



Auditor
General
MANITOBA

Mid-Term Update



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Message from the Auditor General

In August 2020, I began my 10-year term as Auditor General. Now, in October 2025, it's remarkable to realize that I'm already halfway through my term.

I would like to thank all the departments and organizations we have worked with over the past five years for their cooperation, assistance, and commitment to implementing our recommendations. My Office achieves its desired impact when the audited entities improve their practices by implementing our recommendations.

I would also like to thank my staff for all their hard work and support. The accomplishments of this Office are a direct result of their unwavering commitment and dedication.

Over the past five years, we have issued over 20 reports to the Manitoba Legislature on various topics such as animal disease preparedness and addictions treatment services. These and other reports lead to recommendations that result in better services and programs for Manitobans.

As well, after many years of limited changes to our financial statement audit mix, we recently added two significant financial statement audits to our portfolio – Winnipeg Regional Health Authority and Shared Health. Taking on these new audits has given us an opportunity to learn more about these organizations and will inform future audit selection.

I'm pleased that in recent years we have significantly increased our use of data analytics and enhanced our information technology security practices, increasing our audit quality and efficiency, and reducing the risk of data loss.

As I begin the second half of my 10-year term, I'm focused on building on the great work we've already done. My focus will be on increasing the impact of our work. This will involve gathering information and conducting analysis to guide our efforts, ensuring it is as effective and impactful as possible. Further, I plan to focus on continuing to build our capacity as a team to meet the fast-paced changing environment that we live in. To do this, we will need to focus on ensuring our team is technologically proficient and highly adaptive.

I look forward to continuing to serve Manitobans over the next five years through my work as an Independent Officer of the Manitoba Legislative Assembly.

Tyson Shtykalo, FCPA, FCA
Auditor General





Who we are and what we do

The Auditor General examines and reports on how well the government is managing its responsibilities and resources. This is done by doing objective, fact-based audits that are then provided to the Legislative Assembly.

Supported by a staff of more than 55 people, the Auditor General serves the Manitoba Legislative Assembly, and in turn all Manitobans.

The need for legislative audit

In Canada, like other parliamentary systems, control of public money is carried out on behalf of the people by their elected representatives, the members of Legislative Assemblies. While governments draft budgets and spending estimates, they may neither collect nor spend taxpayers' money without the approval of Legislative Assemblies. After governments spend the money entrusted to them, they are obligated to report back to the Assemblies on how the money was used.

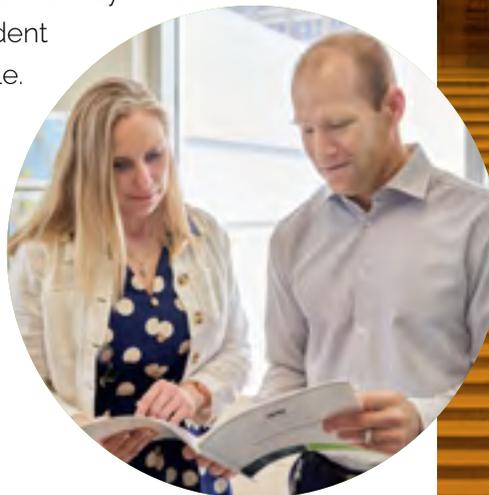
This obligation to answer for actions taken forms the basis of an accountability relationship between governments and their Legislative Assemblies.

As the governing body in this accountability relationship, each Legislative Assembly is responsible for:

- Overseeing the activities of government.
- Holding government accountable for its handling of public money.

To assist this process, the government provides the Legislative Assembly with information about the use of the public funds entrusted to it. However, the Assembly needs assurance that this information is appropriate, credible, and complete, and that it accurately reflects the activities of government. The way in which it obtains such assurance is through an independent audit function set up to assist it in fulfilling its oversight role.

The legislative audit function, in Manitoba fulfilled by the Auditor General, is therefore a critical piece of public accountability, and a vital part of the democratic process of responsible government.



Our mandate

The Auditor General Act (the Act) establishes the Auditor General as an officer of the Manitoba Legislative Assembly. The primary role of the Auditor General is to provide independent information, advice, and assurance to the Assembly to help hold the government accountable for the administration of public funds. We do this by issuing several reports each year including audits of the Public Accounts and other financial statements, performance audits, information technology audits, investigations, and other reports.

We may also conduct a special audit at the request of the Lieutenant Governor in Council, Minister of Finance, or Public Accounts Committee, provided it does not interfere with the primary responsibilities of the Office.

Independence

Above all else, the Auditor General and staff members must be, and be perceived to be, independent from the government and government organizations that are subject to audit. Independence is the cornerstone of legislative auditing.

Our independence from government is necessary to fulfill our mandate effectively. It enables us to examine, without interference, any key issues or areas of concern. It keeps us from being influenced by political or other external pressures that may deter us from conducting certain audits. It also makes it possible for us to report what we find and what we believe are fair conclusions, even if the government or government organization disagrees with our conclusions or recommendations.



This is a great responsibility that is fundamental to our role in helping the Legislative Assembly hold the government accountable.

Access to information

Given our broad mandate, it is important that we can access the information needed to be able to do our work properly. To that end, the Act specifies the Auditor General is entitled to access, at all reasonable times, the records of any government organization that are necessary for the purpose of the Act.



Last five years at a glance

We issued

21
project
reports



We made **205**
recommendations

in these
project
reports



We issued

100
financial statement
audit opinions and
annually issued
a report to the
Legislature



We issued **124**
management letter
recommendations
in relation to these
financial
statement
audits



We completed
5 follow-up
reports





Summaries of the reports issued

Between September 2020 and September 2025 we issued 21 project reports. Below is a brief summary of each report. For more information about any of these reports visit: oag.mb.ca/audit-reports.

Vital Statistics Agency

(issued September 2020)

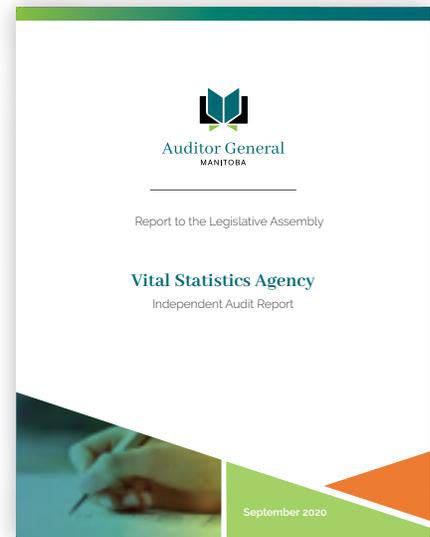
The Vital Statistics Agency holds nearly four million records of vital events going back as far as 1882. Vital events include registrations of births, deaths, adoptions, name changes, and changes of sex designation.

This audit found that the Vital Statistics Agency needs to do more to manage the security, privacy and integrity of the vital events information it holds.

The report notes the Agency did not regularly review staff access rights to its registry software, nor did it always use secure mail for delivering certificates and registration forms. In addition, the audit found weak physical security controls within the Agency's office — including inadequate separation between work and public areas.

The audit also found several issues with event registrars. Among them:

- The Agency did not maintain a complete list of event registrars, or validate their identity.
- The Agency did not train event registrars on how to prepare, forward or maintain the privacy and security of vital events information.



This report includes 19 recommendations. As of our final follow up in the fall of 2024, eight of the recommendations had been implemented or otherwise resolved.



Provincial Oversight of Drinking Water Safety (issued September 2020)

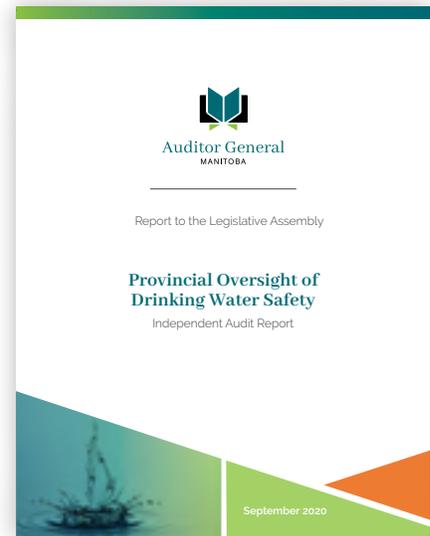
Safe drinking water is a key responsibility of the Government of Manitoba. While we have not had major outbreaks of waterborne diseases in Manitoba in the recent past, it is critical to remain vigilant by managing potential risks through enforcement of established laws and regulations.

This audit examined the adequacy of the department of Conservation and Climate's oversight of drinking water safety.

We found the Department's processes for licensing and monitoring drinking water systems did not adequately minimize safety risks. We also found the Department had weak strategic planning and performance measurement processes for overseeing drinking water safety.

More specifically, 20% of known water systems in Manitoba did not have an operating licence. The majority of these were smaller water systems, but several provided water to schools. Further, an estimated half of known water systems in the province did not have a certified operator.

We also noted the number of licensed drinking water systems in Manitoba nearly doubled over five years, while the number of staff assigned to licensing and monitoring these systems decreased. As well, not enough had been done to bring non-compliant water systems into compliance with provincial regulations.



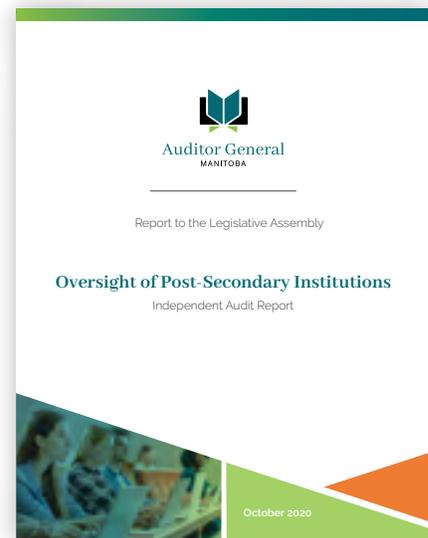
This report includes 19 recommendations. As of our final follow up in the fall of 2024, 12 of the recommendations had been implemented or otherwise resolved.



Oversight of Post-Secondary Institutions (issued October 2020)

Manitoba's public post-secondary institutions are an important part of the province's success. These seven institutions not only contribute economically, but also foster innovation and growth, and prepare learners for achieving their personal and professional goals.

The report's two chapters provide a comprehensive review of the oversight of public post-secondary institutions, both by government, and by the governing boards of each institution.



Government oversight of public post-secondary institutions

We found government did not have an overall strategy for the post-secondary system, and monitoring of post-secondary institutions was weak. The audit also found that communication processes between government and the institutions' governing boards need to be improved.

Governance oversight by the governing boards of post-secondary institutions

We also found institutions need to modernize and strengthen key governance practices to ensure the governing boards' oversight functions are appropriately fulfilled, especially with respect to oversight of the President.

The report highlights a number of areas to enhance board oversight, including enhanced orientation and training for board chairs, more active involvement in strategic risk oversight, improving committee structures and practices, more appropriate use of in camera sessions, as well as improving conflict of interest disclosure processes, and board evaluation processes.

The report also notes the governing boards must do more to ensure presidents' employment agreements are complied with and negotiated to ensure the best interests of the institution are protected. In addition, we found board oversight of Presidents' expenses was impaired by weak administrative practices and supporting documentation. The report notes a number of areas where institutions' expense policies could be strengthened to improve clarity.

Manitoba lacks central support and guidance for board-governed public sector organizations

Many of the issues identified in the report—including the need to build mutually respectful relationships and improve communication between government, governing boards, and executive management—are not just pertinent to the post-secondary sector. Government can do more to support and enhance governance practices and relationships throughout the public sector.

This report includes 23 recommendations. As of our final follow up in the fall of 2024, three of the recommendations had been implemented or otherwise resolved.



Physicians' Billings (issued January 2021)

Over 3,000 physicians in Manitoba are paid through a fee-for-service process when eligible services are performed on Manitobans. Physicians are paid by Manitoba Health, Seniors and Active Living (the Department) with the assumption that these billings are accurate, legitimate, and can be supported by records and documents held by the physician.

This audit assessed whether the Department had systems and procedures in place to ensure fees paid to and recovered from physicians are in accordance with applicable legislation, regulation and agreements.

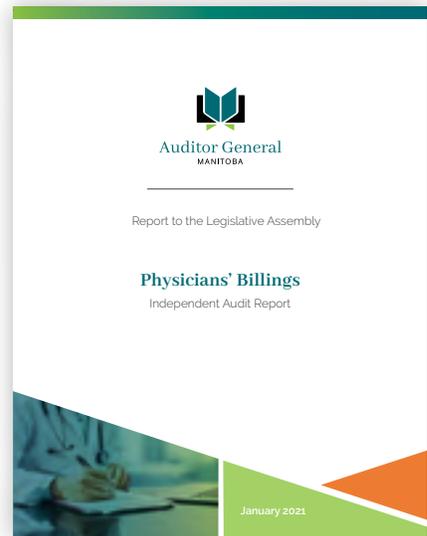
We found there are processes in place for physicians to claim eligible expenses, and for the Province of Manitoba to recover overbilling—but these systems are not used effectively.

During the five years examined (January 1, 2015 to May 31, 2020), the Department's Audit and Investigations Unit identified overbillings of over \$1 million, but only \$10,822 (or about 1%) of these overpayments were collected. The report notes that instead of collecting overpayments, the Department focusses on physician education to reduce future overbillings—though it's not clear whether this approach works.

We also found the Department did not have a risk-based process to select physicians for audits. When physicians are audited by the Department's Audit and Investigations Unit (AIU), they are selected randomly instead of on a higher risk-basis, which would provide for a more effective use of AIU staff resources. In the five years looked at, less than 4% of Manitoba's 3,000-plus fee-for-service physicians were audited. This works out to less than two audits per month.

In addition, the audit found Department staff were not provided training on the fee-for-service process.

This report includes six recommendations. As of our final follow up in the fall of 2024, five of the recommendations had been implemented or otherwise resolved.



Animal Disease Preparedness

(issued January 2021)

Agriculture is a major economic driver in Manitoba. It is a key sector responsible for thousands of jobs and generates billions of dollars in revenue annually. If an animal disease were to disrupt the agriculture industry, it could hold disastrous consequences for Manitoba.

This audit assessed whether the Department of Agriculture and Resource Development (the Department) is prepared for an animal disease emergency.

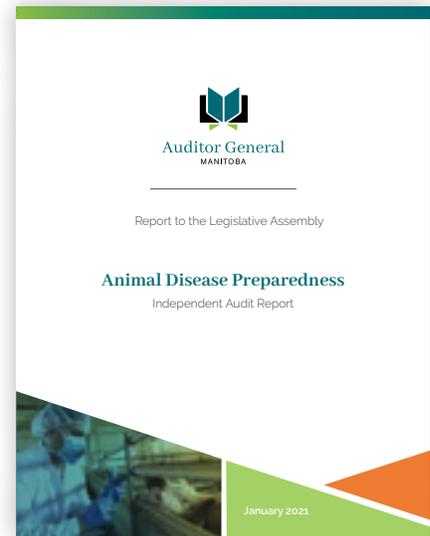
The audit found the Province has taken steps to prevent animal disease emergencies, but preparation efforts have been inadequate. More specifically, the Department identified animal diseases—both known and emerging—that are of higher risk for Manitoba, but it did not have any documented rationale for prioritizing these diseases.

Response plans were also not in place for most of these diseases of interest. As a result, the Department had not determined what equipment, supplies, and personnel would be needed to respond to an emergency.

The audit also found Manitoba has a livestock traceability system in place to track the movement and location of animals, but improvements are needed.

In addition, the audit found that while legislation authorizing prevention activities exists, many needed regulations have not been developed.

The report notes the Department has given limited consideration to recovery from an animal disease emergency.



This report includes 13 recommendations. As of our most recent follow up in the fall of 2023, four of the recommendations had been implemented or otherwise resolved.



Automatic Vehicle Location Management Systems

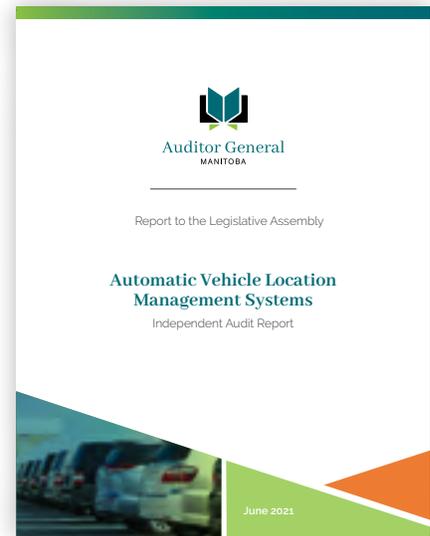
(issued June 2021)

Manitoba's Vehicle and Equipment Management Agency (VEMA) installed Automatic Vehicle Location (AVL) devices in light-duty government vehicles to find operational and financial efficiencies. These efficiencies were expected to be achieved through improving driver behaviour—specifically: reduced idling, speeding, and unapproved after-hours use of vehicles.

This audit found government officials were not using AVL information to maximize the operational and financial efficiencies of light-duty government vehicles.

As a result, there are missed opportunities to decrease costs, increase safety, and in the process, reduce greenhouse gas emissions through decreased fuel consumption and better driving.

This audit contains 14 recommendations. As of our most recent follow up in the fall of 2023, seven of the recommendations had been implemented or otherwise resolved.



Main Street Project Investigation

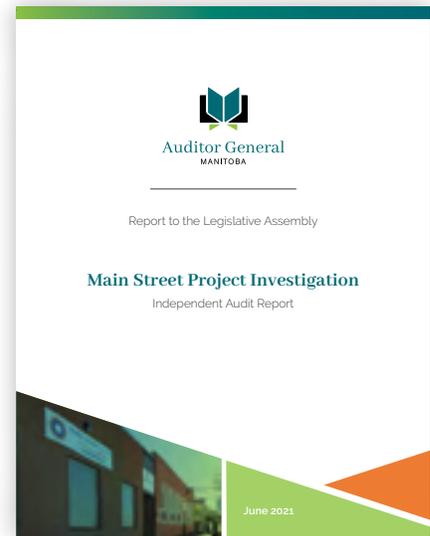
(issued June 2021)

This special audit report on Main Street Project is the result of a request under Section 16 of *The Auditor General Act*. The Minister of Finance requested that we conduct a forensic examination of alleged irregularities related to the not-for-profit organization.

The examination confirmed allegations that credit card use was not in compliance with policy, that there were inappropriate travel expense claims made, and that the former Executive Director filed claims with two funding agencies for the same costs. Other allegations were partially substantiated, or unsubstantiated.

Weak board oversight of the former Executive Director as well as weak administrative policies and practices created an environment where these incidents could occur.

The examination found the board of directors did not perform sufficient due diligence prior to hiring the Executive Director. In addition, the report notes some recommendations made in a 2013 internal audit by the Winnipeg Regional Health Authority had not been implemented.



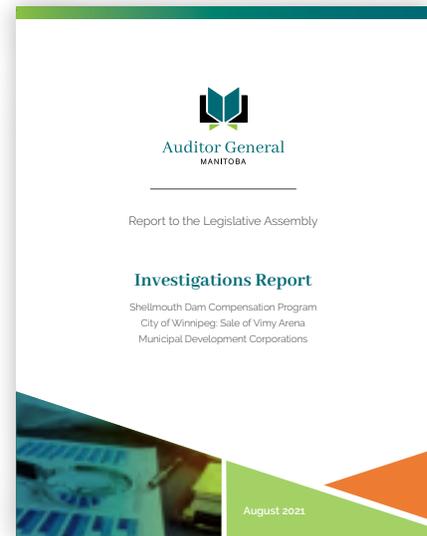
This audit contains 12 recommendations. As of our follow up in the fall of 2023, all 12 recommendations had been implemented or otherwise resolved.



Investigations Report (issued August 2021)

Citizens, civil servants, and Members of the Legislative Assembly bring concerns to our attention throughout the year. The information we receive can be used in different ways. For example, it may be helpful in an audit we are currently conducting, or help us identify entities and programs we may audit in the future. We may also undertake a more limited scope examination of the information, instead of conducting a full audit.

This volume contains the results of three limited-scope examinations which stem from stakeholder concerns that came through our citizen concerns line.



Shellmouth Dam Compensation Program

The *Shellmouth Dam Compensation Program* examination determined some claimants waited over 3,000 days for compensation. The report also notes officials did not always inspect flood damage, claims files were missing information, and there was a lack of communication with those affected by the flooding.

This report contains five recommendations. As of our most recent follow up in the fall of 2023, none of the recommendations had been implemented/resolved.

City of Winnipeg: Sale of Vimy Arena

The *Sale of Vimy Arena* examination found the City of Winnipeg did not comply with internal policies on how surplus properties are to be sold. The report notes interested parties did not have an equal opportunity to submit proposals to purchase Vimy Arena. The examination found one party was provided access to the site, as well as information about the property and sales process, that was not available to others.

This report contains two recommendations.



Municipal Development Corporations

The *Municipal Development Corporations* examination determined municipal councils were not receiving sufficient financial information from their development corporations. The report also notes information about the revenues and expenditures of development corporations was largely not available to the public.

This report contains five recommendations. As of our final follow up in the fall of 2023, one recommendation had been implemented or otherwise resolved.



Manitobans who suspect misuse of public assets are encouraged to contact our Citizen Concerns line at citizen.concerns@oag.mb.ca or by calling 204.945.3351. All information provided is treated confidentially.



Aging Information Systems

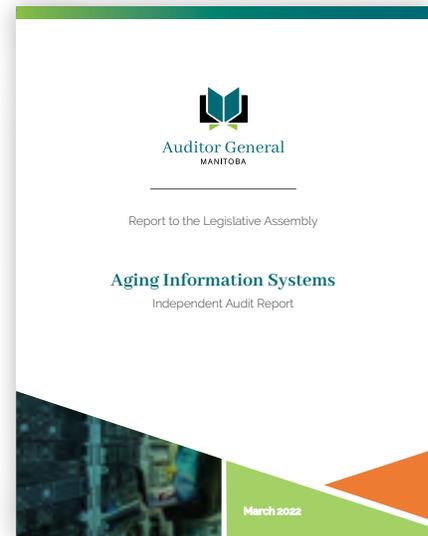
(issued March 2022)

The Province of Manitoba (the Province) relies on information systems to deliver a wide-range of services that Manitobans depend on, including online registrations, program applications, and fee payments.

This audit looked at whether the Province identified and managed the risks associated with operating aging information systems.

Information systems include hardware and software used to collect, process, store, and share information. Servers, firewalls, switches, and routers are examples of information system hardware. Software refers to the programs that run on these devices.

The audit found the Province has not adequately identified and managed the risks associated with operating aging information systems. Identifying and managing these risks would reduce the threats of extended system outages, decreased system reliability, and security vulnerabilities.



This report includes eight recommendations to help the Province improve the risk assessment process and reduce the probability of adverse impacts to systems. As of our most recent follow up in the fall of 2024, five of the recommendations had been implemented or otherwise resolved.

More specifically, the audit found:

- The Province's inventory of information systems is incomplete and inaccurate.
- The process used to analyze and report aging systems risks is inadequate.
- There is a lack of practices in place to monitor risk ratings of aging systems and corresponding risk responses not well-defined.



Department of Education and Early Childhood Learning: Leadership of the K-12 Pandemic Response (issued April 2022)

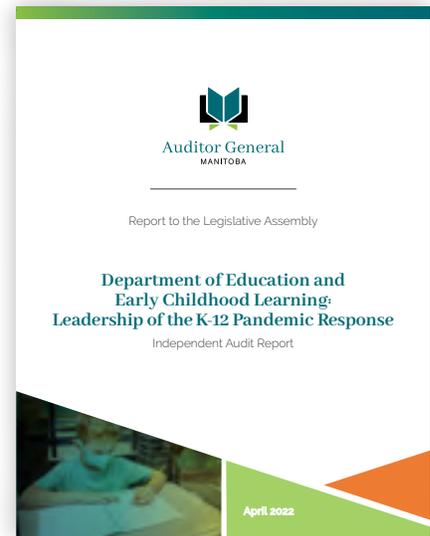
This audit has its origins in the outreach work we undertook to understand the impact COVID-19 was having on Manitobans.

This audit assessed whether the Department of Education and Early Childhood Learning (the Department) was prepared for the COVID-19 pandemic and responded effectively.

The audit found there was no coordinated emergency plan for the Kindergarten to Grade 12 school system.

This means the Department had not considered risks to the school system ahead of time, did not consider the continuity of education for the wider system, and was not prepared for the transition to remote learning.

Despite the lack of a coordinated emergency plan, the audit found the Department initiated a timely response as soon as it became evident normal operations of the school system would be impacted by the pandemic.



This report includes eight recommendations to help the Province respond to the long-term impacts of the COVID-19 pandemic, and to prepare for a future pandemic, or similar emergency. As of our most recent follow up in the fall of 2024, one recommendation had been implemented or otherwise resolved.

The audit also found the Department had not yet initiated pandemic recovery efforts. The report notes that the Department needed to begin working with schools and school divisions to develop and implement plans to address these impacts and to take steps to ensure past weaknesses, like the lack of access to internet or technology, are mitigated in the future – but this wasn't done during the audit period.



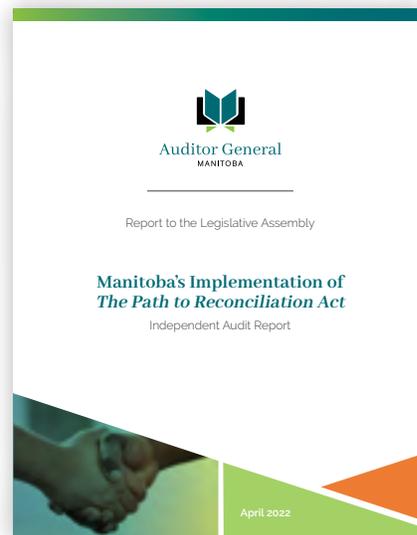
Manitoba's Implementation of The Path to Reconciliation Act (issued April 2022)

The Government of Manitoba passed *The Path to Reconciliation Act* (the Act) in 2016, which sets out the government's commitment to advancing reconciliation. In this audit, we wanted to determine whether the Government has been fulfilling its commitments under the Act.

The audit found the Government had not developed a strategy for reconciliation—which is required under the Act.

In addition, the audit found reconciliation efforts were lacking cross-government coordination—and there was no direction given to departments. The Act requires each cabinet member to promote measures to advance reconciliation through the work of their department and across government. Of the five departments examined in the audit, only the Minister of Indigenous Reconciliation and Northern Relations had any significant mention of actions to advance reconciliation in their most recent mandate letter.

The report notes the former Minister responsible for reconciliation resigned in July 2021, saying her voice was not being heard. Prior to her resignation, she promoted initiatives to advance reconciliation and to recognize the contributions of Indigenous peoples to the founding of Manitoba.



We made five recommendations for the Government to help make progress in meeting its commitments to advancing reconciliation.

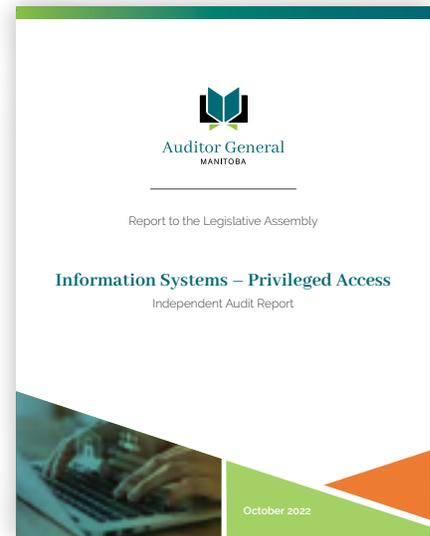
Information Systems – Privileged Access (issued October 2022)

Information systems help the Province of Manitoba (the Province) deliver a range of services, including health care, online registrations, provincial program applications, and fee payments. These systems contain a considerable amount of personal, health, and corporate information, making them a target for cyber threat actors.

We looked at the controls in place to manage privileged access for information systems within the Department of Labour, Consumer Protection and Government Services, and at Shared Health.

Adequate controls are needed to ensure only authorized users have privileged access to these systems, allowing them to modify users' privileges, change system configurations, and alter security settings.

Without adequate controls, there is a greater risk that cyber threat actors could gain privileged access, resulting in data theft, operational disruptions, system outages, and financial losses.



We found the Province is not adequately controlling privileged access rights to prevent unauthorized access to its information systems. It had inadequate processes to review access rights, unnecessary access was not removed promptly, and there was a lack of monitoring privileged users' activities.

This report contains nine recommendations. As of our most recent follow up in the fall of 2024, two of the recommendations had been implemented or otherwise resolved.



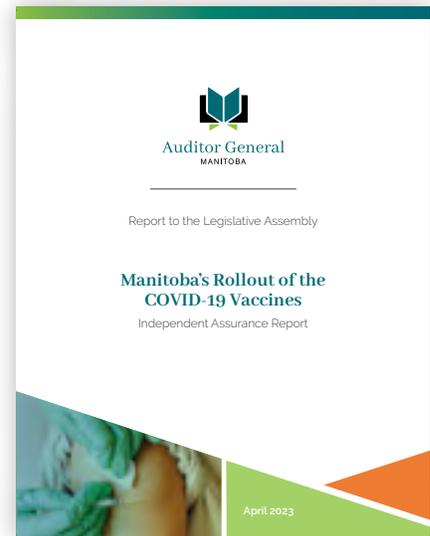
Manitoba's Rollout of the COVID-19 Vaccines (issued April 2023)

The development of effective COVID-19 vaccines was a key turning point in slowing the transmission of the virus that caused a global pandemic.

The Government of Manitoba effectively managed the rollout of COVID-19 vaccines, but these efforts would have been assisted by having better tools and practices in place.

A more robust electronic system would have reduced the risks associated with using paper-based methods. Paper-based methods were sometimes used during the vaccine rollout to collect consent and immunization data. This resulted in hundreds of thousands of paper forms being generated, which had to be manually inputted into electronic systems.

Going forward, the report recommends the government conduct lessons-learned exercises to address gaps in emergency preparedness exposed by the pandemic and to capture best practices and innovations that can be implemented during regular operations.



**This report
contains three
recommendations.**



Addictions Treatment Services in Manitoba (issued July 2023)

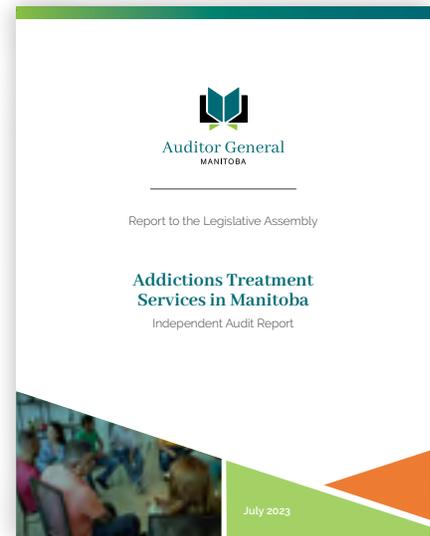
Substance abuse and addictions can have a devastating impact on individuals directly affected, as well as those around them.

In this audit, we looked at whether Manitobans had access to appropriate addictions treatment services when they needed them. We found capacity often did not meet the demand for addiction treatment in Manitoba and as a result, people experienced long waits. These issues were amplified in rural areas and in the North.

We also found a fulsome, system-wide picture of addictions treatment services in Manitoba does not exist. This is because the delivery of addictions treatment is decentralized, records are still largely paper-based, and data collection is siloed.

This report includes 15 recommendations.

Recovery may be a life-long journey for some individuals. Addiction treatment must be part of an on-going continuum of care that supports recovery. This audit found that the continuum of care in Manitoba is lacking coordination. Different service providers, both in the public system, as well as not-for-profits and private providers, must work together and coordinate to provide treatment and care to individuals with addictions, regardless of how the health-care system is structured.



Efficiency of Court Services for the Provincial Court of Manitoba **(issued July 2023)**

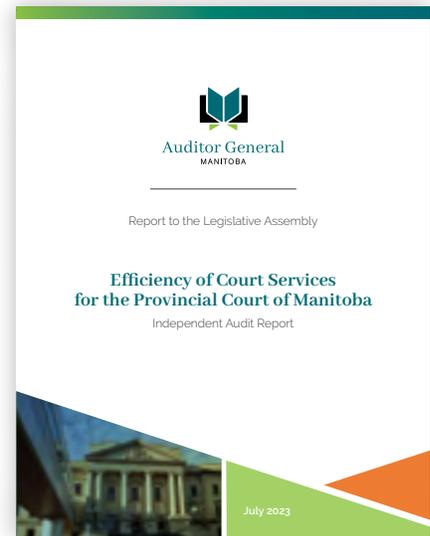
The separation of powers between the different branches of government — the Legislative Assembly, government departments, and the Courts — ensures a balance of authority and independence in Manitoba. Collaboration between the judiciary and the executive is essential for maintaining the principles of democracy, upholding the rule of law, and ensuring effective governance. While a good working relationship is important, it needs to be sustained by strong policies, agreements, and practices.

We wanted to determine whether the Department of Justice manages the delivery of court services for the Provincial Court of Manitoba efficiently.

We found the Department of Justice did not manage the delivery of court services for Provincial Court efficiently. We found some key areas where the supports provided by the Department could be improved and could be more efficient.

This audit report notes there were significant technology deficiencies and an overwhelming reliance on paper-based systems. There were also considerable staff shortages in the positions that support the Provincial Court.

We also found the risks and impacts identified throughout the audit were more strongly felt in Northern Manitoba.



**This report
contains seven
recommendations.**



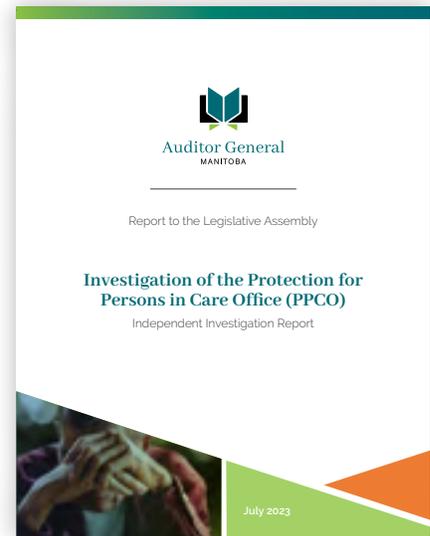
Investigation of the Protection for Persons in Care Office (PPCO) **(issued July 2023)**

The Protection for Persons in Care Office (PPCO) has a key role in protecting vulnerable Manitobans by receiving and investigating allegations of abuse and neglect in health-care facilities.

We received numerous allegations through our citizen concern line regarding the PPCO. As a result, we launched an investigation into the allegations and confirmed serious systemic issues existed. These issues jeopardized the PPCO's ability to produce meaningful investigation results to help protect vulnerable Manitobans in care.

We found:

- The PPCO concluded "unfounded for abuse" in cases where vulnerable Manitobans were hit or sexually assaulted.
- Victims waited over three years before investigations started.
- The PPCO's public reporting on the outcome of its investigations was inadequate.



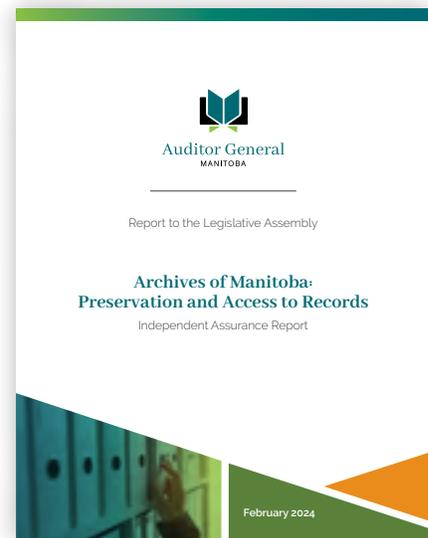
**This report includes
12 recommendations
to the PPCO to improve
the investigation process
and protect vulnerable
Manitobans.**



Archives of Manitoba: Preservation and Access to Records (issued February 2024)

The Archives of Manitoba is responsible for the retention and preservation of significant documents and records related to Manitoba and its history. When records are not identified, or properly protected and preserved, the information they contain can be permanently lost for future generations.

We found the Archives is partially fulfilling its legislated responsibilities but could do more to ensure that records in its care are protected and preserved. We also found the Archives does not have the capability to acquire, protect, preserve, and provide access to digital records. These records are retained by government departments and agencies.



**This report contains
10 recommendations to
help protect and preserve
records and enhance public
access to these records.**



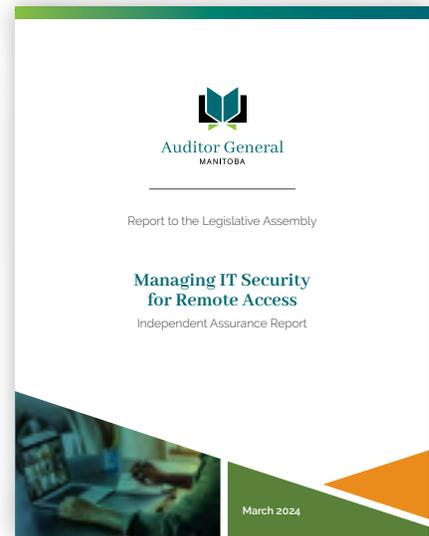
Managing IT Security for Remote Access (issued March 2024)

The global COVID-19 pandemic transformed the traditional workplace structure. Employees in a variety of sectors learned to work remotely, or share time between home and the office. Technological advancements made this possible, providing new ways to access and share information, and collaborate remotely.

In this audit we found the Province of Manitoba (the Province) is managing IT security risks with remote access, but some improvements are needed.

Key findings include:

- The Province uses encryption to protect data, but some settings could be strengthened.
- Approximately 30% of provincial employees have not taken mandatory security awareness training.
- Security policies and procedures related to remote work are outdated.
- Devices used when working remotely are authenticated and securely patched, and security issues are identified and promptly mitigated.



This report contains three recommendations to better manage IT security risks associated with remote access.



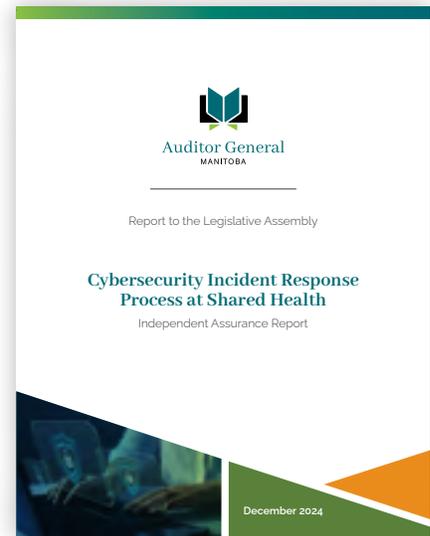
Cybersecurity Incident Response Process at Shared Health

(issued December 2024)

Public sector information systems are vital for delivering services to Manitobans. These systems hold a lot of data, including personal and other sensitive information. These systems are increasingly susceptible to cyberattacks, including ransomware and data theft.

We wanted to determine whether Shared Health has a process in place to promptly respond to cybersecurity incidents and minimize the impact to health operations and loss of data. We found more work is needed on the process Shared Health has in place.

Shared Health needs to perform exercises to test its Cybersecurity Incident Response Plan, improve training, and complete its external communications plan.



This report includes four recommendations to improve cybersecurity response at Shared Health and better protect Manitoba's health-care services from cyber threats.

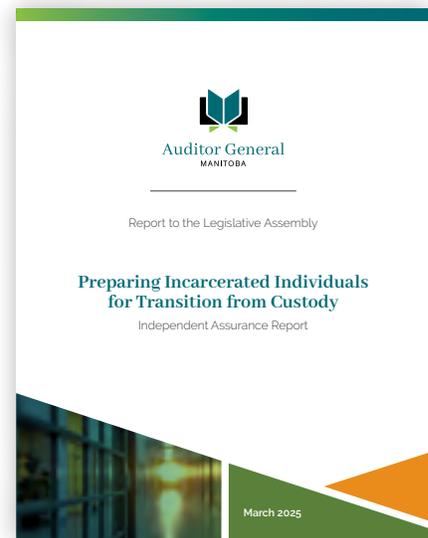
Preparing Incarcerated Individuals for Transition from Custody (issued March 2025)

Successfully reintegrating incarcerated people back into the community is vital to promoting public safety and giving these individuals the best opportunity to lead good lives.

The Correctional Services Division has a dual mandate. It is responsible for the safety and security of adults in custody. It is also responsible for preparing incarcerated individuals to transition back to the community upon release.

The audit found interventions for inmates—including group programming, education, and work opportunities—were limited and often not tied to the assessed needs of these individuals. This means that people in custody may not get the help they need addressing the issues that brought them into conflict with the law.

In addition, the audit found little evidence of inmates being connected to outside resources while in custody. Outside resources are important to support inmates when they leave custody—for example, to find housing or access addiction treatment.



This report includes 10 recommendations to help the Correctional Services Division better prepare incarcerated individuals to transition into the community.

Investigation Report – Manitoba Municipalities and the Department of Municipal and Northern Relations **(issued August 2025)**

The Auditor General examined allegations of wrongdoing involving several Manitoba municipalities as well as the provincial government's oversight of municipal operations.

Cybersecurity incident:

Between December 19, 2019, and January 5, 2020, unauthorized withdrawals totaling more than \$472,000 were made from an account held by the Municipality of Westlake-Gladstone.

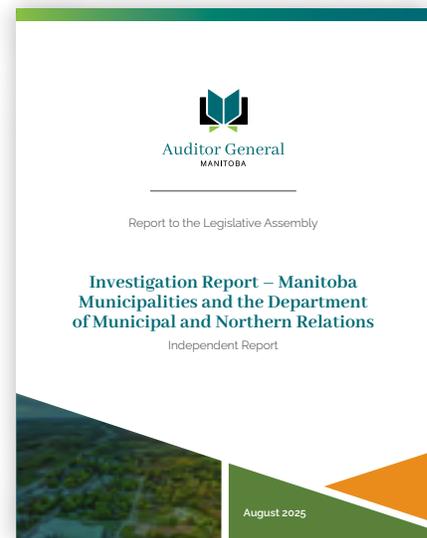
The Auditor General found the municipality failed to investigate the cybersecurity incident for root cause, missing a critical opportunity to understand how the incident occurred and how to prevent future breaches.

Municipal allegations:

The report examined allegations of wrongdoing at six municipalities, stemming from public tips and information provided by the Department of Municipal and Northern Relations (the Department). The Auditor General found three of the allegations were at least partially substantiated.

Department oversight:

The Auditor General found the Department lacks a comprehensive oversight process to follow up on complaints about municipalities, monitor how provincial government grants are used, and review financial submissions.



**This report includes
5 recommendations
for the Department
to improve government
oversight.**

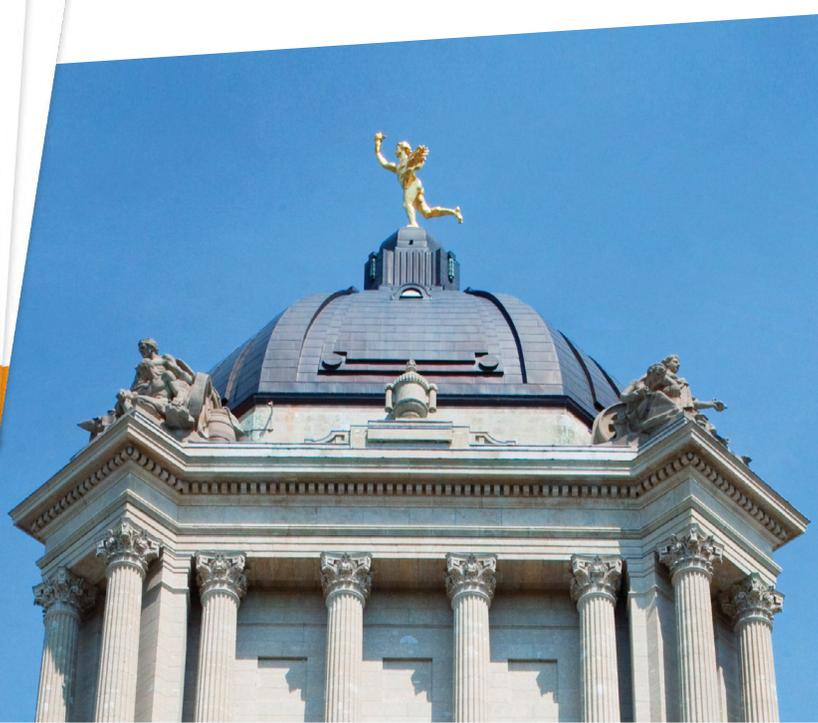


Public Accounts and Other Financial Statement Audits **(issued December 2020, 2021, 2022, 2023, and 2024)**

Each December, we issue a report providing an overview of our financial statement audit work for the year. In the 2024 report we noted that the year ended March 31, 2024 was the seventh year in a row that we issued a qualified audit opinion on the Province of Manitoba's Summary Financial Statements. These financial statements are the consolidated financial statements of the Province of Manitoba (the Province), sometimes referred to as the Public Accounts. A qualification is a warning to users of the financial statements that there is information that may not be reliable.

Over the five reports, we noted an increasing number of weaknesses in the Province's financial statement preparation and in its control environment. The control environment is the set of financial standards, processes, and structures along with attitudes and competencies that provide the basis for carrying out internal financial controls.

In 2024, we found an unprecedented number of errors that required correction by the Province during the audit. Many of the issues flagged related to processes the Province used to consolidate financial information from departments and other entities in the public sector into the Summary Financial Statements. The Province can address the issues by building its capacity to produce reliable financial information and strengthening its internal controls.



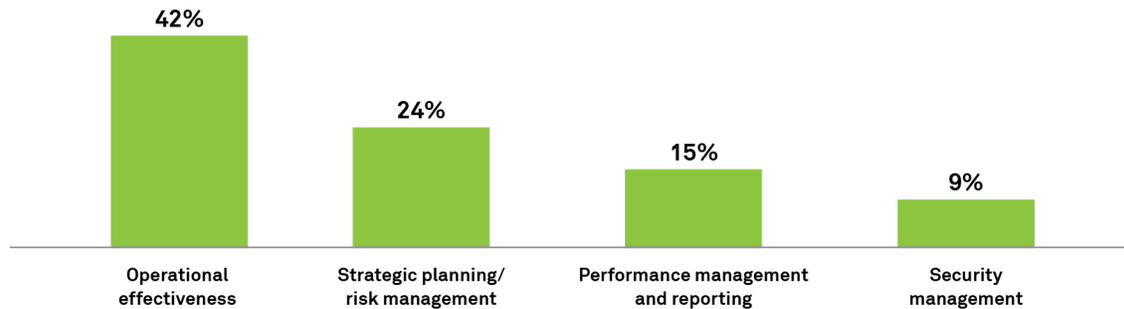


Themes noted in recommendations issued over the last five years

The 21 reports we issued from September 2020 to September 2025 include 205 recommendations. Of these recommendations issued, 90% fall within four themes:

- Operational effectiveness (42%).
- Strategic planning/risk management (24%).
- Performance management and reporting (15%).
- Security management (9%).

The remaining 10% relate to operational efficiency (6%) and documentation (4%).



Operational effectiveness recommendations focus on doing the right things to best achieve the organization's mandate or objectives. For example, in our *Provincial Oversight of Drinking Water Safety* report we recommended the Department responsible develop a more thorough inspection process.

Strategic planning/risk management recommendations relate to setting long-term goals and actions to achieve those goals, and/or assessing the risks facing the organization and mitigating those risks. For example, in our *Efficiency of Court Services for the Provincial Court of Manitoba* report we recommended the Department responsible develop a formal strategy to reduce the backlog and delays.

Performance management and reporting recommendations focus on tracking, evaluating, and communicating progress toward organizational goals to improve outcomes and accountability. As an example, in our *Addictions Treatment Services in Manitoba* report we recommended the Department responsible measure the effectiveness of its services by setting targets and comparing actual results to those targets.

Security management recommendations relate to protecting an organization's assets—both digital and physical—through policies, procedures, and technologies that prevent unauthorized access, damage, or disruption. For example, in our *Vital Statistics Agency* report we recommended the agency restrict access to the agency work area to only authorized agency staff.



Achievements over the last five years

Over the last five years, we have made progress on a number of initiatives while delivering our work to the Legislative Assembly. We:

- Significantly increased our use of data analytics.
- Enhanced our information technology security practices.
- Revised our financial statement audit mix.
- Expanded our reach, through the use of new and improved means of communicating with stakeholders.

Data analytics

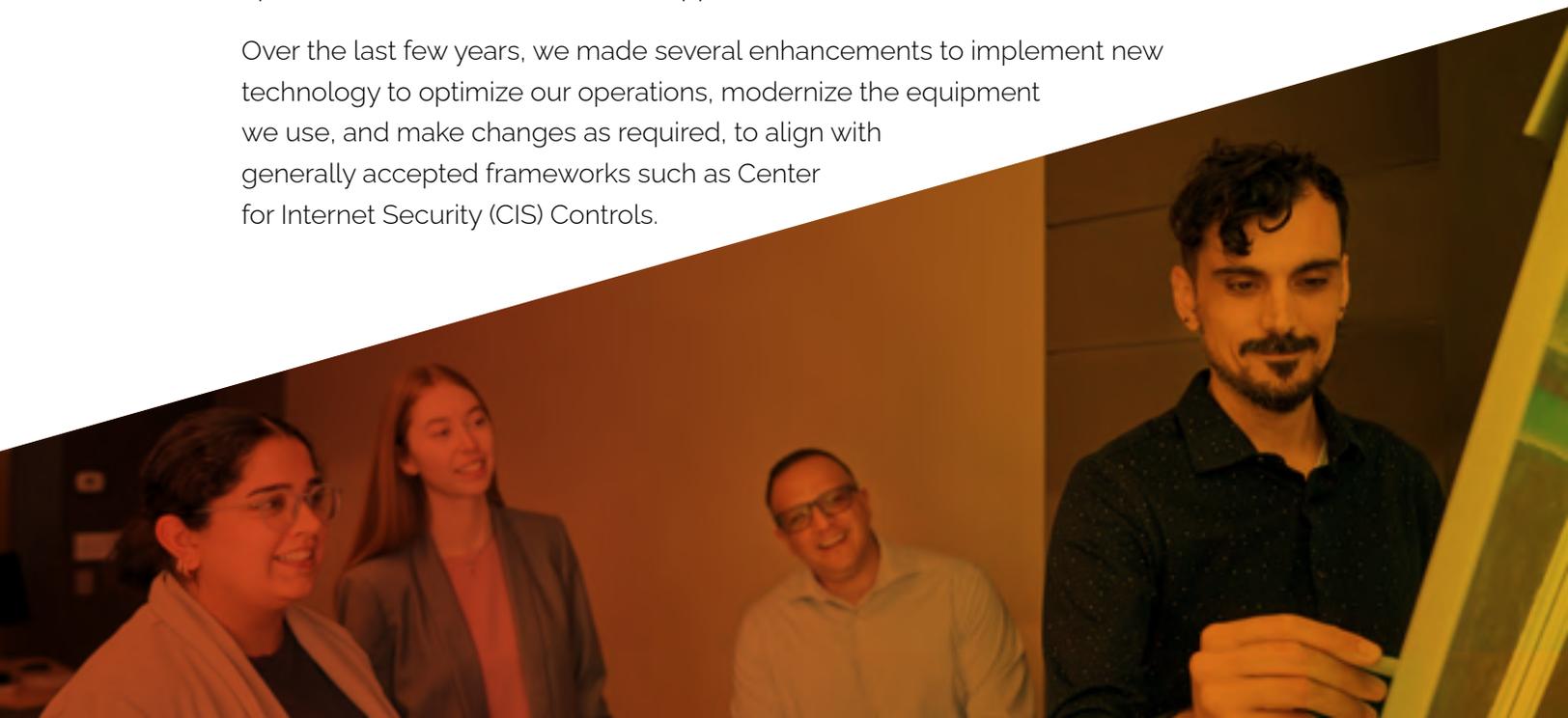
Over the last five years we significantly increased our use of data analytics in both our financial statement audits and performance audits. We now have a full-time data analyst who assists auditors across the Office in defining the required data and use of analysis, modelling, and visualization tools to generate charts and reports.

Our data analyst has also provided training to staff, enhancing their understanding of data analysis concepts and tools. Through ongoing collaboration and training, we ensure our processes evolve, and we improve our audit procedures and analytical capabilities.

Security practices

We operate a stand-alone computer network, independent from the government's network. As a result, we have skilled IT personnel that ensure the reliable and secure operation of our infrastructure and applications.

Over the last few years, we made several enhancements to implement new technology to optimize our operations, modernize the equipment we use, and make changes as required, to align with generally accepted frameworks such as Center for Internet Security (CIS) Controls.



Key changes made in the last five years include implementing:

- Regular mandatory security awareness training for all staff.
- Technical security controls such as intrusion detection and prevention, extended detection and response, secure internet gateway, zero-trust remote access, complex passwords, multi-factor authentication, and conditional access policies.
- Regular internal and external penetration testing.

Financial statement audit mix

For many years the financial statement audits we have done have remained largely unchanged because legislation limits our ability to choose which financial statement audits to conduct, impacting our ability to provide maximum value to the Legislative Assembly. However, recently we were able to add two new financial statement audits to our portfolio for the March 31, 2025 year-end: Winnipeg Regional Health Authority and Shared Health. Taking on these new financial statement audits will enable us to learn more about the organizations in our audit universe and will inform future audit selection.

Communication

Over the last five years, to increase awareness of our work, we have begun regularly creating videos to accompany report releases (to reach audiences that prefer visual media). We have also recently optimized our reports and website for accessibility, making both more readable, overall, which in the long run will increase our reach.





Looking ahead to the next five years – areas to focus on

As noted in the previous section, we have made progress over the last five years in enhancing our operations. With the aim of continuous improvement, the focus for the next five years will be on:

- Enhancing our independence.
- Increasing the impact of our work.
- Enhancing our influence.
- Ensuring continuous improvement.

Enhancing our independence

In the **WHO WE ARE AND WHAT WE DO** section, we noted that independence is the cornerstone of legislative auditing. It makes it possible for us to report what we find and what we believe are fair conclusions, even if the government or government organization disagrees with our conclusions or recommendations.

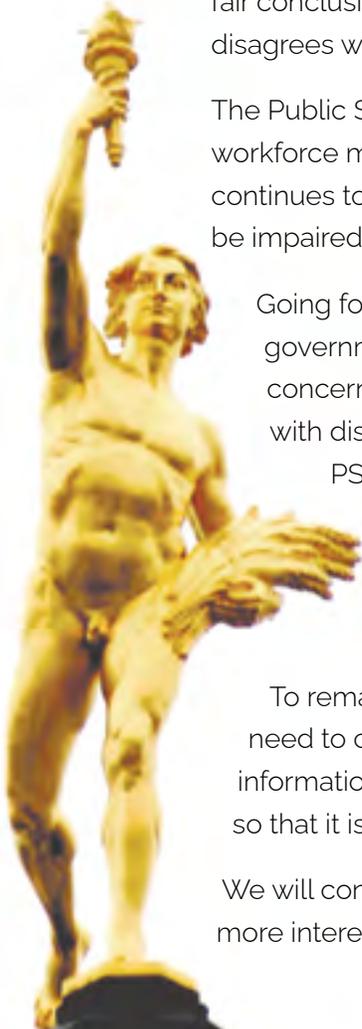
The Public Service Commission (PSC), the branch of government responsible for workforce management, makes staffing decisions that impact our Office. As long as this continues to be the case, our actual and perceived independence from the PSC will be impaired.

- Going forward, we will need to continue to work to improve our relationship with government officials. By enhancing the relationship there is greater likelihood that our concerns will be understood and appreciated. This will help us as we move forward with discussing a Memorandum of Understanding (MOU) between our Office and the PSC. Such an MOU will ideally give us the full independence we need and allow us to autonomously make decisions related to the organizational structure of our Office.

Increasing the impact of our work

To remain relevant to the Legislative Assembly (and ultimately to Manitobans), we need to continue to focus on doing impactful work. To do this, we will need to gather information and perform analysis to help guide the discretionary work we choose to do, so that it is most impactful.

We will continue to expand upon the stakeholder outreach that we do. Connecting with more interested parties will enhance our knowledge of both the audit universe and what



audits Manitobans may find impactful. We will also consider surveying the public directly about their areas of interest to inform our work.

We will continue to find creative ways to broaden the applicability of our audits so that the work done on a specific organization is applied to other organizations.

Enhancing our influence

Although we continued to produce impactful work in significant areas, more could be done to ensure the public has a good understanding of our role and what we do.

Declining public trust in governments and an increase in widespread misinformation increases the need for our independent, trusted voice. Therefore, we need to continue to be seen as a source of truth. To do this we will need to explore a more detailed strategy for communicating with the public.

We also need to continue to provide the information and reports we produce in a way that is relevant and easily accessible.

Ensuring continuous improvement

We are an Office full of professionals, employing around 55 staff. Most audit staff are Chartered Professional Accountants, and some staff hold other certifications. Our skilled staff enable us to deliver on our mandate to the Legislative Assembly. Accordingly, one of our key strategic priorities is to sustain an engaged, talented, productive workforce.

We consider ourselves a training office, particularly for financial statement auditors. We are a pre-approved training office in the Chartered Professional Accountant (CPA) Professional Education Program. Staff are encouraged to obtain their CPA designation and are supported through the process. We will continue to strive to find new and innovative ways to support our students.

We are also committed to helping staff continuously improve their professional skills, beyond obtaining their CPA designation.

Given the fast-paced changing environment that we live in, going forward we will need to focus on building on the capability of our workforce to ensure we are ready for the things to come. We will need to focus on ensuring our team is technologically proficient and highly adaptive. Focusing on this and continuing to sustain a culture of high performance and professionalism will help us to maintain an engaged workforce to continue to deliver impactful, quality products.





Looking ahead to the next five years – planning for the future

To align our plans with the key areas of focus identified in the previous section, we initiated a strategic planning process in spring 2025. During this process, we considered the critical risks we need to manage and established strategic priorities to address these risks. At the beginning of the fiscal year 2025/26, we introduced a new strategic plan for fiscal years 2026-28. This plan will serve as a roadmap for our future planning and operations.

Strategic priorities

Our new strategic plan identifies three strategic priorities. For each strategic priority we identify key strategies to support each strategic priority as follows:

Strategic priority 1 – Work that matters

- Conduct high-quality financial statement audits that provide value to auditees and the Legislative Assembly.
- Deliver valuable and timely reports to the Legislative Assembly for performance audits, investigations, and other projects.
- Contribute to public sector accountability and improvements through our audits and other work.
- Promote awareness of our work.
- Conduct our work in accordance with professional and quality standards.

Strategic priority 2 – Workforce development

- Attract, retain, and develop an engaged, talented, and productive workforce.
- Foster a supportive and inclusive work environment.
- Support a culture of accountability leading to improved performance and engagement.

Strategic priority 3 – Innovation and continuous improvement

- Try innovative ways of doing things and seek opportunities for improvement.
- Leverage technology to enhance audit processes and outcomes.
- Use external experts to supplement our knowledge.