

Office of the Auditor General of Alberta



Auditor  
General  
OF ALBERTA

The Independent Audit Office of the  
Legislative Assembly of Alberta

**Business Plan**  
**for the Year Ending March 31, 2023**

November 2021

# About Our Office

Appointed under Alberta's *Auditor General Act*, we are the auditor of every provincial ministry, department, regulated fund and most provincial agencies. We provide independent assurance on how well the government is managing its responsibilities and the province's resources.

As part of our planning processes, the Office Leadership Team underwent a strategic exercise to update the Office's Vision and Mission. We are pleased to share our new Vision and Mission with you in this business plan.

## Our Vision

Recognized as a credible and independent source of assurance in the public sector.

## Our Mission

Our work improves performance and promotes accountability within government.

## Our Values

The following values guide us in our internal and external relationships:

**Trust** | We earn it with everything we say and do. We are accountable for our actions.

**Respect** | Everyone deserves the right to be heard, and deserves to be treated with dignity and courtesy.

**Diversity of Thought** | We encourage open minds, innovative thinking and constructive challenge.

**Teamwork** | With integrity, we work together to generate better solutions.

**Growth** | We view individual success as professional growth together with a fulfilling personal life. We value both.

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## Responsibility Statement

This business plan was prepared under my direction, taking into consideration the legislated responsibilities assigned to me, as Auditor General, and to my Office, under the *Auditor General Act*, along with other statutory requirements and related professional standards.



W. Doug Wylie FCPA, FCMA, ICD.D  
Auditor General  
November 2021

# Introduction

It is important MLAs and Albertans obtain independent assurance regarding the management of public resources entrusted to the government. Our Office plays a key role in this by:

- providing independent assurance on the accuracy and quality of government's financial reporting;
- reporting on the effectiveness of management's financial reporting processes and internal controls, and making recommendations where improvement may be needed;
- examining and reporting on the effectiveness and efficiency of government programs; and
- providing decision-makers with assurance on information to support decisions regarding government programs and resource allocations.

Our work not only includes providing assurance on the financial statements of the Province of Alberta, but also reporting on the effectiveness of internal controls within key management processes. Through our performance auditing, we look at specific aspects of government systems and processes. These include significant grant programs and contracting processes, the evaluation of performance measurement and reporting and the effectiveness of front-line delivery of government programs. This year we will continue to focus on the reporting and effectiveness of the government's COVID response initiatives.

This business plan provides a high-level overview of our audit and organizational priorities for 2022-2023, and the budget required for achieving those priorities.

# Highlights

During a challenging economic environment, it is important MLAs and Albertans have independent assurance of the management of public resources entrusted to the government

2022-2023 Budget  
**\$27,445,000**



## Risk to Achieving Outcomes

Ability to attract, recruit and retain legislative audit professionals



## 2022-2023 Audit Priorities

- COVID-19
- Accountability for reporting on results



## 2022-2023 Organizational Priorities

1. Engage and Support Our People
2. Maximize the Value of Our Products
3. Engage Albertans in our Work

# OAG At a Glance

## Who We Are

We are a team of professionals mandated by the *Auditor General Act* to examine and report publicly on the government of Alberta's management of the public resources entrusted to it.

## What We Do

We primarily conduct two types of audit work: Financial Statement Audits and Performance Audits.

### Financial Statement Audits

We provide assurance on the financial statements of the province, regulated funds, agencies, boards and commissions, and reports on management's financial reporting processes and controls, compliance with authorities and legislation.

### Performance Audits

Through performance auditing, we also examine the economy, efficiency and effectiveness of government programs and processes to provide assurance they are working as intended. We plan these audits based on significance, level of risk and relevancy to Albertans.

In addition, the Auditor General may also perform special duties as assigned by the Assembly or Executive Council if those special duties do not conflict with or impair the performance of the Auditor General's duties under the *Auditor General Act*.

## Our Independence

Our independence from those we audit ensures our work is objective – based on facts. The independence, combined with our history as a legislative audit institution within the Westminster democratic system are the foundation to our value proposition as a credible and trusted source of information on government spending and activities.

## Who We Serve

Through the 87 Members of Alberta's Legislative Assembly, we serve the 4.4 million people who call Alberta home.

## How We Report on Our Work

Before we release our reports to the public, the reports are presented to Members of the Legislative Assembly (MLAs) through tabling in the Legislative Assembly. Copies of our reports are then posted on [oag.ab.ca](http://oag.ab.ca) and are available to Albertans.

# Office Leadership

The members of the Office of the Auditor General Leadership Team as of November 15, 2021 are:



**Auditor General**  
W. Doug Wylie FCPA, FCMA, ICD.D



**Assistant Auditor General**  
Eric Leonty CPA, CA, ICD.D



**Assistant Auditor General**  
Robert Driesen CPA, CA, ICD.D



**Business Leader, Audit Practice**  
Karen Zoltenko CPA, CA



**Assistant Auditor General**  
Brad Ireland CPA, CA, ICD.D



**Assistant Auditor General**  
Patty Hayes CPA, CA





## 2022-2023 Audit Priorities

We will continue to ensure our audits are of high quality and that they provide reliable, relevant and timely information to Albertans on government financial reporting and the effectiveness and efficiency of systems to deliver government programs.

This coming year there are two key priority areas of focus we have identified for our audits:

- COVID-19
- Accountability in program delivery and reporting of results

### COVID-19

On *March 11, 2020*, the World Health Organization declared the COVID-19 outbreak as a pandemic. In response, the Government of Alberta implemented various programs and publicly announced supports and financial relief to individuals, businesses and organizations.

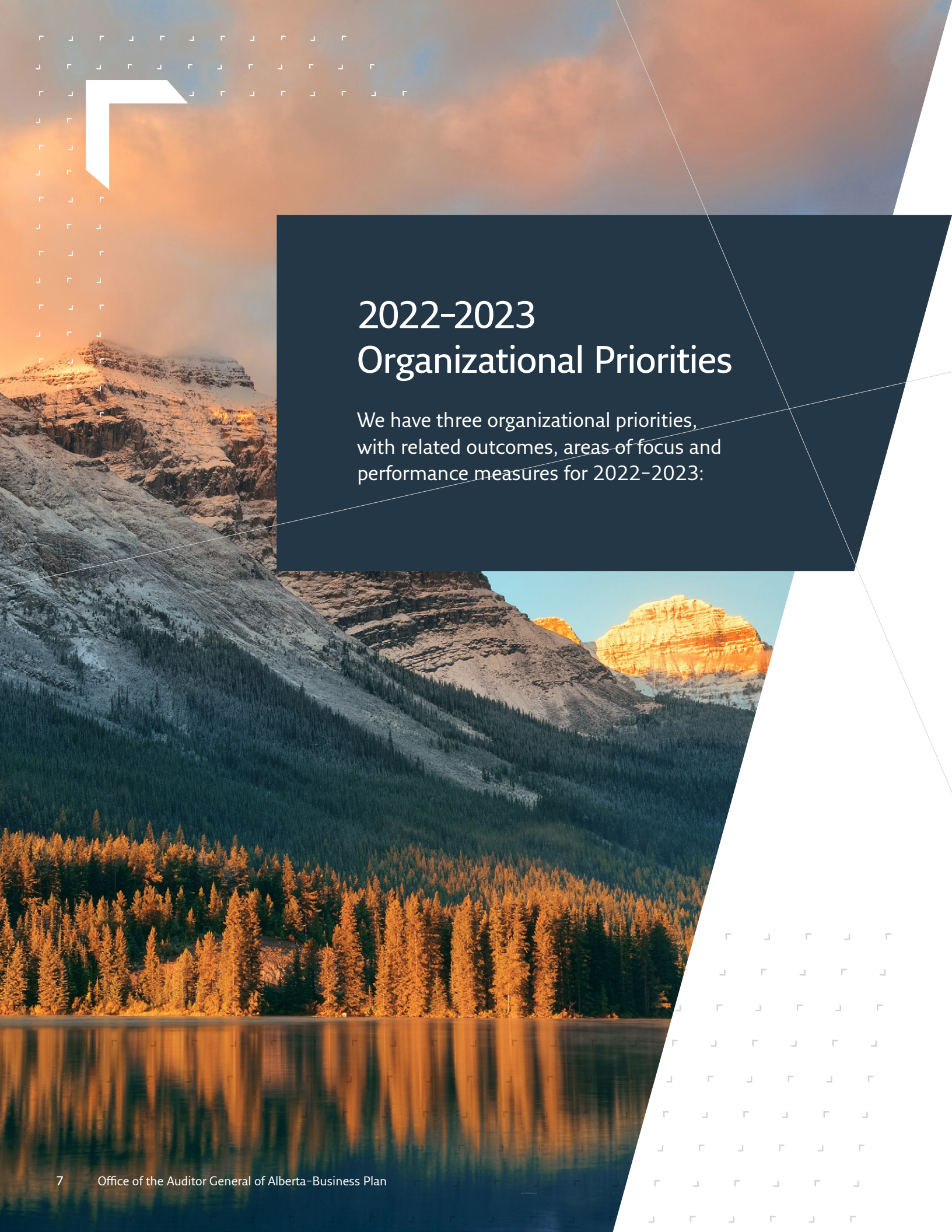
The pandemic continues to impact many aspects of our business, including how and what we audit. Specifically:

- Our financial statement audits have incorporated approaches to audit the controls and transactions associated with COVID-19 programs.
- We will continue to look at the government's reporting of COVID-19 programs.
- We are working on several performance audits that examine the design and operating effectiveness of key government COVID-19 programs.

Significant uncertainties remain about the impacts of COVID-19. As a result, the implications on the delivery of government services, as well as on the effectiveness of programs and services delivered to citizens, is an area we are monitoring and will continue to report on in 2022-2023.

### Accountability

The other performance audits we have planned center around program design and delivery, with a focus on the accountability for reporting on results.



# 2022-2023 Organizational Priorities

We have three organizational priorities, with related outcomes, areas of focus and performance measures for 2022-2023:

# Priority 1

## Engage and Support Our People

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### Why this is important:

The COVID pandemic has changed the way we work, and the way we engage and support our people continues to adapt and evolve for future challenges and opportunities. One of our key risks to achieving our desired outcomes lies in our ability to recruit and retain professional audit staff.

We recognize:

- Our people are the most important part of our business
- We must continue to equip and enable each person to achieve their highest potential
- We need to maintain a highly skilled workforce capable of meeting current and future business needs

### Outcome

#### Staff who are engaged and empowered

#### Performance Measure:

- Staff turnover ratio (target <20%)



### In 2022-2023 we will focus on:

- › Maintaining a safe and healthy working environment
  - › Leveraging internal communication strategies to ensure staff are engaged and informed
  - › Supporting consistent coaching, mentoring and goal setting
  - › Planning and scheduling staff to work that aligns with their development goals to build capabilities and competencies
  - › Promoting role clarity in support of increased accountability
  - › Providing technical and leadership training for practical application
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# Priority 2

## Maximize the Value of Our Products

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### Why this is important

We have two main lines of business: conducting financial statement audits and performance audits.

As those we audit make changes to their financial reporting and operations, we will consider the impacts on our work and advance our business model in response. We will continue to devote time and energy on improving our processes to ensure we are:

- Focusing on the right areas;
- Providing the most value; and
- Delivering in the most efficient way.

### Outcome

#### Enhanced business processes to deliver high quality, value add audits

#### Performance Measures<sup>1</sup>:

- Assessment of compliance with the Chartered Professional Accountants (CPA) Alberta practice review standards for the Office's audits of financial statements (target compliance)
- Percentage of financial statement audits completed within budget (target 75%)
- Percentage of the auditor general's recommendations accepted for implementation (target 100%)
- Positive year-over-year trend of number of recommendations implemented within three years (target annual increase)
- Percentage of costs (resources) dedicated to performance audits (target 35%)



### In 2022-2023 we will focus on:

- › Maximizing how we use technology to support our work<sup>2</sup>
- › Using more specialists and subject matter experts to support our work
- › Continually improving our audit and operating processes

<sup>1</sup> We refreshed Priority #2 for this 2022-23 Business Plan and refined our performance measures to focus on five key measures. As a result, we removed the following five measures: 1) Our assessment of management's implementation plans; 2) Time taken to review management's implementation; 3) Trend of performance audits by area of focus; 4) Percentage of projects using data analytics; 5) Independent Auditor's Report on the Consolidated Financial Statements of the Province issued by June 30, 2022. Our work in these areas continues and we will continue to track some of these measures internally.

<sup>2</sup> We continue to work with government officials to resolve operational matters relating to our adoption of the 1GX Enterprise Resource Planning System (ERP). We are hopeful these matters will be resolved in the near future.

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# Priority 3

## Engage Albertans in our Work

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### Why this is important

The value of our work is enhanced when Albertans are aware of and understand the results of our audits.

### Outcome

#### Increased awareness of our work and the role of our Office

#### Performance Measures:

- Increase in number of external submissions of audit topic ideas from prior year
- Increase in visits to [oag.ab.ca](http://oag.ab.ca) website from prior year (target 100%)

### In 2022-2023 we will focus on:

- › Developing and executing our external communications strategy.



# 2022—2023 Budget



**BUDGET ESTIMATES**

Year ending March 31, 2023

(thousands of dollars)

	Comparable				<b>2022-23 Estimate</b>
	2020-21		2021-22		
	Budget	Actual	Budget	Forecast	
<b>EXPENSES BY OBJECT</b>					
<b>Operating expenditures</b>					
Personnel					
Salaries and employee benefits	\$ 19,710	\$ 19,155	\$ 19,250	\$ 18,885	\$ <b>19,850</b>
Agent and other audit services	3,810	3,646	4,155	4,310	<b>4,605</b>
Temporary staff services	955	139	570	625	<b>495</b>
Advisory services	230	407	330	480	<b>490</b>
	<u>24,705</u>	<u>23,346</u>	<u>24,305</u>	<u>24,300</u>	<u><b>25,440</b></u>
Supplies and services					
Information systems and technology	540	567	625	665	<b>900</b>
Professional membership fees and development	705	601	675	535	<b>575</b>
Travel	425	3	215	-	<b>215</b>
Materials and supplies	220	83	180	65	<b>125</b>
Telephone and communications	115	112	115	80	<b>85</b>
Equipment rental	50	31	35	35	<b>35</b>
Repairs and maintenance	25	15	25	5	<b>25</b>
Miscellaneous	25	26	25	25	<b>25</b>
	<u>2,105</u>	<u>1,438</u>	<u>1,895</u>	<u>1,410</u>	<u><b>1,985</b></u>
<b>Operating expenditures—voted</b>	<u>26,810</u>	<u>24,784</u>	<u>26,200</u>	<u>25,710</u>	<u><b>27,425</b></u>
<b>Capital investments</b>					
Computer hardware and software	75	307	10	10	<b>10</b>
Furniture and workplace enhancements	40	95	40	-	<b>20</b>
<b>Capital investments—voted</b>	<u>115</u>	<u>402</u>	<u>50</u>	<u>10</u>	<u><b>30</b></u>
<b>TOTAL VOTED BUDGET</b>	<u>\$ 26,925</u>	<u>\$ 25,186</u>	<u>\$ 26,250</u>	<u>\$ 25,720</u>	<u>\$ <b>27,455</b></u>
<b>LINE OF BUSINESS COST</b>					
<b>Financial statement auditing<sup>1</sup></b>	\$ 17,575	\$ 17,828	\$ 17,165	\$ 17,670	\$ <b>18,140</b>
<b>Performance auditing<sup>2</sup></b>	9,465	7,190	9,245	8,315	<b>9,555</b>
	<u>\$ 27,040</u>	<u>\$ 25,018</u>	<u>\$ 26,410</u>	<u>\$ 25,985</u>	<u>\$ <b>27,695</b></u>
Operating expenses					
Operating expenditures—voted	\$ 26,810	\$ 24,784	\$ 26,200	\$ 25,710	\$ <b>27,425</b>
Amortization of capital assets—non-voted	230	234	210	275	<b>270</b>
	<u>\$ 27,040</u>	<u>\$ 25,018</u>	<u>\$ 26,410</u>	<u>\$ 25,985</u>	<u>\$ <b>27,695</b></u>

<sup>1</sup> Financial statement audits include assurance provided on financial statements, reporting on management's financial reporting processes and controls, compliance with authorities and legislation.

<sup>2</sup> Performance audits examine the economy, efficiency and effectiveness of government programs and processes to provide assurance they are working as intended.

# About Legislative Auditing

In Canada, as in other parliamentary systems, control of the public purse is carried out on behalf of the people by their elected representatives, the Members of Legislative Assemblies. It is up to a government to draft budgets and spending estimates. They may neither collect, nor spend, taxpayers' money without the approval of the Legislative Assembly.

After a government spends the money entrusted to it, it is obligated to report to the Assembly on how it used the money. This obligation to answer for actions taken forms the basis of an "accountability for results" relationship between a government and their Legislative Assembly. The government provides the assembly with information about the use of the public funds entrusted to it. The Assembly needs assurance that this information is appropriate, relevant, credible and complete, and that it accurately reflects the results of the activities of government. The way in which it obtains such assurance is through an independent audit function set up to assist in fulfilling its oversight role. The Auditor General role within Canada is a critical link in the chain of public accountability for results and a vital part in the democratic process of responsible government.

## **Alberta's Auditor General Act**

Under the *Auditor General Act*, we are the legislated independent auditor of the *Consolidated Financial Statements of the Province of Alberta*, including all ministries, departments and most provincial agencies, boards, commissions and regulated funds.

To fulfill our mandate, under the Act, we work with three committees:

- Standing Committee on Legislative Offices
- Standing Committee on Public Accounts
- Provincial Audit Committee

## **Standing Committee on Legislative Offices**

We are accountable to Albertans through the Legislative Assembly. On behalf of all members of the Legislative Assembly, among other things, the Committee reviews the budget and annual audited financial statements of our Office.

## **Standing Committee of Public Accounts**

We work as a trusted advisor to the Standing Committee on Public Accounts (PAC), a Committee of the Legislative Assembly that reviews government spending, and the Auditor General's reports to examine how the government has accounted for, and used, public funds, and how it is acting on our recommendations.

## **Provincial Audit Committee**

Under the *Auditor General Act*, a Provincial Audit Committee is appointed in an advisory role to the government and the Auditor General. The Committee reviews and advises government officials on matters relating to the Province's Consolidated Financial Statements. The Committee also reviews and advises the Auditor General on matters related to our reports to the Legislative Assembly prior to tabling.





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