

November 7, 2019

Ms. Shannon Phillips, MLA
Chair
Standing Committee on Public Accounts
5th Floor, Legislature Building
9820-107 Street
Edmonton, AB T5K 1E7

Public Accounts Committee, September 10, 2019, Service Alberta – Response to question regarding materiality

I am pleased to provide the written response to the following question, as was requested of us at the September 10, 2019 meeting of the Standing Committee on Public Accounts:

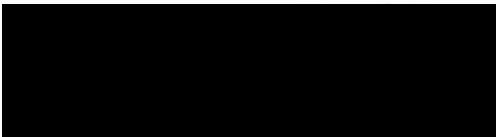
Page 44 of the report Ms Hoffman asks, “if the Auditor General has anything to add about materiality for the audit that they perform, I’d be happy to receive it”.

The Office of the Auditor General sets a materiality to conclude whether the financial results of Service Alberta, that are included in the Province’s consolidated financial statements, are reasonable. For the 2018-19 fiscal year, this materiality was set at \$45 million.

The Office of the Auditor General does not set the materiality for management to prepare their financial statements. To ensure an appropriate level of accuracy, management is responsible for setting their own materiality when preparing their financial statements. Management’s tolerance for error is usually lower than their external auditors. As a result, management will typically set a materiality level lower than the materiality set by the external auditor.

Thank you for the opportunity to provide a written response to this question.

Yours truly,


Doug Wyle FCPA, FCMA, ICD.D
Auditor General of Alberta