

Response to a question that was raised by MLA Garth Rowsell during the Tourism and Sport PAC meeting held on March 25, 2025

Question:

A question I'd like to bring to the Auditor General is, into the conversation today. Looking on page 37, I see the outline of the auditor's responsibility for the audit of the financial statements. As I read the auditor's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements whether due to fraud or error and to issue an auditor's report that includes the auditor's opinion. For the benefit of this committee and those Albertans who might read this in the future, would the auditor general please outline his role, responsibility, the process for audit of financial statements as it relates to the Ministry of Tourism and Sport. Again, for the benefits of all that read this report and those who are making observations of today. How does the Office of the Auditor General work to improve transparency and public trust in the government overall.

OAG Response:

It's important to clarify that Government of Alberta ministries have not prepared Ministry or Department financial statements since 2019. Accordingly, we are not associated with the summary financial information as presented in the Ministry Annual Report. Rather we audit the consolidated financial statements of the province and its agencies, boards and commissions.

Under the Auditor General Act, we are responsible for the annual audit of the Province's Consolidated Financial Statements. The objective of our audit is to provide reasonable assurance that the consolidated financial statements are free of material misstatement and are presented fairly in accordance with public sector accounting standards. As part of this audit, a sample of transactions at the Ministry of Tourism and Sport may be selected for testing. And we examine the consolidation of the accounts of the department with those of Travel Alberta.

The Auditor General provides an audit opinion on the financial statements of Travel Alberta. The Auditor General would perform the procedures as outlined in our auditor's opinion:

- understand the processes and internal controls to record transactions
- inquire about processes applied by management to identify fraud and error and any instances of alleged or actual instances during the year.
- design and perform audit procedures based on the risk assessment of Travel Alberta
- obtain sufficient and appropriate audit evidence in completing those procedures to support the opinion
- evaluate the appropriateness of accounting policies applied and the reasonableness of accounting estimates made
- assess if there is any material uncertainty with Travel Alberta being able to continue to operate as a going concern
- evaluate the overall presentation, structure and content of the financial statements prepared by management, including disclosures and whether the statements fairly present the underlying transactions of Travel Alberta

For the year ended March 31, 2024, the Auditor General issued an unqualified (clean) audit opinion on the financial statements of Travel Alberta.

In completing our audits at the ministry and Travel Alberta levels, the auditor is not responsible to express an opinion on the effectiveness of internal controls. The Auditor General has as part of his mandate under section 19 of the *Auditor General Act* the responsibility to report annually:

- results of examinations of organizations in which the Auditor General is the auditor giving details of any reservations of opinion provided
- call attention to observations made during the financial statement audit of issues related to the collection and distribution of public money, safeguarding of assets, inadequate or non-compliance of accounting systems and management control systems. Weaknesses identified to these processes may not result in the need to qualify an audit opinion on the financial statements.

As an independent office of the legislature, we bring an impartial, outside lens to government finances and activities. We meet the highest standards and best practices of our profession. Our work improves performance, public trust and promotes accountability within government.

The Auditor General reads a draft of the ministry annual report to ensure the financial information reported is consistent with information that was audited. The Auditor General also checks that ministry annual report disclosure of any budget encumbrance is consistent with information included the notes to the consolidated financial statements.

The Auditor General can also examine processes related to the collection and distribution of public money, safeguarding of assets, inadequate or non-compliance of accounting systems and management control systems, and those to measure and report on the effectiveness of programs as part of a separate performance audit (value for money audit). These detailed process examinations further enhance transparency and public trust in the effectiveness, efficiency and economy of these processes.