



Auditor General
MANITOBA

Report to the Legislative Assembly

Public Accounts and Other Financial Statement Audits

WEBSITE VERSION



December 2025

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December 2025

Honourable Tom Lindsey
Speaker of the Legislative Assembly
Room 244, Legislative Building
450 Broadway
Winnipeg, Manitoba R3C 0V8

Dear Honourable Speaker:

It is an honour to submit my report, titled *Public Accounts and Other Financial Statement Audits*, to be laid before Members of the Legislative Assembly in accordance with the provisions of Sections 10(1) and 28(1) of *The Auditor General Act*.

Respectfully submitted,

A handwritten signature in black ink, reading "Tyson Shtykalo".

Tyson Shtykalo, FCPA, FCA
Auditor General

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Auditor General's comments

Each year, we audit the Province of Manitoba's Summary Financial Statements and the financial statements of various government controlled and related entities. This report summarizes our financial statement audit work for 2024/25 and highlights key observations.

This year, we added Shared Health and the Winnipeg Regional Health Authority to our financial statement audit portfolio. I'm planning to release a report providing further observations on these audits.

For the first time since 2017, we issued an unqualified opinion on the Public Accounts—reflecting improvements in Manitoba's financial reporting processes. This clean opinion means the Summary Financial Statements fairly present the Province's financial position and activities for the year, in accordance with Canadian Public Sector Accounting Standards.

The Office of the Provincial Comptroller implemented process improvements that allowed for this unqualified opinion.

While progress is evident, some control deficiencies remain, and we continued to identify errors during our audit work that required correction. Addressing these issues is essential to achieving full audit readiness and improving the timeliness of the Summary Financial Statements.

I would like to thank the Department of Finance, the Treasury Board Secretariat—including the Office of the Provincial Comptroller—and all others involved in preparing financial information across government-controlled and related entities. Your cooperation and assistance are greatly appreciated. I also thank my staff for their professionalism and excellent work on these audits and this report.

I look forward to continuing our efforts to strengthen financial reporting and government accountability for Manitobans.



Tyson Shtykalo, FCPA, FCA
Auditor General



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Introduction

The Auditor General Act establishes the Auditor General as an independent officer of the Legislative Assembly. This Act outlines the responsibilities of the Auditor General, which include:

- Expressing an opinion to the Legislative Assembly as to whether the Summary Financial Statements included in the Public Accounts fairly present the financial position of the government in accordance with the accounting policies stated in the Summary Financial Statements.
- Auditing financial statements and other financial information of certain other entities within the Government Reporting Entity (GRE), and any other statements the Minister of Finance presents for audit.
- Providing the Legislative Assembly with independent information, advice, and assurance.
- Reporting to the Legislative Assembly annually on the results of our financial statement audit work.

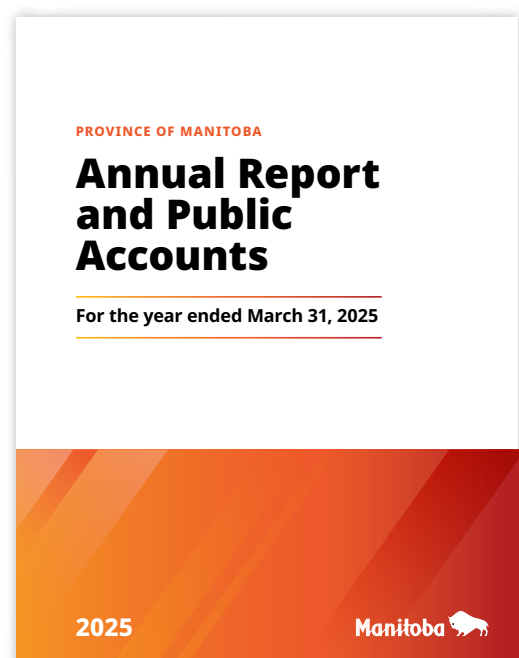
The GRE includes all funds, organizations, and business enterprises controlled by the government. These entities include school divisions, universities, regional health authorities, business government enterprises (such as Manitoba Hydro), and other provincially-funded entities under the government's control. There are over 120 entities within the GRE.

Public Accounts of the Province of Manitoba

The Province of Manitoba's Public Accounts are prepared annually in accordance with *The Financial Administration Act*, and in 2025 contain:

- **Financial Statement Discussion and Analysis and other management commentary**

The Financial Discussion and Analysis (FSD&A) is prepared by management (the Province of Manitoba) to help users better understand the financial information included in the Summary Financial Statements. The FSD&A includes discussion and analysis of the amounts, relationships, and variances underlying the statements as presented. The FSD&A and other management commentary are unaudited; however, auditing standards require us to review them to ensure they are not materially inconsistent with the accompanying audited statements.



• The Summary Financial Statements

The Summary Financial Statements are the consolidated financial statements of the Province of Manitoba (the Province), sometimes referred to as the Public Accounts. These statements are prepared by the Provincial Comptroller and included in the Public Accounts Annual Report, as required under *The Financial Administration Act*, Section 65(1)(a). These statements are prepared using Public Sector Accounting Standards (PSAS), which are the Canadian accounting standards used by governments and government organizations. The Auditor General is named auditor of these statements under both *The Financial Administration Act* and *The Auditor General Act*. We perform the audit of the Summary Financial Statements and issue an auditor's opinion under Canadian Auditing Standards. The objective of our audit is to obtain reasonable assurance to provide an opinion as to whether the Summary Financial Statements are free of material misstatements.

• Information provided under statutory requirement

Several acts, including *The Financial Administration Act*, require certain information or reports to be included in the Public Accounts. While most of these reports are not required to be audited, we do perform audits on the following two supplementary reports, as required by legislation:

- Rainy Day Fund Statement of Transfers.
- Account Balance and the Statement of Expenditures for Hospital, Medical, and Other Health Services under the Manitoba Health Services Insurance Plan.

Other financial statements and financial information we audited

Legislation requires the Auditor General to audit the financial statements and other financial information for certain organizations in the GRE. Management of other entities also engage us to audit their financial statements and other financial information.

In 2025, we audited the financial statements of 14 other entities. Of these entities, eight were within the GRE. All other public sector entities within the GRE are audited by external audit firms. Although not part of the GRE, we also audited four public sector pension plans, in addition to the Public Service Group Insurance Fund and the Northern Affairs Fund.

Public sector compensation reporting

Public sector compensation reporting is an example of other financial information that we audit. *The Public Sector Compensation Disclosure Act* requires the Province of Manitoba and all government agencies and public sector bodies to prepare an audited annual disclosure of employees and directors with compensation above a compensation reporting threshold. The compensation reporting threshold for the year ended March 31, 2025 was \$85,000.

Results of our financial statement audits this year

In this annual report to the Legislative Assembly on our financial statement audit work, we discuss the results of our 2024/25 financial statement audits and look ahead to the year to come. The report includes discussions of:

- Results of this year's Public Accounts (**SECTION 1**)
- Two key areas of the financial statements and opportunities for improvement (**SECTION 2**)
- Significant transactions during the 2025 fiscal year (**SECTION 3**)
- Management letters (**SECTION 4**)
- Steps taken by the Province to improve financial reporting (**SECTION 5**)
- Challenges for the 2025/26 and 2026/27 audit cycles (**SECTION 6**)
- Status of past recommendations (**SECTION 7**)
- Results of other financial statements for 2024/25 (**SECTION 8**)

1 Results of this year's Public Accounts

1.1 Unqualified opinion for 2025

For the first time since 2017, we issued an unqualified opinion on the Public Accounts for the 2025 fiscal year. This means that the Summary Financial Statements present the Province of Manitoba's financial position and financial activities for the year fairly, without material issues, in accordance with Canadian Public Sector Accounting Standards.

Types of audit opinions

- In financial statement auditing, an **unqualified opinion** (also known as a clean opinion) means the auditor was able to collect sufficient audit evidence to conclude that the financial statements provide a fair accounting of the entity's financial position and follow the required accounting rules.
- A **qualified opinion**, on the other hand, means there were one or more areas where the auditor couldn't collect sufficient audit evidence to conclude on those items or there are items the auditor considers to be errors.

While the Province of Manitoba (the Province) continues to face challenges in achieving full audit readiness, addressing controls deficiencies, and setting appropriate accounting processes, there has been a renewed focus on continuous improvement and collaboration. The Office of the Provincial Comptroller was able to implement some process improvements that allowed for an unqualified opinion this past year. Additionally, we were able to sign our audit opinion on September 25, which allowed for the Public Accounts to be released on time within the six-month legislated deadline.

With the Province making improvements to its financial reporting capacity, there may be an ability to complete and release the Public Accounts earlier. Since 2018, the audit opinion date (which marks the final completion of all audit work and the Minister of Finance's approval of the financial statements) has consistently fallen close to the legislated deadline (effectively September 29, as September 30 is a statutory holiday in Manitoba), typically within 10 days.

Earlier release of Public Accounts would improve the timeliness of the financial information.

While the Province has improved the support for note disclosures (the issue that led to our qualified opinion for the 2024 fiscal year) there remain control deficiencies that need to be addressed. As well, we continue to identify a significant number of errors during our audit work. **SECTION 2** outlines areas within the Summary of Financial Statements where further improvements are needed as we experienced challenges in these areas during 2025 fiscal year audit.

History of opinions issued

2017 Unqualified opinion – Statements present fairly in all material respects

2018 – 2021 Qualified opinion due to:

- **Exclusion of Workers Compensation Board (WCB) from the Summary Financial Statements** – Non-compliance with Public Sector Accounting Standards, as WCB met the criteria for control and should have been included in the Public Accounts. Its exclusion resulted in material misstatements in equity, net debt, and annual deficit figures.
- **Failure to recognize controlled assets** – Non-compliance with Public Sector Accounting Standards, as the Manitoba Agricultural Services Corporation (MASC) Insurance Trusts, which should have been recognised as assets of the Province. Their omission led to understated assets and overstated expenses, impacting the reported annual deficit and net debt. The Province began consolidating the MASC Insurance Trusts starting in the 2022 fiscal year, this resolved the accounting issue and removed the qualification.

2022 Qualified opinion due to:

- **Exclusion of Workers Compensation Board from the Summary Financial Statements on comparative figure (2021 balance)** Although amendments to *The Workers Compensation Act* effective November 6, 2020 meant the Province no longer controlled the WCB, the comparative figures 2021 did not reflect this change. The qualification only applied to 2021 figures and not affecting 2022 figures.

2023 Qualified opinion due to:

- **Insufficient support for asset retirement obligation** – Lack of sufficient and appropriate audit evidence regarding the completeness, valuation, and required disclosures related to the liability for asset retirement obligations recorded by the Province. We were unable to provide an opinion on this balance and related disclosures.

2024 Qualified opinion due to these issues:

- **Insufficient support available for**
 - **Contractual Obligations disclosure** – The Province did not provide adequate audit evidence to confirm the completeness and accuracy of its reported contractual obligations, limiting our ability to assess the related disclosures.
 - **Contractual Rights disclosure** – Similarly, insufficient documentation was available to support the reported contractual rights, preventing us from verifying their validity and completeness.

1.2 Presentation and disclosure errors identified during the audit remain high

For past three years, we have reported on the increasing number of errors identified in the accounting records during our audit of the Summary Financial Statements. The financial statements cannot be issued with errors that are material individually or in aggregate to the users of the financial statements, in the financial statements themselves, or in any of the disclosures. When errors are identified during the audit, we must track them, bring them to management's attention, and review the corrections made by management to ensure they have been appropriately resolved. Management may not correct all identified errors, and so we must review any uncorrected errors to ensure none of them have a material effect on the financial statements.

Throughout the audit process, we monitor and document all material errors, providing the Office of the Provincial Comptroller (OPC) with supporting audit evidence to substantiate our findings. The purpose of this process is to make sure that the aggregate amount and individuals' errors are not above the materiality level we set at the planning phase. As errors are corrected, we must spend additional time verifying that they've been properly addressed, including reviewing related changes to note disclosures and impacted schedules. We also reassess any remaining uncorrected errors to ensure they do not result in material misstatements. This process has become increasingly time-consuming over the past three years, primarily due to the significant volume of errors identified, and has contributed to delays in completing the audit.

Between 2021 and 2025, we conducted a comprehensive review of the errors identified and tracked during our audits. We found 73% of the errors related to work of the OPC while 27% of the errors originated from government departments.

Of the errors we tracked in 2025:

- 16% were related to accounting estimates, which involve complex judgments.
- 30% were accounting errors (including cut-off errors—mistakes in the timing of transactions).
- 54% were presentation and disclosure errors, such as inaccuracies in financial statement schedules, as well as notes and transactions being recorded in the wrong categories.

In 2025, the OPC took steps to strengthen its review process, resulting in slightly fewer accounting and estimate-related errors. However, presentation and disclosure-related errors remain high. This issue is highlighted in Section 1.3, Weaknesses in Financial Statement Preparation and Control Environment, of the 2024 report, *Public Accounts and Other Financial Statement Audits*.

The increasing complexity of financial transactions and evolving reporting requirements have contributed to the rise in errors—particularly those related to estimates, presentation, and disclosure standards. These are often addressed later in the financial statement preparation process. The current process may not allow sufficient time to accurately prepare disclosures and for management to review them before submission for audit.

Further improvements are necessary, as the volume of errors in the financial statement information presented for audit significantly affects the time required to complete the audit and finalize the financial statements after corrections. These improvements are essential not only to meet the current reporting deadline but also to support any efforts to release the financial statements earlier.

While our audit process is designed to provide assurance that the financial statements are free from material errors, weak internal controls may result in:

- An increased risk that inaccurate, unaudited financial information (including quarterly reporting) could be used for decision making.
- A delay in the completion of the year-end audit of the Summary Financial Statements because of additional work required by the OPC and our Office to review and understand the errors and make the required corrections.

1.3 Key audit matters included in our auditor's report

Key audit matters (KAMs) are included in our auditor's report to highlight areas of significant risk, complexity, or judgment that were critical to the audit of the financial statements. The inclusion of KAMs enhances the transparency and usefulness of the auditor's report by providing stakeholders with insight into the most challenging aspects of the audit and the auditor's approach to addressing them. This disclosure clearly identifies the areas where the auditor applied significant attention and professional judgement, helping users understand the associated risks and the procedures undertaken to obtain assurance over the relevant balances and disclosures.

By identifying and explaining KAMs, the auditor's report provides additional context that helps legislators, oversight bodies, and the public understand the financial statements and key areas of risk within them.

The KAMs we identified in our auditor's report on the March 31, 2025 Summary Financial Statements all relate to material estimates with significant uncertainty. Estimates are some of the most challenging areas of financial reporting to prepare and to audit, as they rely on assumptions, and sometimes complex valuation models and uncertainty.

Corporate and personal income tax revenues

Corporate and personal income taxes revenues are major sources of funding for the Province, totaling \$1.3 billion (corporate) and \$4.3 billion (personal) in 2025. The timing of recognition and the amount recorded for these revenues relies on management's estimates and economic forecasts, as final tax assessments are not available until after the financial statements are issued. This process involves significant judgment and estimation uncertainty, making it crucial for readers to understand the potential for differences between estimated and actual results, which could materially affect the financial statements.

Contingent legal liabilities

Contingent legal liabilities represent possible future obligations arising from ongoing legal cases. Manitoba's contingent legal liability was over \$1.4 billion as of March 31, 2025.

The timing of recognition and the amount recorded for legal liabilities depend on management's judgment regarding the likelihood and size of future settlements. The complexity and subjectivity involved in estimating these liabilities—combined with the evolving nature of legal proceedings—mean that any misjudgment could significantly impact on the Province's financial position. This is why it is important for readers to understand the risks and uncertainties involved.

Tobacco settlement revenue

This matter concerns Manitoba's share of a landmark \$32.5 billion tobacco settlement, with \$1.1 billion allocated to the Province. Recognizing and measuring this revenue is complex and involves considerable judgment, especially since future payments depend on the tobacco companies' earnings over a 20-year period. The materiality and uncertainty surrounding the timing and valuation of these payments make it essential for readers to understand the potential impact on the Province's financial results.

Further details are included in the Auditor's report (**APPENDIX A**). Tobacco settlement revenue is also further discussed in *Significant transactions during 2025 fiscal year – Tobacco Settlement Revenue* (**SECTION 3.1**).

2 Understanding two key areas of the financial statements—and how they can be improved

Users of the Province of Manitoba's (the Province's) financial statements typically focus on the statement of operations, particularly revenues, expenses, and the resulting annual deficit or surplus. The next focus might be on assets and debt, and the Province's net debt position, presented in the statement of financial position. However, the Summary Financial Statements include much more relevant information to help users understand the Province's financial position and activity during the year. The 2025 Summary Financial Statements contained 57 pages of information beyond the surplus and net debt, including additional statements, notes, and schedules that are integral to understanding the Province's financial position and performance.

In this section, we highlight two key areas: the statement of cash flow and the statement of operations by sector. These statements provide valuable insights into liquidity and detailed government spending, respectively. However, there are opportunities to enhance their clarity and usefulness of these two areas, which we discuss in this section.

2.1 Statement of cash flow

The statement of cash flow (see **APPENDIX C**) is one of the required statements under Public Sector Accounting Standards. It shows where the Province's cash is coming from and where it is going during the year.

This differs from the statement of operations which shows the Province's net surplus or deficit for the year, calculated on an accrual basis, rather than on a cash basis. The statement of operations does not show the impact of financing, capital investment, or other investments. Both the cash flow and annual operating surplus or deficit are important measures showing different aspects of the Province's financial activity for the year.

The change in cash and cash equivalents during the year is split into four distinct categories (**operations, capital, investing, and financing**), that allow users to assess the impact of those activities on the financial position of the entity.

What are the categories in cash flow statement?

Operations: The Province uses the indirect method which adjusts the operating deficit from the statement of operations for the effects of non-cash items included in the deficit (such as amortization of tangible capital assets) and increases in valuation allowances (such as for uncollectible loans or receivables). This measure is also adjusted by changes in accrual accounts—where the timing of cash flow does not match the recognition of revenue or expense in the financial statements. For example,

revenue may be recognized when earned but not collected until a future period. Or an expense may be accrued and recognized when the Province receives the goods or services but not actually paid until a later period.

Capital: Includes cash paid to build or purchase tangible capital assets and (although rare in the public sector) cash received on disposal or sale of tangible capital assets. Given the long-term nature of capital assets such as schools, hospitals, and roads, the costs of these items are not included as operating expenses when incurred. Instead, these costs are capitalized and amortized into operating expenses over their expected life—however the cash is required up front.

Investing: Includes cash paid for new investments during the period and the cash received for the sale or maturity of investments. This section includes both investments in bonds, equity, or other financial instruments as well as the cash flows related to the Province's loans. Cash related to interest revenue is included in the operating cash flows and this amount is also disclosed separately at the bottom of the statement.

Financing: Includes cash received from debt issued and cash paid to settle debt during the period. Cash related to interest expense is included in the operating cash flows and this amount is also disclosed separately at the bottom of the statement.

2.1.1 Questions the statement of cash flow can answer

The statement of cash flow can answer several questions. These include:

Question	Where to find the answer	The statement shows that...	Additional insight
Have the government's operations been bringing in positive cash flow during the year? Or are the operations using up cash requiring debt to fund ongoing operations?	Operating activities	<ul style="list-style-type: none"> Cash flows from operating activities were: \$648 million in 2025 \$213 million in 2024 	<p>Despite incurring an operating deficit of \$1,149 million in 2025 operating activities are bringing in a positive cash flow.</p> <p><i>(The difference relates to cash flows related to some revenue and expense that have happened in prior periods, or will happen in future periods).</i></p>

Question	Where to find the answer	The statement shows that...	Additional insight
How much cash has the government invested in tangible capital assets and infrastructure, such as buildings and roads during the year?	Capital activities	Manitoba spent the following on capital assets: <ul style="list-style-type: none"> • \$1.896 billion in 2025 • \$1.975 billion in 2024 	<p><i>Capital investments must be financed by debt and/or future surpluses in operating cash flows</i></p> <p>You can learn more about what capital assets the government has invested in during the year by reviewing Schedule 7, the Consolidated Statement of Tangible Capital Assets</p>
How much has the Province's debt increased during the year? Is more debt being issued than redeemed? Is the government retiring debt or simply rolling it over with new issuances?	Financing activities	In 2025, the Province issued \$6.826 billion in debt and redeemed or repaid \$3.960 billion, with a net increase of \$2.866 billion.	
How much has the Province put into new portfolio investments and loans during the year? What is the net increase in investments and loans?	Investing activities	In 2025, the Province purchased or loaned out \$6.045 billion in investments and loans, and the net cash spent to increase loans and investments was \$2.866 billion.	

2.1.2 Areas for improvements to the statement of cash flow

During the audit of the Public Accounts, we identified several areas of concern related to the preparation of the statement of cash flow.

Significant errors in the first draft of the statement

Support for transactions included in the drafted statement of cash flow was incomplete, incorrect, or included unnecessary presentation of non-cash impacts.

These issues were corrected; however, we identified this statement as an area the Office of the Provincial Comptroller (OPC) should review and improve its processes and templates ahead of the preparation of the 2026 Summary Financial Statements to avoid future errors and delays.

Areas where enhanced disclosure could improve the statement's usefulness

We also identified two areas where the Province could improve the statement of cash flow to provide more useful information to users.

Avoid netting financing and investing transactions

Cash inflows and outflows related to capital, investing, and financing activities are usually shown separately to give a clear picture of how money moves in and out. There are just a few exceptions where netting these amounts is allowed—such as when the government handles money on behalf of someone else, when the transactions are very frequent and short-term, or when transactions involve interest payments or receipts related to government-owned businesses.

During the audit of the Public Accounts for the year ended March 31, 2025, we noted that there were several items in investing and financing sections on the statement that were recorded on a net basis rather than a gross basis. While the areas identified were corrected, there are certain types of financing and investing transactions where the Province should obtain more information to ensure the appropriate treatment (gross or net) is being used.

Separate disclosures of cashflows from different types of transactions

Currently, the Investing Activities section just shows one total for investments purchased and one for investments sold or matured. To improve the information in the disclosure, cash flows from investments could be broken down to subcategories, including cash flows from portfolio investments and cash flows from loans. The cashflows, risks, and purposes of loans are often different between loans and portfolio investments.

Similarly, the financing activities section, it shows cash received from and paid to debt. This could be improved by providing additional categories, long-term debt and short-term debt.

2.2 Consolidated statement of operations by sector

The statement of operations (also known as the income statement) provides a snapshot of the government's revenues and expenses. Revenues are grouped by types including taxes, government transfers, fees, and other sources, while expenses are categorized by program or departmental responsibility, spanning 28 categories in 2025. However, breaking down revenues and expenses by specific segments of the government can offer users deeper insights into the government's operations and activities throughout the year.

To provide this supplemental information, Public Sector Accounting Standards (PSAS) has two additional reporting requirements: segment disclosures and disclosures of expenses by object.

Segment disclosure

Segment disclosure is a way for governments to show how public money is raised and spent across different areas of service. It breaks down financial results into meaningful categories—called segments—so the public can see how resources are allocated and how different parts of government are performing.

Why does it matter?

Segment disclosure helps Manitobans understand:

- The resources allocated to support major activities of the government.
- Where their tax dollars go—such as health care, education, or justice.
- How government priorities are reflected in spending.

Segment disclosure allows the public to make more informed judgements about the government and its major activities.

Expenses by object

The statement of operations shows expenses by function—and includes expenses related to each government department and its related activities.

PSAS also require governments to report on their expenses by object—this means breaking them down by the type of expense such as personnel services, grants and transfers, supplies and services, and amortization.

Presenting expenses in both these ways—by function and by object—helps users understand both what specifically a government is spending its money on and what that spending is being used to accomplish.

Presentation of expenses by object is included in the consolidated statement of operations by sector.

Manitoba's statement of operations by sector

Manitoba's statement of operations by sector serves two purposes: it functions as the Province's segment disclosure—providing a mini statement of operations for various sectors—and it offers detailed information on Manitoba's expenses by object.

This statement include five specific sectors (Health, Education and Economic Development, Social Services, Community and Resource Development, Justice and Other Expenditures) and general government. Manitoba's sectors are defined in note 1(ix) to the Summary Financial Statements. Each segment includes revenues and expenses, and the results of all segments are reconciled back to the overall consolidated operating results. The segments are chosen based on how government services are organized and delivered. They reflect major areas of responsibility and accountability. This helps ensure that the financial information is relevant and understandable to the public.

2.2.1 Questions the consolidated statement of operations by sector can answer

The consolidated statement of operations by sector illustrates each sector's results for the year and supports answering these questions:

- How much has been spent on each sector?
 - Health – \$9.6 billion in 2025 (\$9.0 billion in 2024).
 - Education and Economic Development – \$6.1 billion in 2025 (\$5.8 billion in 2024).

- o Social Services – \$3.3 billion in 2025 (\$3.0 billion in 2024).
 - o Community and Resource Development – \$2.2 billion in 2025 (\$2.1 billion in 2024).
 - o Justice and Other Expenditures – \$2.6 billion in 2025 (\$2.3 billion in 2024).
 - o General Government – \$2.5 billion in 2025 (\$2.0 billion in 2024).
- How much does the federal government directly provide for each sector?
 - o Health – \$2.1 billion in 2025 (\$2.1 billion in 2024).
 - o Education and Economic Development – \$520 million in 2025 (\$502 million in 2024).
 - o Social Services – \$114 million in 2025 (\$72 million in 2024).
 - o Community and Resource Development – \$303 million in 2025 (\$248 million in 2024).
 - o Justice and Other Expenditures – \$65 million in 2025 (\$53 million in 2024).
 - o General Government – \$5 billion in 2025 (\$4.1 billion in 2024).
- Which sector brought in the most fees and other revenues to help cover their costs?
 - o Education and Economic Development – \$1.0 billion in 2025 (\$966 million in 2024),
 - o General Government – \$847 million in 2025 (\$3 million in 2024), and
 - o Health – \$693 million in 2025 (\$658 million in 2024).

The different sectors brought in the following fees and other revenues (all sectors are listed from most to least fees and other revenues generated):

- o Education and Economic Development generated the most fees and other revenues, at \$1.0 billion in 2025 (\$966 million in 2024).
 - o General Government brought in the second highest fees and other revenues with \$847 million in 2025 (\$3 million in 2024).
 - o Health generated the third highest fees and other revenues, at \$693 million in 2025 (\$658 million in 2024).
 - o Community and Resource Development generated \$611 million in 2025 (\$689 million in 2024).
 - o Justice and Other Expenditures received fees and other revenues of \$485 million in 2025 (\$371 million in 2024).
 - o Social Services generated fees and other revenues of \$103 million in 2025 (\$106 million in 2024).
- What is the largest expense category in each sector?
 - o Health – Personnel services – \$5.2 billion in 2025 (\$4.9 billion in 2024).
 - o Education and Economic Development – Personnel services – \$4.0 billion in 2025 (\$3.7 billion in 2024).
 - o Social Services – Social assistance related – \$1.5 billion in 2025 (\$1.5 billion in 2024).
 - o Community and Resource Development – Grants/Transfer payments – \$787 million in 2025 (\$834 million in 2024).

Watch the trends – unusual changes tell a story.

For example, the General Government revenues sharply increased from \$3 million in 2024 to \$847 million in 2025. This is because the Province recorded \$846 million of revenue from the tobacco settlement.

- Justice and Other Expenditures – Grants/Transfer payments – \$812 million in 2025 (Personnel services – \$749 million in 2024).
 - General Government – Debt Servicing – \$2.0 billion in 2025 (\$1.9 billion in 2024).
- What percentage of spending is on salaries and benefits (personnel services)?
 - Health – 54.7% in 2025 (51.1% in 2024).
 - Education and Economic Development – 41.6% in 2025 (38.2% in 2024).
 - Social Services – 1.9% in 2025 (2.0% in 2024).
 - Community and Resource Development – 3.3% in 2025 (3.1% in 2024).
 - Justice and Other Expenditures – 8.0% in 2025 (7.8% in 2024).
 - General Government – 0.1% in 2025 (0.1% in 2024).
- What is the amortization expense for the period? This represents the allocation of capital asset costs over their useful lives and reflects the usage of those assets within the sector.
 - Health – \$219 million in 2025 (\$223 million in 2024).
 - Education and Economic Development – \$207 million in 2025 (\$200 million in 2024).
 - Social Services – \$70 million in 2025 (\$65 million in 2024).
 - Community and Resource Development – \$314 million in 2025 (\$296 million in 2024).
 - Justice and Other Expenditures – \$85 million in 2025 (\$73 million in 2024).
 - General Government – \$10 million in 2025 (\$9 million in 2024).
- Which sectors generate tax revenue—and how much do they generate? How does this compare to their expenses?
 - General Government generated tax revenue of \$9.6 billion in 2025 (\$9.4 billion in 2024). This reflects that most tax revenues are not related to a specific sector.
 - Education and Economic Development generated tax revenue of \$854 million in 2025 (\$719 million in 2024). This reflects that education property taxes are one tax stream that is directly benefiting one sector. Education and Economic expenses exceeded tax revenue by \$8.7 billion in 2025 (\$8.9 billion in 2024) showing that the taxes are only a small funding source for the cost of this sector.

2.2.2 Areas for improvement of the consolidated statement of operations by sector

While Manitoba's segment disclosures meet the technical requirements of PSAS, there are opportunities to make them more accessible and informative.

Explaining segment choices

Providing a concise rationale for the selection of these segments—such as their alignment with budget structures or ministerial responsibilities—would help readers understand the reasoning behind the segment allocations. Although Note 1(ix) to the Summary Financial Statements currently includes this information, it appears 37 pages before the statement in the Summary Financial Statements, with no cross-reference to help users find these definitions. Including all relevant details within the notes to the schedule would improve accessibility and enhance users' understanding.

Adopt a streamlined layout

The schedule currently includes seven revenue categories and 10 expense categories (see **FIGURE 1**).

Four of the expense categories each include under 5% of the total expenditure. Reducing the number of expense categories included could simplify the schedule making it easier for users to read and understand where each segment's money is going.

Highlight key changes

Year-over-year changes for the segment results can be significant. Including additional notes in the Financial Statement Discussion and Analysis within the Annual Report and Public Accounts that explain major shifts in sectors—such as new programs, policy changes, or economic factors—would improve clarity.

Segment disclosure is a powerful tool for public accountability. Manitoba's use of Schedule 9 in its Summary Financial Statements provides a solid foundation for transparency. With a few enhancements—such as clearer explanations, summaries, and a streamlined layout—the Province can make this important information even more accessible to the people it serves.

Figure 1: Schedule 9 of expenses extract

Expense	(\$ millions)	(as a %)
Personnel services	10,581	42%
Grants/Transfer payments	2,047	8%
Transportation	256	1%
Communication	110	0.4%
Supplies and services	2,986	12%
Social assistance related	1,937	8%
Other operating	4,221	17%
Debt servicing	2,316	9%
Minor capital	134	1%
Amortization	905	4%

3 Significant new transactions during 2025 fiscal year

This section provides an overview of the tobacco settlement revenue, a significant new transaction impacting Manitoba during the 2025 fiscal year. When new and complex financial events such as this arise, we use this report to guide users through the details, ensuring transparency and clear understanding of how these transactions affect the Province's finances.

3.1 Tobacco settlement revenue

Background

A \$35.2 billion global settlement was reached in 2024 and approved by the Ontario Superior Court of Justice in March 2025, following multiple lawsuits filed across Canada against three major tobacco companies for damages related to the use of tobacco products. Manitoba was one of many provincial governments who had filed suit against the companies in efforts to recover tobacco related healthcare costs. In 2019, these companies applied for protection under *The Companies' Creditors Arrangement Act* (CCAA), which prompted the courts to issue orders for the development of plans of compromise and arrangement.

Expected cash flows

Under the terms of the agreements, the provinces and territories have been allocated \$24.7 billion of the total \$32.5 billion settlement. The remaining balance is designated for individual claimant compensation and the establishment of a national public health foundation. Of the \$24.7 billion, Manitoba has been allocated \$1.1 billion, which includes an initial upfront payment of \$290 million that was received in August 2025. The remaining balance will be paid annually, contingent on the profitability of the tobacco companies. These annual payments will be calculated based on formulas outlined in the agreement.

Manitoba's annual payments depend on the future net after-tax incomes of the tobacco companies, which is highly uncertain due to declining tobacco sales driven by public health efforts and government initiatives to reduce tobacco use. Further, the amount Manitoba's payments will be based on excludes income from alternative products (such as e-cigarettes, vaping devices and nicotine pouches).

Tobacco settlement: key dates

May 31, 2012 – Manitoba files suit against tobacco companies

2019 – The three tobacco companies filed for CCAA protection

2024 – A proposed global settlement for each of the three tobacco companies is reached addressing the multiple parties' legal claims

March 6, 2025 – Ontario Superior Court of Justice approved the global settlement plans

August 2025 – Manitoba received the upfront payment of \$290 million

2026 to 2046 – Manitoba expects to receive annual payments based on a formula outlined in the settlement. These payments are tied to the net after-tax income of tobacco companies, excluding income

Accounting treatment

In accordance with the revenue recognition standards under Public Sector Accounting Standards (PSAS), revenue was recognized in 2024/25 when the following two criteria were met:

- The entity has the authority to claim or retain an inflow of economic resources.
- A past transaction or event has occurred that gives rise to an asset.

Revenue is based on these criteria, not when cash flows come in, as PSAS is an accrual accounting based framework, rather than a cash-based framework.

In reviewing the tobacco settlement, revenue recognition was deemed appropriate for the fiscal year ending March 31, 2025. This is because the sanction order approving the global settlement plan was issued on March 6, 2025, and the appeal period had concluded by the end of the month.

Due to the uncertainty surrounding the companies' future financial performance, there is significant estimation uncertainty associated with both the timing and amount of the subsequent payments beyond the initial payment. The settlement plan provided estimated cash flow projections from the companies for a five-year period only. Based on this information, the Province recognized revenue and a gross receivable of \$846 million in 2025 fiscal year representing the **net present value** of expected future cash flows.

To account for the extent of uncertainty of timing and amounts of cash flows beyond the five-year projection period, a provision of \$396 million was recorded against the gross receivable balance. This **provision** is based on the net present value of estimated payments expected after the fifth year and it addresses the significant collection uncertainty associated with those amounts.

In future years, when the Province collects the amounts that have been discounted, it will also record interest revenue. This will reflect that part of the payment relates to the Province receiving the repayment over many years.

These estimates were prepared using the most current information available at the time the financial statements were finalized.

As new data becomes available regarding the amount and timing of future payments, the assumptions and inputs used in the valuation model will be reviewed and updated annually. As disclosed in the notes to the financial statements, these reassessments may result in material adjustments to both revenue and the receivable balance in future years.

The time value of money means that money today is worth more than the same amount in the future because you can invest it and earn interest. Discounting is the process of figuring out how much future money is worth today by applying a rate that reflects time and risk.

Net present value uses discounting to compare the value of all future cash flows to its cost today. As a result, revenue is accrued for each period that it is determined to be collectible.

Provision – An estimated amount to cover a future liability or loss. A provision for the amount receivable reflects an expectation an amount may not be fully repaid by the tobacco companies in the future.

4 Management letters

We issue a management letter at the conclusion of each financial statement audit. This letter serves as formal communication to management, outlining observations and recommendations aimed at improving the Province of Manitoba's operations and accountability. While the issues raised may not materially affect the audit opinion, they often highlight deficiencies in internal controls, financial reporting practices, and operational processes that warrant attention. In accordance with Canadian Auditing Standards—**CAS 260**, which governs communication with those charged with governance, and **CAS 265**, which mandates the reporting of significant internal control deficiencies—these letters provide a structured framework for dialogue between auditors and management. They also serve as a record of issues raised by the auditor to management, and management's responses and implementation of the auditors' recommendations.

Over successive audits, we have observed an increasing number of findings requiring communication to the Office of the Provincial Comptroller (OPC), reflecting ongoing challenges in internal controls and compliance.

4.1 Number of outstanding recommendations growing

At the conclusion of the 2025 fiscal year Public Accounts audit, we issued 14 new recommendations. These recommendations reflect recurring control issues in several common areas:

Number of new recommendations	Related issues
8	Segregation of duties and access control weaknesses
4	Insufficient accounting records and ineffective review processes
2	Improper accounting treatment
1	Other IT control environment issue
14	Total new recommendations

Note: One recommendation—Management Letter No. 9, related to bank reconciliation—addresses both segregation of duties and lack of review process, and is counted under both categories. The single IT control environment issue pertains to non-compliance with the Manitoba Password Standard for privileged accounts.

While the number of new recommendations issued in the 2025 fiscal year audit declined compared to the previous three years, the volume of outstanding recommendations from prior years has increased significantly. This is because recommendations are not being implemented as quickly as we are identifying new issues. As of March 31, 2025, there were 63 outstanding recommendations compared to 34 one year earlier. This pattern highlights the need for consistent focus and timely corrective action by the Province of Manitoba (the Province).

These observations point to the Province's recurring control and compliance failures that pose material risks to financial reporting accuracy, data integrity, asset protection, and audit readiness. Escalating these issues to management is essential to ensure that:

- Corrective actions are prioritised.
- Accountability is established.
- Future audits are not compromised by unresolved findings.

Management has developed action plans for the majority of these items, and we look forward to tracking their implementation throughout the 2026 fiscal year audit.

4.2 Management letters for other entities in the Government Reporting Entity

The Province combines the results of many public sector organizations into its Summary Financial Statements. Because of this, our audit is considered a group audit, and we act as the group auditor. We review the work of auditors who examine each individual organization—these are known as component auditors. Component auditors issue management letters to their respective auditees.

The group auditor is expected to evaluate these management letters to determine their impact on the group audit opinion. As part of the Summary Financial Statement audit, we reviewed component auditors' management letters and identified several recurring themes for improvement, summarized in the table below. These types of control deficiency are similar to those we identified and discussed in **SECTION 4.1**.

Areas for improvement	Specific observations
Segregation of duties and access control weakness	<ul style="list-style-type: none"> • Several entities allow a single individual to perform multiple critical tasks, compromising internal control. • The absence of regular access reviews and formal revocation procedures has led to excessive or uncontrolled access rights.
Lack of sufficient accounting records and an effective review process	<ul style="list-style-type: none"> • Several entities lack detailed inventories or have discrepancies in asset records. • Insufficient capital asset schedules due to poor preparation. • Missing or incomplete asset retirement obligation Studies. • Delayed or unavailable asset information

Areas for improvement	Specific observations
Improper accounting treatment	<ul style="list-style-type: none"> • Accruals – Benefit obligations, banked time, and leave accruals are inconsistently tracked or omitted. • Receivables – Reconciliation and aging classifications are inaccurate; interentity transactions are misclassified. • Cut-off Issues – Expense and recovery timing errors affect reporting accuracy. • Prepaid and Recoverable – Prepaid expenses and GST recoverable are not properly reviewed or recorded.

Given that similar themes and control deficiencies are consistently observed across core government entities, it is essential for the Province to adopt a more proactive and coordinated approach. Robust and ongoing communication with Government Reporting Entities (GREs) is particularly critical to ensure that issues raised in component auditors' management letters are clearly understood and appropriately addressed. Where GREs require support, the Province could provide timely guidance and resources to assist in resolving these matters. Strengthening this collaboration would not only help mitigate recurring issues but also enhance the overall quality and timeliness of the Summary Financial Statements.

5 The Province has begun taking steps to improve its financial reporting

Timely and accurate financial reporting is important for informed decision-making and the responsible management of public resources. In recent years, we have identified deficiencies in the financial reporting process and control environment that influence the Province of Manitoba's capacity to produce timely and accurate financial information.

In our December 2024 report, *Public Accounts and Other Financial Statements*, we noted these deficiencies along with actions the Province of Manitoba (the Province) could take to address them. While many of the issues persisted in the current year, the Province has taken noticeable steps toward improvement.

Actions identified in our report last year related to the following four categories:

- Strengthening competency in financial reporting through staffing and training (**SECTION 5.1**)
- Implementing a rigorous review process for accurate consolidation of information (**SECTION 5.2**)
- Addressing deficiencies upon ERP implementation (**SECTION 5.3**)
- Obtaining external resources engagement for additional support (**SECTION 5.4**)

5.1 Strengthening competency in financial reporting through staffing and training

Last year, we noted that turnover in key positions within the Office of the Provincial Comptroller (OPC) posed significant challenges. We suggested increased investment in personnel and targeted staff training to enhance competency. In response, the Comptroller implemented a series of training sessions for staff at the OPC focused on specific Public Sector Accounting Standards. The OPC also held a year-end training session for financial reporting staff, which most of the departments participated in. While we continued to see errors and control deficiencies, the number of errors is trending downward, which is positive. However, as discussed in **SECTION 1.2**, the number of presentation and disclosure errors remains high. The OPC should consider providing additional training in 2026 focused on presentation and disclosure. The recurring themes identified in our management letters, as well as those from GREs discussed in **SECTION 4**, would also be valuable areas to address through training.

During the year, the OPC addressed staffing needs by filling key roles and vacancies related to the preparation of the Summary Financial Statements. These appointments supported the timely completion of the audit process. However, turnover continues to be an issue within the OPC and in financial reporting roles across departments. As turnover is likely to persist, the OPC should focus on developing training materials that can be delivered on demand as new staff assume these roles.

Action still needed:

Implementing structured and continuous training programs will support succession planning, preserve institutional knowledge, reduce disruptions caused by staff turnover, and foster greater consistency across departments. Such initiatives are essential to strengthening financial reporting quality and ensuring sustained accuracy.

5.2 Implementing a rigorous review process for accurate consolidation of information

In our December 2024 report, *Public Accounts and Other Financial Statements*, we identified the need for changes to the consolidation review process. Manual, complex, and poorly documented procedures contributed to frequent errors, delays, and inconsistent financial information. These issues were further compounded by staff turnover and a lack of technical knowledge, increasing the risk of misstatements. Strengthening the review process is essential to ensure accuracy, reliability, and timely preparation of the Province's consolidated financial statements.

During our review of consolidation files, we noted that they are now being peer-reviewed by other OPC staff. Based on the reduction in consolidation-related errors, it appears that reviews conducted by senior OPC staff have contributed to improved accuracy in the consolidation process.

In addition, OPC staff improved their analysis of several significant financial statement items, helping ensure proper classification in the Summary Financial Statements. As part of their process, many year-end adjustments—used to consolidate financial information from Government Reporting Entities (GREs)—were moved into the consolidation files.

This allowed us to perform our analysis earlier in the audit timeline, as part of the consolidation file review. These improvements contributed to increased confidence in the accuracy of the consolidation journal entries.

Action still needed:

While we have seen improvements, several issues persist in the consolidation process. These include recurring concerns related to endowments, a lack of consideration for prior-year effects when making current-year consolidation changes, and insufficient vetting of information received from components.

In the current year there were still many cases where multiple versions of consolidation files were required, and a significant number of consolidation-specific items were reported to both the summary of corrected and uncorrected misstatements. Further improvements will still be required before this item can be considered fully implemented.

5.3 Address deficiencies to ensure a successful ERP system implementation

In our December 2024 report, *Public Accounts and Other Financial Statements*, we noted that the Province is undertaking a multi-year project to modernize its Enterprise Resource Planning (ERP) system, SAP. As SAP is central to financial reporting, asset management, budgeting, and payroll across government, it is critical to ensure the new system provides a strong foundation for improving financial processes and controls. To maximize the benefits of the ERP implementation, the Province must address existing control deficiencies and weaknesses in its financial reporting processes.

Action still needed:

While the Province remains committed to the ERP transformation, it remains important to address the deficiencies outlined in our 2024 report, particularly those related to financial reporting controls and institutional capacity. We have also seen limited implementation of our prior year management letter recommendations. These unresolved issues pose a material risk to the effectiveness of the new system and must be remediated prior to, or as part of implementation, to ensure the ERP solution meets the Province's operational and reporting needs.

5.4 Obtaining external resources engagement for additional support

Last year, we noted that due to immediate demands and gaps in expertise, the Province needed to consider a potential solution of hiring external support to transition its financial reporting capability.

The external consultant issued a report in May 2025. The report included several recommendations for change. However, there was insufficient time to implement most of these recommendations in the preparation of the 2025 Public Accounts. OPC has indicated plans to implement these recommendations as practical over the next few fiscal years.

Action still needed:

The Province, historically, does not always fully communicate and implement recommendations from consultants. We found examples of this in recent implementations of new accounting standards. We encourage the Province to review the recommendations and make a detailed implementation plan for those it intends to implement to ensure value is obtained from the consulting costs.

6 Challenges for the 2025/26 and 2026/27 audit cycles

6.1 Enterprise Resource Planning system modernization impact starting 2025/26 fiscal year

The plan to update the Province of Manitoba's Enterprise Resource Planning (ERP) system involves a phased implementation approach. The implementation will have significant implications for financial reporting in the fiscal year ending March 31, 2026.

A group reporting module, which will be used by the Office of the Provincial Comptroller (OPC) in the consolidation process for Public Accounts, has already been adopted. It will be used for the first time in preparing and consolidating the Public Accounts for the 2026 fiscal year.

The ERP system is a unified platform for enterprise-level accounting and management reporting, which is expected to improve data consistency. However, departments will need to adapt to new processes and coding structures introduced by the system.

In June 2026, during a period when the OPC and departmental financial resources are heavily engaged in preparing the Public Accounts, five significant ERP modules will go live for the first time—Finance, Procurement, Enterprise Asset Management, and Data Analytics

The changeover to these new system modules will require data migration, reconciliations, training, and potentially working through any implementation challenges. Time will be required from the accounting financing resources. It will be important to consider these time demands when planning and preparing for the 2026 Summary Financial Statements to avoid delays and ensure a smooth ERP system transition.

6.2 Public Sector Accounting Standards changes impacting 2026/27 fiscal year

Public accountability and transparency are fundamental to maintaining trust in government financial operations. The implementation of new Public Sector Accounting Standards (PSAS), along with efforts to address persistent control deficiencies and enhance ongoing training, directly impacts the accuracy, reliability, and integrity of the Public Accounts. Raising awareness of these matters is essential for early preparation. Adopting the new standards is critical to ensuring a smooth transition, maintaining the reliability and comparability of financial reporting, and supporting effective fiscal management.

There are two PSAS implementations impacting 2026/27 fiscal year financial reporting as explained below:

Conceptual Framework for Financial Reporting in the Public Sector

The Public Sector Accounting Board (PSAB) has issued a new Conceptual Framework for Financial Reporting, effective for fiscal years beginning on or after April 1, 2026. This framework replaces Sections PS 1000 and PS 1100, which will be withdrawn upon adoption. The Conceptual Framework is the foundation for all public sector accounting standards. It sets out the core principles and objectives that guide how governments report their finances, reflecting the unique accountability structures and objectives of the public sector. The framework ensures that government financial statements are designed to help citizens and legislators hold governments accountable for how public resources are managed.

Key changes include updated definitions and classifications (such as distinguishing between financial and non-financial liabilities) and a renewed emphasis on accountability, measurement uncertainty, and sustainability. While the revised framework itself is not expected to result in significant immediate changes to the numbers in the financial statements, it will shape all new accounting standards going forward. Management should review its accounting policies and interpretations—especially for complex or judgmental areas—to ensure they are consistent with the principles in the new framework.

PS 1202 – Financial Statement Presentation

The Financial Statement Presentation standard (PS 1202) sets out what a set of public sector financial statements must look like—what statements are produced and how they are presented. Public sector financial statements are different from those of private sector businesses, reflecting the unique nature and accountability of governments. This will not change under the new standard.

PS 1202 replaces PS 1201 and establishes new requirements for the presentation of general-purpose financial statements, aligning with the revised Conceptual Framework. Effective for fiscal years beginning on or after April 1, 2026. Early adoption is permitted only if the Conceptual Framework is adopted at the same time. The new standard introduces enhanced presentation principles based on the objectives in the Conceptual Framework. One notable change is that the Statement of Financial Position will now be more familiar to users who know private sector balance sheets: it will no longer show non-financial assets separately from financial assets and below liabilities. The “net debt” indicator, widely used by ratings agencies and bond investors to evaluate governments, will remain but will be refined and renamed “net financial assets or net financial liabilities.” This measure will no longer separate out non-financial liabilities and non-financial assets.

Importance of early preparation

Implementing these changes will require significant effort from management and reporting entities. Recent experience in Manitoba has shown that insufficient preparation for new accounting standards can have serious consequences. For example, when the Asset Retirement Obligations (ARO) standard was adopted, the Province received a qualified audit opinion due to a scope limitation—there was not sufficient evidence to support the completeness and valuation of ARO balances. Issues included incomplete identification of obligations, errors in discount rates, and delays in providing required disclosures.

Similarly, the adoption of the Financial Instruments standard initially led to incomplete presentation of remeasurement gains and losses, as well as insufficient risk disclosures. The implementation of the Revenue standard revealed inconsistent use of accrual accounting and misclassification of federal transfers in some departments. In each case, we had identified that better planning, training, and oversight of the implementation by the OPC could have prevented these issues. Early preparation is critical to ensure a smooth transition and to maintain the reliability and comparability of financial reporting. Actions that must be taken to prepare for this implementation include:

- **Review PSAB guidance and training materials** to support implementation and understand the impact.
- **Review entity-developed accounting policies and financial disclosures** to ensure alignment with the new framework and presentation standards.
- **Classify obligations** and assets appropriately under revised definitions.
- **Revise financial statements** and restate prior year comparatives as required.
- **Update financial reporting systems** to capture and report data in accordance with new standards if needed.
- **Prepare and share pro-forma financial statements** with auditors prior to April 1, 2026, adoption date to identify potential areas of difficulty early in the process.

Management must take ownership of the transition process, coordinate efforts across departments and entities, and ensure users of financial statements are informed and prepared for the changes. Failure to adequately prepare may result in inconsistent application, reduced comparability, and potential audit qualifications.

7 Follow up on the status of past recommendations

As shown in the table below, eight recommendations from recent annual Reports to the Legislative Assembly – *Public Accounts and Other Financial Statement Audits* (RTL) have been implemented: two during the current year, and six in prior years. Six recommendations are still in progress.

Report to Legislature Date	Implemented/resolved	Action no longer required	Do not intend to implement	Work in progress	Total
December 2020	5 (5 considered resolved in prior years)	–	–	4	9
December 2021	–	–	–	1	1
December 2023	3 (1 considered resolved in prior years)	–	–	1	4
TOTAL	8	–	–	6	14

Below we list the status of all recommendations that remain in progress. For certain recommendations we have added our Office of the Auditor General (OAG) comments to clarify implementation status and to highlight select actions or planned actions.

Recommendations implemented/resolved in 2025

2023 recommendations

We recommended that:

- Internal Audit prepare a risk-based annual audit plan in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

Status: Further improvements to the supporting documentation, as discussed with the Office of the Provincial Comptroller (OPC), should be considered in the next planning cycle.

- Internal Audit prepare a risk-based annual audit plan in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

Status: Implemented

Recommendations still in progress

2023 recommendations

We recommended that:

4. Treasury Board consider a government-wide approach to risk management such as Enterprise Risk Management.

Status: Work in progress

2021 recommendation

We recommended that:

1. The Office of Provincial Comptroller (OPC) provide training and oversight to ensure departments comply with documentation requirements to support accounting estimates.

Status: Work in progress – the OPC has provided the recommended training; however, testing during the 2025 Public Accounts audit indicates that issues remain regarding Asset Retirement Obligations, indicating improvements are still needed to oversight.

2020 recommendations

We recommended that:

3. The OPC implement a process to ensure delegation of financial signing authority (DFSA) charts at the departmental level are reviewed and updated in accordance with the Province's Financial Administration Manual.

Status: Work in progress – the OPC documented and communicated the DFSA change process to departments in early 2025; however, during our audit we found the delays in updating the DFSA charts persists at several departments. The status will be reassessed in the 2026 Public Accounts audit.

4. The Civil Service Commission develop and implement a process to ensure that all HR Master Data is supported by documents in the employees' personnel file.

Status: Work in progress

5. The Province develops a central process to assess risk and prioritize remediation work on contaminated sites.

Status: Work in progress

6. The OPC use a risk-based approach to ensure that contaminated sites liability estimates provided by departments for inclusion in the Summary Financial Statements are complete and adequately supported.

Status: Work in progress

8 Results of our other financial statements for 2024/25

8.1 Results

The Auditor General is the auditor of financial statements issued by certain entities within the Government Reporting Entity (GRE) of the Province of Manitoba (the Province), and certain other entities relevant to the public sector. We may also audit other financial information issued by these entities. This section provides a summary of the financial statement audits we have conducted during the past year.

Audit Entity	Public Accounts – Province of Manitoba Summary Financial Statements	Department of Health	Manitoba Agricultural Services Corporation (MASC)
Recent audit completed for the year ended	March 31, 2025	March 31, 2025	March 31, 2025
Auditor's reports provided:	<ul style="list-style-type: none"> 1. Unmodified Opinion on Summary Financial Statements 2. Unmodified Opinion on Public Sector Compensation Disclosure 3. Unmodified Opinion on Fiscal Stabilization Account 	<ul style="list-style-type: none"> 1. Unmodified Opinion on the Statement of Expenditures under the Manitoba Health Services Insurance Plan 2. Unmodified Opinion on the Manitoba Health Services Insurance Plan Public Sector Compensation Act Disclosure of Payments 	<ul style="list-style-type: none"> 1. Unmodified Opinion on the Consolidated Financial Statements 2. Unmodified Opinion on the Production Insurance Trust Financial Statements 3. Unmodified Opinion on the Hail Insurance Trust Financial Statements 4. Unmodified Opinion on the Employee Compensation Disclosure Report
Management letter information:	We issued a management letter to the Provincial Comptroller with 14 new recommendations. We followed up on the status of prior years' recommendations: 63 recommendations are in progress, and eight recommendations have been implemented.	We did not issue a management letter for the period ending March 31, 2025.	Issued a management letter to the Chief Executive Officer with two new recommendations. We followed up on the status of prior year recommendations: six recommendations are in progress, one recommendation has been implemented, and one recommendation will not be implemented.

Audit Entity	Public Accounts – Province of Manitoba Summary Financial Statements	Department of Health	Manitoba Agricultural Services Corporation (MASC)
Other items:	Items related to the Public Accounts audit have been discussed in sections above.	None noted	None noted

Audit Entity	Shared Health	Winnipeg Regional Health Authority
Recent audit completed for the year ended	March 31, 2025	March 31, 2025
Auditor's reports provided:	1. Unmodified Opinion on Financial Statements and Summary Financial Statements 2. Unmodified Opinion on Public Sector Compensation Disclosure	1. Unmodified Opinion on Consolidated Financial Statements 2. Unmodified Opinion on Summary Financial Statements 3. Unmodified Opinion on Public Sector Compensation Disclosure Act for Winnipeg Regional Health Authority 3. Unmodified Opinion on Public Sector Compensation Disclosure Act for Seven Oaks General Hospital 3. Unmodified Opinion on Public Sector Compensation Disclosure Act for Concordia Hospital
Management letter information:	We issued a management letter with seven new recommendations.	We issued a management letter with 10 new recommendations.
Other items:	None noted	None noted

Audit Entity	University of Manitoba	Civil Service Superannuation Fund
Recent audit completed for the year ended	March 31, 2025	December 31, 2024
Auditor's reports provided:	1. Unmodified Opinion on Financial Statements 2. Unmodified Opinion on Public Sector Compensation Disclosure	1. Unmodified Opinion on Financial Statements
Management letter information:	Issued a management letter to the Vice President (Administration) with no new recommendations. We followed up on the status of prior year recommendations: three recommendations are in progress and one recommendation has been implemented.	None issued
Other items:	Audit performed by OAG with assistance of an agent auditor.	None noted

Audit Entity	Legislative Assembly Pension Fund Audit	Winnipeg Child and Family Services Employee Benefits Retirement Fund Audit
Recent audit completed for the year ended	December 31, 2024	December 31, 2024
Auditor's reports provided:	1. Unmodified Opinion on Financial Statements	1. Unmodified Opinion on Financial Statements
Management letter information:	None issued	None issued
Other items:	None noted	See section 8.2 for additional discussion.

Audit Entity	Public Service Group Insurance Fund Audit	Teachers' Retirement Allowances Fund Audit
Recent audit completed for the year ended	April 30, 2025	December 31, 2024
Auditor's reports provided:	1. Unmodified Opinion on Financial Statements	1. Unmodified Opinion on Financial Statements
Management letter information:	None issued	None issued
Other items:	Audit performed by OAG with assistance of an agent auditor.	None noted

Audit Entity	Legal Aid Manitoba	Manitoba Housing and Renewal Corporation Audit	Public Guardian and Trustee of Manitoba
Recent audit completed for the year ended	March 31, 2025	March 31, 2025	March 31, 2025
Auditor's reports provided:	1. Unmodified Opinion on Financial Statements 2. Unmodified Opinion on the Statement of Compensation Paid to Council Members and Employees and the Statement of Private Bar Fees and Disbursements in Excess of \$85,000 of Legal Aid Manitoba 3. Unmodified Opinion on the Expenditure Statement – Schedule A of the Final Claim of the Agreements Respecting Criminal Legal Aid and Immigration and Refugee Legal Aid in the Province of Manitoba	1. Unmodified Opinion on Financial Statements	1. Unmodified Opinion on the Financial Statements of Public Guardian and Trustee of Manitoba, Special Operating Agency 2. Unmodified Opinion on the Financial Statements of Public Guardian and Trustee of Manitoba, Estates and Trusts under Administration
Management letter information:	We issued a management letter with no new recommendations. We followed up on one prior year recommendation that was in progress.	We issued a management letter with four new recommendations. We did not follow up on any prior year recommendations.	None issued
Other items:	Audit performed by OAG with assistance of an agent auditor.	Audit performed by OAG with assistance of an agent auditor.	Audit performed by OAG with assistance of an agent auditor.

8.2 Key findings following the wind-up of the Winnipeg Child and Family Services Employee Retirement Benefits Fund (WCFSERBF)

We issued an unmodified audit opinion on the Winnipeg Child and Family Services Employee Benefits Retirement Fund (the Fund) for the year ending December 31, 2024. Our opinion included an Emphasis of Matter paragraph drawing the reader's attention the pending wind up of the Fund. As a result, the financial statements reflected the Fund's financial position on a wind-up basis. This represented a change from previous reporting periods, which were prepared on a going concern basis.

On December 20, 2024, the Board of the Fund voted to disestablish the Fund and transfer the assets and obligations of the Fund to an insurance company effective December 31, 2024, with the approval of the Fund sponsor, the Province of Manitoba and the Office of the Superintendent – Pension Commission of Manitoba.

Depending on the type of member in the Fund, the pension wind-up options for members include an annuity purchase, receipt of a commuted lump-sum payment, or transfer of pension to the Civil Service Superannuation Fund.

As of October 2025, the wind up of the Fund is still in progress. The Office of the Superintendent – Pension Commission of Manitoba advised that audited financial statements of the Fund for the year ended December 31, 2025 will not be required.

Response from officials

A response to our report from the Secretary of Treasury Board on behalf of the Province of Manitoba is provided below.

Thank you for the opportunity to respond to the draft Public Accounts and Other Financial Statement Audits.

We agree with your recommendations on the summary statement of cash flow and Schedule 9. The Office of the Provincial Comptroller will work on these improvements.

We are pleased to receive the first unqualified opinion since 2017. In 2024/25, the Office of the Provincial Comptroller (OPC) initiated training and enhanced documentation within the Public Accounts team who prepare the province's Summary Financial Statements. OPC also developed training materials and hosted training sessions for departments on accounting standards and year-end reporting. In addition, peer reviews and management reviews were implemented for the completion of the 2025 Public Accounts. We are pleased to see that the Office of the Auditor General acknowledges these improvements. OPC will continue its efforts on growing capacity and improving the quality of work.

We acknowledge the risks you indicated in the report related to the implementation of the updated Enterprise Resource Planning (ERP) system and the new Group Reporting module. OPC is in the process of preparing a risk mitigation plan for 2026 that includes continuing the current consolidation process in parallel with the Group Reporting module to ensure the completion of the 2026 Public Accounts by the legislative required deadline of September 30, 2026.

We will continue working with departments to address outstanding recommendations from prior years.

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Appendix A – Independent auditor's report

Below is a reproduction of our independent auditor's report on the Province's Summary Financial Statements for the year ended March 31, 2025.



Auditor General
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Province of Manitoba

Opinion

We have audited the consolidated financial statements of the Province of Manitoba (the Province), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statement of operations, consolidated statement of accumulated operating deficit, consolidated statement of remeasurement gains and losses, consolidated statement of changes in net debt and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (the Summary Financial Statements).

In our opinion, the accompanying consolidated Summary Financial Statements present fairly, in all material respects, the consolidated financial position of the Province as at March 31, 2025, and the consolidated statement of operations, consolidated statement of accumulated operating deficit, consolidated remeasurement gains and losses, consolidated changes in net debt, and consolidated cash flow for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Summary Financial Statements for the current period. These matters were addressed in the context of our audit of the Summary Financial Statements as a whole, and in forming our auditor's opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the **Basis for opinion** section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Key audit matters	
Corporate and personal income tax revenues	How the matter was addressed during the audit:
<p>Overview Corporate and personal income tax are major sources of revenues for the Province, at \$ 1.3 billion and \$4.3 billion respectively in 2025 fiscal year.</p> <p>The Province estimates provincial tax revenue generated between January and March 2025 by considering economic forecasts and modelling. For revenue from April to December 2024, the estimate is based on Canada Revenue Agency tax assessment data received to date.</p> <p>Related financial statement disclosures Note 1 – Significant Accounting Policies; Note 1 D. – Measurement Uncertainty Schedule 1 – Consolidated Statement of Amounts Receivable Schedule 5 – Consolidated Statement of Accounts Payable, Accrued Charges, Provisions and Unearned Revenue</p> <p>Why this is a key audit matter: Corporate and personal income tax revenues are estimates involving significant management judgement and estimation uncertainty.</p>	<ul style="list-style-type: none">• We obtained an understanding of the systems and controls over the process of recording and estimating these tax revenues.• We engaged an independent economist to assist us in our review of the Province's economic forecast model for its reasonability and completeness, including management's use of key assumptions.• We reviewed the Province's retrospective analysis comparing previous actual results to managements estimates using the current model.• We tested the accuracy of management's calculations supporting the estimate.• We reviewed the Province's accounting adjustments made to its economic forecasts.



Key audit matters

Income tax revenue in a fiscal year is derived from management's estimates of tax for two separate calendar years. For the year ended March 31, 2025, the Province recorded nine months of revenue for the 2024 calendar year and three months of revenue for the 2025 calendar year. The Canada Revenue Agency will not finalize its assessments for either of these years until after the financial statements for the year ended March 31, 2025 have been issued. Uncertainty exists due to differences that may arise between final tax assessments and initial economic estimates.

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Key audit matters

Contingent legal liabilities	How the matter was addressed during the audit:
<p>Overview</p> <p>Contingent liabilities represent potential future obligations that may impact the Province's financial position, depending on the outcome of future events outside the Province's control. The Province has recognized over \$1.4 billion in contingent liabilities as at March 31, 2025 related to its involvement of several legal cases. Contingent liabilities must be recorded in the financial statements when management deems it likely the expected outcome will result in a liability, and the amount of the liability can be reasonably estimated.</p> <p>Related disclosures are</p> <p>Note 1 D. – Measurement Uncertainty Note 8 – Contingencies A. Contingent liabilities Schedule 5 – Consolidated Statement of Accounts Payable, Accrued Charges, Provisions and Unearned Revenue (included in "Other Accrued Charges" total)</p> <p>Why this is a key audit matter:</p> <p>Recognition of contingent legal liabilities is a key audit matter due to the significant judgment required to assess the likelihood of future confirming events, and the inherent complexity of the estimation methodologies used.</p> <p>There is uncertainty related to the potential settlement costs used in the estimates and the inherent subjectivity when using a range of costs to determine the best estimate.</p> <p>Estimates may need to be continuously revised and refined because of ongoing activity in each case, recent and prior settlements, appeals or agreements and decisions made by the court.</p>	<ul style="list-style-type: none">• We reviewed management's legal claims assessments and the related correspondence from the Province's legal counsel.• We assessed the reasonableness of management's significant judgements made in evaluating the likelihood of legal claims and estimating the related liabilities.• We evaluated management's calculations and assumptions used in estimating the liabilities.• We obtained confirmation from the Province's legal counsel, to assess the completeness and valuation of legal claims.

Key audit matters

Tobacco settlement revenue	How the matter was addressed during the audit:
<p>Overview</p> <p>On March 6, 2025, the Ontario Superior Court sanctioned Imperial Tobacco Canada Limited, Rothmans Benson & Hedges Inc., and JTI-Macdonald Corp. Creditors Arrangement Act (CCAA) Plans for the three major tobacco companies represent a landmark restructuring and settlement of tobacco-related claims across Canada.</p> <p>The settlement involves a global settlement amount of \$32.5 billion, with \$24.7 billion allocated to provinces and territories. Manitoba's share is approximately 4.53%, equating to \$1.1 billion, funded through:</p> <ul style="list-style-type: none"> • Upfront cash contributions of approximately \$281 million. • Annual payments from future Net After-Tax Income over an estimated 20-year Contribution Period. <p>The Province has recognized revenues of \$846 million, and expensed an allowance against the receivable of \$396 million and legal fees of \$29 million. Net income after allowance and legal fees is \$421 million as at March 31, 2025.</p> <p>Related disclosures are</p> <p>Note 1 D. – Measurement Uncertainty Note 20 – Tobacco Settlement Schedule 1 – Consolidated Statement of Amounts Receivable</p> <p>Why this is a key audit matter:</p> <p>Given the materiality, complexity, and judgment involved in recognizing and measuring the tobacco settlement, it constitutes a key audit matter. Audit considerations include assessing management's accounting assumptions such as the timing of the recognition and uncertainty around the future payments. These payments are based on the tobacco companies' earnings which will require ongoing monitoring and estimation.</p>	<ul style="list-style-type: none"> • We reviewed the Province's analysis and positions on the timing and valuation of the revenue recognition. • We reviewed the settlement agreement and supporting documentation related to the settlement revenue and evaluated the revenue recognition and valuation in accordance with Public Sector Accounting Standards. • We assessed the reasonableness of management's significant judgements made in estimates of the valuation of the receivable.

Other Information

The Province is responsible for the other information. The other information comprises the Province of Manitoba Annual Report and Public Accounts (the Annual Report) but does not include the Summary Financial Statements and our auditor's report thereon.

Our opinion on the Summary Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the Summary Financial Statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of Summary Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Summary Financial Statements, management is responsible for assessing the Province's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate the Province or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Province's financial reporting process. With respect to the Province, those charged with governance refers to the Minister of Finance.

Auditor's Responsibilities for the Audit of the Summary Financial Statements

Our objectives are to obtain reasonable assurance about whether the Summary Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable



assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Summary Financial Statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Province to express an opinion on the Summary Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Summary Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Winnipeg, Manitoba
September 25, 2025

Tyson Shtykalo, FCPA, FCA
Auditor General

Appendix B – Schedule 9 to the Summary Financial Statements

SCHEDULE 9 **SUMMARY FINANCIAL STATEMENTS** **CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR** For the Year Ended March 31, 2025

(\$ millions)

	Health		Education and Economic Development		Social Services		Community and Resource Development	
	2025	2024	2025	2024	2025	2024	2025	2024
	Actual	Restated	Actual	Restated	Actual	Restated	Actual	Restated
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Income taxes.....	-	-	-	-	-	-	-	-
Other taxes.....	-	-	854	719	-	-	-	-
Fees and other revenue.....	693	658	1,015	966	103	106	611	689
Federal transfers.....	2,106	2,110	520	502	114	72	303	248
Contributions from entities within the Government Reporting Entity.....	105	103	693	174	-	-	3	3
Recovery from government business enterprises and other investment earnings.....	14	16	138	169	8	4	39	35
TOTAL REVENUE	2,918	2,887	3,220	2,530	225	182	956	975
EXPENSE								
Personnel services.....	5,247	4,903	3,996	3,667	187	189	315	301
Grants/Transfer payments.....	357	148	688	530	390	322	787	834
Transportation.....	128	94	40	69	2	2	49	17
Communication.....	27	21	26	27	4	4	11	9
Supplies and services.....	1,364	1,210	646	645	190	204	237	177
Social assistance related.....	-	-	118	153	1,520	1,479	292	232
Other operating.....	2,148	2,374	210	244	951	666	168	199
Debt servicing.....	89	66	126	131	32	33	31	29
Minor capital.....	17	39	87	98	-	1	5	4
Amortization.....	219	223	207	200	70	65	314	296
TOTAL EXPENSE	9,596	9,078	6,144	5,764	3,346	2,985	2,209	2,098
OPERATING SURPLUS (DEFICIT)	(6,678)	(6,191)	(2,924)	(3,234)	(3,121)	(2,803)	(1,253)	(1,123)

SCHEDULE 9 (cont'd)
SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR
For the Year Ended March 31, 2025 (\$ millions)

	Justice and Other Expenditures		General Government (Note a)		Adjustments (Note b)		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Actual	Restated	Actual	Restated	Actual	Restated	Actual	Restated
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Income taxes.....	-	-	5,558	5,369	-	-	5,558	5,369
Other taxes.....	-	-	4,068	4,018	(21)	(21)	4,901	4,716
Fees and other revenue.....	485	371	847	3	(126)	(102)	3,628	2,691
Federal transfers.....	65	53	4,999	4,173	(2)	1	8,105	7,159
Contributions from entities within the Government Reporting Entity.....	10	-	688	464	(811)	(281)	688	463
Recovery from government business enterprises and other investment earnings.....	9	(2)	1,256	1,172	-	-	1,464	1,394
TOTAL REVENUE	569	422	17,416	15,199	(960)	(403)	24,344	21,792
EXPENSE								
Personnel services.....	768	749	10	7	58	49	10,581	9,865
Grants/Transfer payments.....	812	575	2	11	(989)	(44)	2,047	2,376
Transportation.....	21	22	16	10	-	-	256	214
Communication.....	42	41	-	-	-	(1)	110	101
Supplies and services.....	582	590	34	7	(67)	(82)	2,986	2,751
Social assistance related	7	4	-	-	-	-	1,937	1,868
Other operating.....	287	209	419	17	38	(325)	4,221	3,404
Debt servicing.....	7	6	2,031	1,892	-	-	2,316	2,157
Minor capital.....	25	19	-	-	-	-	134	161
Amortization.....	85	73	10	9	-	-	905	866
TOTAL EXPENSE	2,636	2,288	2,522	1,953	(960)	(403)	25,493	23,763
OPERATING SURPLUS (DEFICIT)	(2,067)	(1,866)	14,894	13,246	-	-	(1,149)	(1,971)

Note a: The general government category includes revenue from sources that cannot be attributed to a particular sector. It also includes federal revenues and expenses related to emergency services and disaster assistance.

Schedule 9 supplemental information – Sector

- **Health** includes provincial health care programs and all health-related entities and services delivered within the health system.
- **Education and Economic Development** includes all education—elementary, secondary, and post-secondary services, as well as the pension related expenses associated with public schools and post-secondary institutions. It includes employment and training programs. It also includes other education services such as skills, trades, and workplace-based training programs and the advancement of economic development opportunities aligned with labour market needs.
- **Social Services** includes all services related to employment and income support for individuals in need as well as a comprehensive range of social services and financial assistance programs provided to Manitobans throughout the province. The sector also contains the management and administration of housing policies and benefits for low to moderate income renters and homeowners, as well as other social services delivered by community organizations on mental health promotion, harm reduction, and addictions treatment and recovery.
- **Community and Resource Development** includes the promotion, development, and conservation of the province's natural resources. It also includes the operation and maintenance of transportation systems such as highway infrastructure and other government infrastructure.
- **Justice and Other Expenditures** includes general administration, finance, executive, legislature, cultural and sport related activities. The sector contains criminal and civil legal services and programs that protect the rights of Manitobans.
- **General Government** is comprised of activities that cannot be allocated to the specific sectors noted above. It also includes federal revenues and expenses related to emergency services and disaster assistance.

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Appendix C – Consolidated Statement of Cash Flow

SUMMARY FINANCIAL STATEMENTS CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended March 31, 2025

	(\$ millions)	
	2025 Actual	2024 Restated
Cash and cash equivalents provided by (used in)		
Operating Activities		
Operating surplus (deficit) for the year.....	(1,149)	(1,971)
Non-cash items:		
Amortization of tangible capital assets.....	904	866
Amortization of debt discounts and debt premiums.....	(29)	(160)
Loss on disposal of tangible capital assets.....	33	57
Valuation allowance.....	325	80
Asset retirement obligation.....	20	31
	<u>1,253</u>	<u>874</u>
Increase (decreases) to:		
Amounts receivable.....	(568)	56
Inventories.....	56	102
Prepays.....	(14)	(10)
Changes in equity in government business enterprises and government business partnerships.....	39	268
Accounts payable, accrued charges, provisions and unearned revenue.....	885	892
Pension liability.....	146	2
Cash provided by operating activities	<u>648</u>	<u>213</u>
Capital Activities		
Acquisition of tangible capital assets.....	<u>(1,896)</u>	<u>(1,975)</u>
Cash used in capital activities	<u>(1,896)</u>	<u>(1,975)</u>
Investing Activities		
Investments purchased.....	(6,045)	(5,068)
Investments sold or matured.....	4,862	5,826
Cash provided by (used in) investing activities	<u>(1,183)</u>	<u>758</u>
Financing Activities		
Debt issued.....	6,826	5,913
Debt redeemed.....	<u>(3,960)</u>	<u>(3,368)</u>
Cash provided by financing activities	<u>2,866</u>	<u>2,545</u>
Increase in cash and cash equivalents	435	1,541
Cash and cash equivalents, beginning of year.....	<u>4,287</u>	<u>2,746</u>
Cash and cash equivalents, end of year.....	<u>4,722</u>	<u>4,287</u>
Supplementary information:		
Interest received.....	1,455	1,381
Interest paid.....	2,359	2,329

The accompanying notes and schedules are an integral part of these financial statements.

WEBSITE VERSION

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» Vision

Government accountability and public administration excellence for Manitobans.

» Mission

To provide independent information, advice and assurance on government operations and the management of public funds.

» Values

Independence – We are independent from government and our work is objective and unbiased.

Integrity – We act with honesty and uphold high ethical standards.

Innovation – We promote innovation and creativity in what we do and how we do it.

Teamwork – We work as a team by sharing each other's knowledge and skills to reach our goals.

Auditor General

Tyson Shtykalo, FCPA, FCA

Deputy Auditor General

Natalie Bessette-Asumadu

Assistant Auditor General

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Waterloo Design House

The Office of the Auditor General of Manitoba acknowledges with respect that we conduct our work on the ancestral lands of Anishinaabeg, Anishininewuk, Dakota Oyate, Denesuline, and Nehethowuk Nations, and on the National Homeland of the Red River Métis. We respect the Treaties that were made on these territories, we acknowledge the harms and mistakes of the past, and we dedicate ourselves to move forward in partnership with Indigenous communities in a spirit of reconciliation and collaboration.



Auditor General
MANITOBA

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