

NEWS RELEASE

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Auditor General qualifies audit opinion on government's 2018/19 financial statements

WINNIPEG – Auditor General Norm Ricard has included 2 qualifications in his audit opinion of Manitoba's 2018/19 summary financial statements, released by the government today. Ricard also released his report, *Understanding my Audit Opinion on Manitoba's March 31, 2019 Summary Financial Statements*, which contains information on the 2 errors that led to the qualifications.

Ricard notes that had Public Sector Accounting Standards been properly applied, the province would have recorded a surplus of \$9 million, rather than a deficit of \$163 million, and that the net debt would be \$1.1 billion lower.

Ricard's audit opinion states that the summary financial statements present Manitoba's financial performance fairly, except for the 2 qualifications. "A qualified opinion signals for users where they need to be cautious when relying on the financial statements the opinion is attached to," Ricard said.

Workers Compensation Board

The first qualification noted by Ricard is the exclusion of the financial results for the Workers Compensation Board (WCB) in the summary financial statements. The government stopped including the WCB in the summary financial statements for the year ended March 31, 2018, and received a qualified opinion by the Auditor General for that year. The summary financial statements include all funds, organizations and business enterprises controlled by the government. Ricard notes there have been no relevant changes to the *Workers Compensation Act* (the Act) that would indicate a loss of control. His Office's analysis of the government's relationship with the WCB (as defined in the Act), against the criteria of control set in accounting standards, confirmed that the government continued to control the WCB.

Ricard stated that not including the WCB in the summary financial statements understated assets by \$632 million and understated the deficit by \$53 million. "We note that the Province is planning to

introduce a bill that will amend the *Workers Compensation Act*,” Ricard said. “Once a revised Act is in place we will reassess the relationship of control and the impact on our qualification going forward.”

Manitoba Agriculture Services Corporation

The second qualification is for not properly accounting for 2 newly created trusts at the Manitoba Agriculture Services Corporation (MASC). Ricard said an analysis by his Office concluded that the trusts are controlled by MASC, and as such, the province should be accounting for the assets held by the trusts as well as the activity within the trusts. Ricard stated that not including the trusts in the summary financial statements understated assets by \$490 million and overstated the deficit by \$225 million.

This is the second year in a row the Auditor General has qualified his audit opinion.

“It’s important that the public sector financial statements comply to both the letter and the spirit of the applicable accounting standards,” Ricard said. “Financial statements prepared in accordance with Public Sector Accounting Standards provide the Legislative Assembly with meaningful, comparable, and consistent financial information.”

To view the Auditor General’s report, please visit <https://www.oag.mb.ca/>

ABOUT THE AUDITOR GENERAL OF MANITOBA

The Auditor General is an officer of the Legislative Assembly mandated to provide independent assurance and advice to Members of the Legislative Assembly. Through its audits, the Office of the Auditor General seeks to identify opportunities to strengthen government operations and enhance performance management and reporting. For more information visit <https://www.oag.mb.ca/>

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