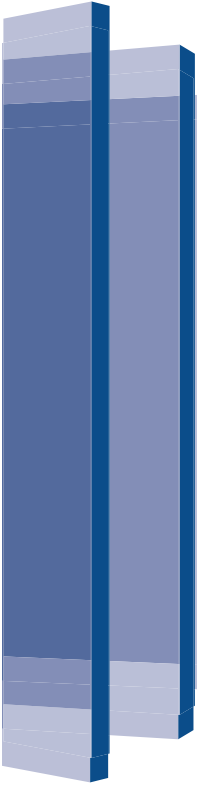
The most recent actuarial valuation report on the pension obligation and severance liability of the Office was prepared as at December 31, 2004. The next actuarial report will be dated December 31, 2007, but will not be released until the fall of 2008.

8. STATEMENT OF CASH FLOWS

Interest and bank charges included in the statement of cash flows that were paid during year are \$2 (2007 - \$4).

9. COMMITMENT

The Office's office premises are part of a lease between Transportation and Infrastructure and the owner of 330 Portage Avenue, Winnipeg, Manitoba. Our portion of the minimum annual lease payments is approximately \$166 which includes annual adjustments for occupancy costs. The lease expires August 31, 2009.



Appendices

Appendix A The Auditor General Act

The Auditor General Act

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C.C.S.M. c. A180

The Auditor General Act

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(Assented to July 6, 2001)

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

PART 1

DEFINITIONS

Definitions

1 In this Act,

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

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

"government organization" means a department, government agency or fund 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

The Auditor General Act

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(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 »)

PART 2

AUDITOR GENERAL

Appointing the Auditor General

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

Role respecting government policy objectives

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

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

Appointment process

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

- (a) the office of Auditor General is vacant;
- (b) the term of the Auditor General in office will expire within 12 months; or
- (c) the Auditor General has resigned and the resignation takes effect within 12 months.

Recommendations of committee

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

Meetings of committee

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

No other public office

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

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

Term

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

Salary

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

No reduction in salary

Appendix A (cont'd) **The Auditor General Act**

The Auditor General Act

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

Civil Service Superannuation Act applies

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

Civil Service Act does not apply

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

Suspension or removal

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

Suspension if Assembly not sitting

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

Deputy Provincial Auditor General

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

Duties

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

Salary in certain cases

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

No other public office

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

PART 3

RESPONSIBILITIES OF THE AUDITOR GENERAL

AUDIT OF ACCOUNTS AND FINANCIAL STATEMENTS

Audit of government accounts

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

Audit of other public money

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

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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

Appendix A (cont'd) The Auditor General Act

The Auditor General Act

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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;

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

Report to ministers

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

Report to officials

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

Report to Assembly

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

AUDIT OF RECIPIENT OF PUBLIC MONEY

Audit of recipient of public money

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

No obstruction

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

Offence

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

Reliance on report of other auditor

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

SPECIAL AUDIT ON REQUEST

Special audit on request

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

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.

Appendix A (cont'd) **The Auditor General Act**

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Report submitted to the Assembly

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

JOINT AUDIT

Joint audit

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

PART 4

POWERS OF THE AUDITOR GENERAL

Access to records

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

Access to information

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

- (a) any person in the public service or formerly in the public service;
- (b) any current or former director, officer, employee or agent of a government organization or of a recipient of public money; or
- (c) any other person, organization or other body that the Auditor General believes on reasonable grounds may have information relevant to an examination or audit under this Act.

No access to Cabinet confidences

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

Part V of Evidence Act powers

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

Staff in government organizations

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

Security requirements

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

PART 5

GENERAL PROVISIONS

STAFF AND OFFICE OF THE AUDITOR GENERAL

Staff appointed under Civil Service Act

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

Civil Service Superannuation Act applies

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

Office of the Auditor General

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

- (a) establish office policies and procedures consistent with practices followed by the government;
- (b) charge fees for services provided by the office on a basis approved by the Lieutenant Governor in Council;
- (c) delegate to any person employed under the Auditor General any responsibility or power that the Auditor General has under this Act, other than the responsibility to report to the Assembly;
- (d) maintain an independent bank account; and
- (e) contract for professional services.

CONFIDENTIALITY

Confidentiality

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

Exception

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

Working papers confidential

25 The working papers relating to an examination or audit by the Auditor General or a person employed under the Auditor General are confidential and must not 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

Appendix A (cont'd) **The Auditor General Act**

The Auditor General Act

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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

The Auditor General Act

Appendix A (cont'd)

The Auditor General Act

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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 was proclaimed in force May 1, 2002.

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Appendix B Listing of Audit Entities

Financial Statement Audits Conducted by the Auditor General's Office

Public Accounts

Summary Financial Statements
Consolidated Fund (Operating Fund and other Special Funds)
Fiscal Stabilization Fund
Debt Retirement Fund
Amounts Paid to MLAs

Crown Organizations

Board of Administration under The Embalmers and Funeral Directors Act
Cooperative Loans and Loans Guarantee Board
Cooperative Promotion Board
Council on Post Secondary Education
Helen Betty Osborne Foundation
Horse Racing Commission
Legal Aid Services Society of Manitoba
Manitoba Agricultural Credit Corporation
Manitoba Gaming Control Commission
Manitoba Health Services Insurance Plan
Manitoba Hospital Capital Financing Authority
Manitoba Trade and Investment Corporation
Public Schools Finance Board
Special Operating Agencies Financing Authority
University College of the North
University of Manitoba (and subsidiaries)

Special Operating Agencies

Public Trustee

Other

Canada-Manitoba Agreement on the Transfer of Federal Gas Tax Revenues
Civil Service Superannuation Fund
Estates and Trusts under Administration by the Public Trustee
Labour Market Development Agreement

Listing of Audit Entities

Manitoba Home Care Employees' Benefits Trust Fund
Public Sector Compensation Disclosure Statement
Public Service Group Insurance Fund
Teachers' Retirement Allowances Fund
University of Manitoba Pension Plans
Winnipeg Child and Family Services Employee Benefits and Retirement Plan

Financial Statement Audits Conducted by the Auditor General's Office Under an Agency Agreement with a Private Sector Accounting Firm

Public Accounts

Northern Affairs Fund

Crown Organizations

Brandon University (and subsidiaries)
Centre culturel franco-manitobain
Economic Innovation and Technology Council
Manitoba Centennial Centre Corporation
Manitoba Habitat Heritage Corporation
Manitoba Housing and Renewal Corporation
Manitoba Water Services Board
University of Winnipeg (and subsidiaries)

Government Enterprises

Leaf Rapids Town Properties Ltd.

Special Operating Agencies

Manitoba Text Book Bureau
Organization and Staff Development

Other

Brandon University Retirement Plan
University of Winnipeg Pension Plan

Appendix B (cont'd) Listing of Audit Entities

Financial Statement Audits Conducted by Private Sector Accounting Firms With Overviews Performed by the Office of the Auditor General

Crown Organizations

Addictions Foundation of Manitoba
Assiniboine Community College
Cancer Care Manitoba
Child and Family Services of Central Manitoba
Child and Family Services of Western Manitoba
Collège universitaire de Saint-Boniface
Communities Economic Development Fund
Crown Corporations Council
Diagnostic Services of Manitoba Inc.
First Nations of Northern Manitoba Child & Family Services Authority
First Nations of Southern Manitoba Child & Family Services Authority
General Child and Family Services Authority
Insurance Council of Manitoba
Manitoba Adolescent Treatment Centre Inc.
Manitoba Arts Council
Manitoba Boxing Commission
Manitoba Community Services Council Inc.
Manitoba Development Corporation
Manitoba Film and Sound Recording Development Corporation
Manitoba Floodway Authority
Manitoba Health Research Council
Manitoba Opportunities Fund Ltd.
Métis Child and Family Services Authority
Red River College
Regional Health Authorities:
 Assiniboine Regional Health Authority Inc.
 Brandon Regional Health Authority Inc.
 Burntwood Regional Health Authority Inc.
 Churchill Regional Health Authority Inc.
 Interlake Regional Health Authority Inc.
 Nor-Man Regional Health Authority Inc.
 North Eastman Health Authority Inc.
 Parkland Regional Health Authority Inc.
 Regional Health Authority – Central Manitoba Inc.
 South Eastman Health/Sante Sud-Est Inc.
 Winnipeg Regional Health Authority Inc.

Listing of Audit Entities

Rehabilitation Centre for Children Inc.
Sport Manitoba Inc.
Tire Stewardship Board
Travel Manitoba

Government Enterprises

Manitoba Hazardous Waste Management Corporation
Manitoba Hydro-Electric Board
Manitoba Liquor Control Commission
Manitoba Lotteries Corporation
Manitoba Product Stewardship Corporation
Manitoba Public Insurance Corporation
Venture Manitoba Tours Ltd.
Workers Compensation Board of Manitoba

Special Operating Agencies

Civil Legal Services Agency
Companies Office
Fleet Vehicles Agency
Food Development Centre
Industrial Technology Centre
Land Management Services
Manitoba Education Research and Learning Information Networks
(MERLIN)
Manitoba Securities Commission
Materials Distribution Agency
Office of the Fire Commissioner
Pineland Forest Nursery
Property Registry
Vital Statistics Agency

Appendix C Listing of Selected Auditor General's Reports by Subject Area

Many of our reports identify sources of good management practices and advice that departments, agencies, crowns and other public sector bodies can draw on. As such, many of our reports have wider relevance for the public sector. These reports can be accessed through our website at www.oag.mb.ca.

Financial Stewardship

- Annual Audit of the Public Accounts
- A Study of Investment Disclosure Practices – Risk Capital Funds (Spring 1998)
- Revenue System Review (March 2001)
- Agassiz School Division (Special Audit, March 2001)
- Investigation of the Rural Municipality of St. Clements and Review of Municipal Financial Accounting and Reporting Standards in Manitoba (Special Audit, September 2002)
- Student Financial Assistance Program (September 2002)
- Northern Manitoba Community Councils' Financial Reporting Standards (March 2004)
- University of Winnipeg Financial Review (March 2004)
- Review of Municipal Financial Accounting and Reporting Standards in Manitoba (March 2004)
- A Review of School Division Financial Accounting and Reporting (December 2005)
- Infrastructure Tangible Capital Assets Audit Report (December 2005)
- The Use of Derivative Financial Instruments in the Province of Manitoba (December 2005)

Listing of Selected Auditor General's Reports by Subject Area

Appendix C (cont'd)

Service Delivery

- Canada-Manitoba Communications Agreement (Spring 1998)
- Urban Shared Services Corporation, Implementation of Shared Food Services (June 2000)
- Investigation of an Adult Learning Centre in Morris-Macdonald School Division (Special Audit, September 2001)
- Public Housing (December 2002)
- A Review of the Student Records Section of the Professional Certification and Student Records Unit (March 2004)
- Investigation of the Maintenance Branch of the Manitoba Housing Authority (Special Audit, November 2004)
- Pharmacare Program (April 2006)
- Workplace Safety and Health (February 2007)
- Property Transactions in the Seven Oaks School Division (Special Audit, August 2007)
- Rural Municipality of La Broquerie (Special Audit, March 2008)

Accountability

- Accountability Framework for Departments (September 1996)
- Public Schools Program Accountability Framework (September 1996)
- Child and Family Support Branch – Agency Accountability (Summer 1999)
- Dakota Tipi First Nation Gaming Commission and First Nation Gaming Accountability in Manitoba (Special Audit, March 2003)
- Voluntary Sector Grant Accountability: Perspectives and Practices (February 2005)
- Aiyawin Corporation: The Consequences of Mismanagement in a shared Responsibility Framework (Special Audit, March 2006)

Appendix C (cont'd)

Listing of Selected Auditor General's Reports by Subject Area

Accountability (cont'd)

- Child & Family Services Division, Pre-Devolution Child in Care Processes and Practices (December 2006)
- Mandatory Legislative Reviews (December 2007)

Procurement

- Tendering of the Home Oxygen Therapy Services Contract (Spring 1998)
- Image Campaign for the Province of Manitoba (Special Audit, October 2007)

Entity Review

- Office of the Public Trustee (Spring 1998)
- Office of the Public Trustee – Criteria of Control (Summer 1999)
- An Investigation of Manitoba Lotteries Corporation (Special Audit, May 2000)
- Lions Club of Winnipeg Housing Centres (Special Audit, March 2001)
- An Examination of Le Collège de Saint-Boniface (Special Audit, August 2003)
- A Review of Crown Corporations Council (March 2004)
- Investigation of Hydra House LTD (Special Audit, June 2004)
- Investigation of the Crocus Investment Fund (Special Audit, May 2005)
- Review of the Workers Compensation Board (Special Audit, January 2006)
- External Assessment of Internal Audit and Consulting Services (December 2006)

Listing of Selected Auditor General's Reports by Subject Area

Environmental Protection/Sustainable Development

- Sustainable Development Innovations Fund (Spring 1998)
- Review of the Province of Manitoba's Management of Contaminated Sites (November 2005)
- The Protection of Well Water Quality in Manitoba (November 2005)
- The Province's Management of Contaminated Sites and Landfills (October 2007)
- The Department of Conservation's Management of the Environmental Livestock Program (October 2007)

Managing for Results, Performance Measurement and Reporting

- Highway Planning: Strategic and Long Range (September 1996)
- Planning for Highway Construction (Spring 1998)
- Business Planning and Performance Measurement: An Assessment of Timeliness of Implementation and Effectiveness of the Process in Departments (July 2000)
- A Study of Trends and Leading Practices in Business Planning and Performance Measurement (December 2000)
- Performance Reporting in Annual Reports: Current Practices Among Crown Entities (December 2002)
- Attributes of Managing and Reporting Results: A Survey of Senior Management (March 2004)

Information Technology

- University of Winnipeg, Investment in Information Technology (June 2000)
- Keewatin Community College – Investment in Information Technology (February 2002)

Appendix C (cont'd)

Listing of Selected Auditor General's Reports by Subject Area

Information Technology (cont'd)

- Assiniboine Community College Investment in Information Technology (December 2002)
- Red River College (March 2004)
- Computer Security Incident Response Capability (March 2004)

Oversight and Governance

- An Examination of Governance in Manitoba's Crown Organizations (June 1998)
- An Examination of School Board Governance in Manitoba (October 2000)
- An Examination of Regional Health Authorities' Governance in Manitoba (January 2003)
- Enhanced Board Governance in Not-For-Profit Organizations (February 2005)
- Enhancing Audit Committee Practices in the Public Sector (October 2006)
- A Guide to Leading Edge Internal Audit in the Public Sector (October 2006)

Policy Development Capacity

- A Review of the Policy Development Capacity Within Government Departments (November 2001)
- A Guide to Policy Development (January 2003)
- A Quality Assurance Guide for Policy Development (November 2005)



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