



Second Session – Forty-Third Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Public Accounts

Chairperson
Mr. Josh Guenter
Constituency of Borderland



Vol. LXXIX No. 5 - 7 p.m., Wednesday, May 14, 2025

MANITOBA LEGISLATIVE ASSEMBLY
Forty-Third Legislature

Member	Constituency	Political Affiliation
ASAGWARA, Uzoma, Hon.	Union Station	NDP
BALCAEN, Wayne	Brandon West	PC
BEREZA, Jeff	Portage la Prairie	PC
BLASHKO, Tyler	Lagimodière	NDP
BRAR, Diljeet	Burrows	NDP
BUSHIE, Ian, Hon.	Keewatinook	NDP
BYRAM, Jodie	Agassiz	PC
CABLE, Renée, Hon.	Southdale	NDP
CHEN, Jennifer	Fort Richmond	NDP
COMPTON, Carla	Tuxedo	NDP
COOK, Kathleen	Roblin	PC
CORBETT, Shannon	Transcona	NDP
CROSS, Billie	Seine River	NDP
DELA CRUZ, Jelynn	Radisson	NDP
DEVGAN, JD	McPhillips	NDP
EWASKO, Wayne	Lac du Bonnet	PC
FONTAINE, Nahanni, Hon.	St. Johns	NDP
GOERTZEN, Kelvin	Steinbach	PC
GUENTER, Josh	Borderland	PC
HIEBERT, Carrie	Morden-Winkler	PC
JOHNSON, Derek	Interlake-Gimli	PC
KENNEDY, Nellie, Hon.	Assiniboia	NDP
KHAN, Obby	Fort Whyte	PC
KINEW, Wab, Hon.	Fort Rouge	NDP
KING, Trevor	Lakeside	PC
KOSTYSHYN, Ron, Hon.	Dauphin	NDP
LAGASSÉ, Bob	Dawson Trail	PC
LAMOUREUX, Cindy	Tyndall Park	Lib.
LATHLIN, Amanda	The Pas-Kameesak	NDP
LINDSEY, Tom, Hon.	Flin Flon	NDP
LOISELLE, Robert	St. Boniface	NDP
MALOWAY, Jim	Elmwood	NDP
MARCELINO, Malaya, Hon.	Notre Dame	NDP
MOROZ, Mike, Hon.	River Heights	NDP
MOSES, Jamie, Hon.	St. Vital	NDP
MOYES, Mike, Hon.	Riel	NDP
NARTH, Konrad	La Vérendrye	PC
NAYLOR, Lisa, Hon.	Wolseley	NDP
NESBITT, Greg	Riding Mountain	PC
OXENHAM, Logan	Kirkfield Park	NDP
PANKRATZ, David	Waverley	NDP
PERCHOTTE, Richard	Selkirk	PC
PIWNIUK, Doyle	Turtle Mountain	PC
REDHEAD, Eric	Thompson	NDP
SALA, Adrien, Hon.	St. James	NDP
SANDHU, Mintu, Hon.	The Maples	NDP
SCHMIDT, Tracy, Hon.	Rossmere	NDP
SCHOTT, Rachelle	Kildonan-River East	NDP
SCHULER, Ron	Springfield-Ritchot	PC
SIMARD, Glen, Hon.	Brandon East	NDP
SMITH, Bernadette, Hon.	Point Douglas	NDP
STONE, Lauren	Midland	PC
WASYLIW, Mark	Fort Garry	Ind.
WHARTON, Jeff	Red River North	PC
WIEBE, Matt, Hon.	Concordia	NDP
WOWCHUK, Rick	Swan River	PC
<i>Vacant</i>	Spruce Woods	

**LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS**

Wednesday, May 14, 2025

TIME – 7 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Josh Guenter (Borderland)

VICE-CHAIRPERSON – MLA Jim Maloway (Elmwood)

ATTENDANCE – 8 QUORUM – 6

Members of the committee present:

Mr. Brar, MLAs Chen, Dela Cruz, Mr. Guenter, MLA Maloway, Mr. Oxenham, Mrs. Stone

Substitutions:

MLA Bereza for Mr. Ewasko

APPEARING:

Tyson Shtykalo, Auditor General of Manitoba

WITNESSES:

*Silvester Komlodi, Deputy Minister of Finance
Ann Ulusoy, Secretary to Treasury Board
Brenda Feng, Provincial Comptroller*

MATTERS UNDER CONSIDERATION:

Annual Report and Public Accounts of the Province of Manitoba for the fiscal year ending March 31, 2023

Auditor General's Report – Public Accounts and Other Financial Statement Audits, dated December 2023

Annual Report and Public Accounts of the Province of Manitoba for the fiscal year ending March 31, 2024

Auditor General's Report – Public Accounts and Other Financial Statement Audits, dated December 2024

* * *

The Chairperson: Good evening. Will the Standing Committee on Public Accounts please come to order.

Committee Substitution

The Chairperson: Before we begin with our business today, I would like to inform the committee that we have received the following membership substitution for this meeting only: MLA Bereza for MLA Ewasko.

* * *

The Chairperson: This committee has been called to consider the following reports: the Annual Report and Public Accounts of the Province of Manitoba for the fiscal year ending March 31, 2023; the Auditor General's Report–Public Accounts and Other Financial Statement Audits, dated December 2023; the auditor–the Annual Report and Public Accounts of the Province of Manitoba for the fiscal year ending March 31, 2024; and finally, the Auditor General's Report–Public Accounts and Other Financial Statement Audits, dated December 2024.

Are there any suggestions from the committee as to how long we should sit this evening?

MLA Jim Maloway (Elmwood): Mr. Chair, I suggest we sit for an hour 'til 8 o'clock and then revisit at that time.

The Chairperson: It has been suggested that we sit for an hour and then revisit at that time.

Is that agreed? *[Agreed]*

In what order does the committee wish to consider these reports?

MLA Maloway: On a global basis.

The Chairperson: There's a suggestion to—is it agreed to consider the reports globally? *[Agreed]*

At this time, I will also ask the committee if there is leave for all witnesses in attendance to speak and answer questions on the record, if desired.

Is that agreed? *[Agreed]*

I would also like to remind everyone that questions and comments must be put through the Chair using third person, as opposed to directly to members and witnesses.

Before we proceed further, I'd like to inform all in attendance of the process that is undertaken with regard to outstanding questions. At the end of every meeting, the research clerk reviews the Hansard for any outstanding questions that the witness commits to provide an answer to and will draft a questions-pending-response document to send to the deputy minister. Upon receipt of the answers to those questions, the research clerk then forwards the responses to every Public Accounts Committee member and to every other member recorded at-recorded as attending that meeting.

Does—[interjection] Sure. Yes, so normally, we would have your time limits for speaking up on the walls, but those clocks are not working, so the clerks will be keeping time here at the table. So just keep that in mind.

Does the Auditor General wish to make an opening statement?

Mr. Tyson Shtykalo (Auditor General): Mr. Chair, first, I'd like to introduce the staff that I have with me.

I'm joined by Deputy Auditor General Natalie Bessette-Asumadu and Shane Charron, who is the engagement leader on the Public Accounts audit in my office.

Mr. Chair, each year, my office audits the Province of Manitoba's consolidated summary financial statements, which are key accountability documents included in the Public Accounts. These statements, prepared by the Provincial Comptroller, present a financial overview of the government reporting entity. Summary financial reporting is intended to provide a full financial picture of government based on accurate and timely consolidated information from the government departments and its controlled entities.

The objective of our audit is to obtain reasonable assurance to provide an opinion on whether the summary financial statements are free from materially—'material'—material misstatement.

In addition to the summary financial statements, we also audit the financial statements of various government-controlled and related entities. The two reports from my office that are being discussed today provide an overview of our financial statement audit work for 2022-23 and for 2023-24, and they include our observation on key issues.

Mr. Chair, 2023-24 was the seventh year in a row that we issued a qualified audit opinion on the summary financial statements. A qualified audit opinion is not meant to be a regular occurrence. It's a warning to users of the financial statements that there is information that may not be reliable. The 2024 audit opinion was qualified because the Province was unable to provide sufficient support for the amounts disclosed for both contractual obligations and contractual rights. The 2023 audit opinion was qualified because the Province was unable to provide sufficient support for the completeness and valuation of its asset retirement obligations.

During both audits we identified significant weaknesses in the financial statement preparation and control environment. In 2024 we found an unprecedented number of errors that the Province had to correct. These errors delayed the finalization of our audit. The Province can address the issues raised in these two reports by building its capacity to produce reliable financial information and strengthening its internal controls.

Mr. Chair, I'd like to thank the Department of Finance, the Treasury Board Secretariat, including the Office of the Provincial Comptroller, and all others in the preparation of financial information in government-controlled and related entities. Their co-operation and assistance are greatly appreciated.

I would also like to thank my staff for their excellent work on the financial statement audits and this report.

I look forward to the discussion on these reports this evening.

The Chairperson: I thank the Auditor General for his opening comments.

Does the deputy minister of Finance wish to make an opening statement, and would he please introduce his staff joining him here today?

Mr. Silvester Komlodi (Deputy Minister of Minister): Thank you very much and good evening. I'd like to thank the committee for the opportunity to provide some brief comments on the matters under consideration today, including the Annual Report and Public Accounts of the Province of Manitoba for the fiscal years ending March 31, 2023 and March 31, 2024; and the Auditor General's reports, Public Accounts and Other Financial Statement Audits, dated December 2023 and December 2024.

Sitting at the table with me are Ann Ulusoy, Secretary to Treasury Board; Brenda Feng, Provincial Comptroller; Salman Tarique, executive director, Public Accounts; and Ann Leibfried, assistant deputy minister and executive financial officer for Manitoba Finance; and myself will be providing questions if there's leave for that.

As noted in the Public Accounts, the Province's summary financial position as at March 31, 2023 was an operating surplus of \$270 million. This was an improvement of just over \$1 billion, compared to the Province's previous year deficit of \$750 million, and an improvement of \$818 million over the 2022-23 projected budget deficit of \$548 million.

Provincial own-source revenues were \$906 million higher in the prior fiscal year due to significant increases in personal and corporate income tax remittances. Other provincial taxation revenues also increased compared to the previous year.

Federal transfers were higher than budget, reflecting a \$207-million one-time Canada Health transfer due to COVID-19-related funding to reduce the pandemic-induced backlog of surgeries and other medical procedures, along with other pandemic medical supplies.

The net income of government business enterprises was \$574 million higher than budget, primarily at Manitoba Hydro because of above water levels at generating stations and an increase in export spot market prices. A reduction in water power rental rates and the debt guarantee fee paid to the Province also improved Manitoba Hydro's net income.

Total summary expenses were \$1.129 billion greater than budget, or \$1.18 billion higher than the prior fiscal year. This was mostly due to cost increases of \$325 million for regional health authorities; the \$264-million expense to deliver the family affordability package and the carbon tax relief fund; and a \$140-million investment in nine municipal water and waste water projects.

Emergency expenditures were \$166 million over budget due to the 2022 spring flood and above-average wildfire suppression expenditures at the time.

There was also a \$151-million increase in expenses, mainly due to an increase by school divisions for salaries, supplies and services.

Finally, debt servicing was \$94 million higher than budget due to higher interest rates as a result of the

Bank of Canada's then increasing target rate interest from 0.25 per cent in March 2022 to 4.5 per cent by March 2023.

* (19:10)

The Province's summary financial position as of March 31, 2024 was an operating deficit of \$1.971 billion. The deficit is about \$1.6 billion higher than the budgeted deficit of \$363 million for '23-24.

The summary of revenue of \$21.8 billion—or \$21.729 billion—was \$585 million lower than the budgeted amount of \$22.4 billion at the time.

Provincial own-source revenue was \$270 million higher than budget due to higher fees and other revenue and higher recovery from GBEs—government business enterprises—and other investment earnings offset by lower tax revenue, partially due to the fuel tax holiday implemented in January 2024.

Federal transfers were \$139 billion lower than budget, primarily reflecting underspending on invest-in-Canada-infrastructure program projects and a decrease in the agri-insurance indemnities and the corresponding reduction in the federal share of that program.

The net income of GBEs was \$717 million lower than budget due to the lower net income of Manitoba Hydro and the lower net income of Manitoba Public Insurance.

Total summary expenses were \$1 billion higher than budgeted amount of \$22.7 billion, mostly due to \$950 million more spending in Health, reflecting settled agreements and price and volume pressures.

Overspending in the Departments of Families and Justice were offset by lower spending in various other departments. More details on the actual budget and the year-over-year are provided in those annual reports.

The 2023 summary financial statements were qualified for a scope limitation related to insufficient support for asset retirement obligations. The 2024 summary financial statements were qualified for insufficient support available for contractual obligations and contractual rights, included in the notes to the financial statements.

The Auditor General's report to the Legislative Assembly on the Public Accounts and other financial statement audits identify that improvements are needed in the processes for financial statement preparation, including the consolidation of financial information and controls over financial transactions.

The department welcomes the Auditor General's report and its findings, and the Office of the Provincial Comptroller is committed to continue addressing these through collaborative work with all departments and by performing its own due diligence.

We shall endeavour to answer all administrative-related questions posed by the committee on the reports reflected on the agenda. We may need take some questions under advisement and provide a written response later.

I would like to thank the staff of the Treasury Board Secretariat who prepared the annual report; the Office of the Provincial Comptroller, who prepared the summary financial statements; and all staff in the Department of Finance and across government for their work related to these documents.

Finally, I'd also like to thank the Auditor General, Mr. Tyson Shtykalo, and his team at the OAG for their professional and collaborative relationship with the Treasury Board Secretariat and the Department of Finance.

Thank you.

The Chairperson: I thank the deputy minister for his opening comments.

The floor is now open for questions.

Mrs. Lauren Stone (Midland): This question's for the Auditor General.

Can the Auditor General tell us what he considers material for the Public Accounts of the Province, what that means for his audit and the accuracy of the Public Accounts, plus or minus in that variance?

Mr. Shtykalo: Thank you for the question. I'll take this opportunity to explain a little bit about the concept of materiality, how it relates to our audit.

For the year ended 2024, we had set materiality at \$157 million, and for the year ended March 31, 2023, we had set materiality at \$145 million.

The materiality level is an audit concept, as we need to identify an amount as we—as the opinion that I express on the statements are that in all material respects.

So in order to design our tests and the scope of what we look at in the course of an audit, we use that materiality level of 157 to calculate the amount of testing which balances and transactions that we look at in the financial statements. We could never set a materiality level at zero, because you would never be able to perform enough work to satisfy it,

understanding that the total financial assets reported in 2024 were \$43.6 billion and the total liabilities were \$75.9 billion. The concept of materiality serves as a tool that we use as auditors.

In addition to that, the other consideration that we make is that not only is that hard figure an amount, but there are other balances which may influence a user's decision based on the reading on the financial statements. The amount set as a percentage of expenses in a year for the quantitative part, but the qualitative part is to consider a balance or transaction or item that we're auditing on whether the level of error would influence a user's decision.

So in the case of the—our audit and summary financial statements, we performed our work in accordance with materiality level of \$157 million for 2024.

Mrs. Stone: Just a follow-up on that. So does that materiality and variance also include the Crowns—Manitoba Hydro, Liquor & Lotteries, MPI—and any other special operating agencies and reporting entities, and how that would also impact the public—the Province's summary accounts?

Mr. Shtykalo: The materiality level of 157 is what we apply to the audit of the summary financial statements, which includes the impacts of the consolidation of all the entities.

The financial statement audits of the government business enterprises in other agencies, materiality is set based on those financial statements of those entities. So the materiality level used for those audits would be considerably different than the \$157 million used for the summary financial statements.

MLA Jennifer Chen (Fort Richmond): So my question is for the department, as the Auditor General stated in the opening and also reported in the auditor's report of Public Accounts and other financial statement audits.

In recent years, the audit finalization has been delayed due to late information from the Office of the Provincial Comptroller and departments, and we know that timely information is crucial for decision making.

So my question is: What changes have been made, or what specific steps have been taken, to ensure that the legislative deadline will not be missed going forward?

Thank you.

* (19:20)

Mr. Komlodi: Thank you for the question, MLA Chen.

Maybe I'll start off with the larger scope of how an audit plan is put out. So the Office of the Provincial Comptroller each year will prepare an audit plan that is then disseminated to each departmental executive financial officer, who would be the lead for each of those departments.

So essentially we have what's called a decentralized comptrollership model. In the past, you know, that model—and we continue to use that model, but have made a number of enhancements and improvements over the last year in particular—part of that detailed audit plan is further expanded in terms of the requirements that are being put on each of the departments in terms of what their EFOs are required to collect from the core department, but also from the summary environment that they oversee.

There's also a more consolidated approach through the SAP system, so essentially a module that's called group reporting, which is now utilized as opposed to more sort of detailed manual process that was prone to error.

In terms of the error tracking, the internal audit unit now does spot comptrollership audits throughout the year so that the process as it's being developed through the audit cycle has oversight on a spot basis, but also overall through the management, through the group reporting process.

And then finally there's also new training that has been unveiled this year, especially for comptrollership training, so that has been launched and is in play for the departments to support all the staff that are involved in compiling the financial statements through the group reporting of each year's audit cycle.

Thank you.

Mrs. Stone: Just going back to my previous question, I just have a follow-up clarification question for the Auditor General, and please correct me if I've misunderstood you.

You had mentioned that \$157 million for your scope, which would include the Crowns; but then you also mentioned that the SOAs would have their own audit materiality.

So I guess my question would be, what would be material for Manitoba Hydro, which is a very big entity with a lot of debt and significant assets?

Mr. Shtykalo: I can't share the exact amount of the Hydro materiality or the materiality that was used in the Hydro audit. We do factor that into our calculation of the materiality that we use for the audit in the

summary of financial statements. The audit is conducted by an—sorry—the audit of the Manitoba Hydro is conducted by an external accounting firm.

As part of our process, we do collect that information for our audit file and consider an aggregate of the materiality of all the individual entities to ensure that it falls within a reasonable range of what we require for our materiality.

I can also share that, you know, the general practice for setting materiality in entities such as Hydro would be based on a percentage of revenues and expenses and, as such, just looking at 'comparing'—comparing the revenues and expenses of Manitoba Hydro to that of the consolidated statements, it's significantly less. So, consequently, the materiality for Hydro is significantly less than what we used on the summary financial statements.

Mr. Diljeet Brar (Burrows): First of all, I want to say thank you to the department, deputy minister and AG office for these reports and opening statement.

In between 2023 report and 2024 report, I notice a huge financial fluctuation, I would say; like, the budget was, like, 200-something-million surplus, and all of a sudden, within a year we are at \$1.9-billion deficit. So that's a huge fluctuation in the budget.

So what happened in between the two reports? And if I remember correctly, there was MNP's review, independent review report, done. So can the department share a few key findings from the report or lessons learned, if any, after that review?

* (19:30)

Mr. Komlodi: Thank you very much for the question.

So I'm on page 36 of the Public Accounts for year ended March 31, 2024, and just looking at that table, what the 2022-23 restated budget shows was a surplus of \$370 million for that fiscal year. The '23-24 budget showed a \$363 million, which was then noted as an actual of \$1.971-billion deficit.

The revenue analysis that's included in the Public Accounts breaks that down, both on the revenue and the expenditure side. A couple highlights would be income taxes were \$160 million lower than budget, about 2.9 per cent, primarily due to a reassessment of personal income tax by the Canada Revenue Agency.

Other taxes were \$56 million lower than budget, primarily due to the pause of collecting fuel taxes on January 1, 2024. Fees and other revenues were \$147 million higher, primarily reflecting some

recoveries in Health, Seniors and Long-Term Care and other components of recoveries due to higher mode of carrier licences.

One of the significant pieces would have been that income from GBEs, which was \$717 million lower than budget due to Manitoba Hydro's reported net loss for that fiscal year, which was primarily due to water conditions.

And then turning to the expenditure side, just as a summary, health expenses were \$950 million higher than budget. A significant portion of that had to do with the settling of collective agreements.

There was also expenses in Family's department and Justice as well, so that would make up the change between those fiscal years on the actual basis.

In terms of the MNP report that was commissioned by the government to do an analysis after the election, there are findings summarized in the report that is publicly available.

MLA Chen: I just have a follow-up question to my previous question, and thanks to the DM for speaking on the number of steps that have been taken.

My follow-up question is on page 23 in the Public Accounts and Other Financial Statement Audits report. It is recommended that seeking external support or engaging external resources for additional support.

So my question—my follow-up question is what's—has the OPC sought external resources for additional support? And also, the deputy mentioned the training. So is the—with internal hiring and training and the use of external resources, does the OPC foresee any challenges in completing this year's Public Accounts audit on time?

The Chairperson: Deputy Minister? *[interjection]* The Secretary.

Ms. Ann Ulusoy (Secretary to Treasury Board): As the Office of the Provincial Comptroller reports to the Secretary to Treasury Board I'm going to take this question.

So there has been significant steps to enhance the planning, execution and quality control of the process. We have also retained an external accounting firm to support us through the process, but we're going to be using them if, and as needed, so it's not a constant resource for—from the perspective of the OPC.

With respect to whether we're confident that the process will go smoothly this year, you have to appreciate that we have 129 reporting entities that

make up the summary government, and we are waiting for the audited financial statements of each and every one of them in order to consolidate and produce our Public Accounts. It's a lengthy process that takes a while, and any issues that come up during that consolidation process or receiving of the information may significantly affect the timeliness of the audit as well.

So we're positive, but I can't say that we're 100 per cent confident that it will be a better process that's going to be shorter this year.

Mrs. Stone: Another question for the Auditor General: In the 2024 Public Accounts, did the Auditor General look closely at the special warrant spending of over \$700 million and how that impacted the deficit in that year?

* (19:40)

Mr. Shtykalo: During the course of the audit, we do verify that the amounts paid out in special warrants are appropriately authorized and that we consider them—when we are auditing the operating expenses that are in excess of legislative authority, they would be considered to be part of—would have the authority of Legislature, so, but any amount above that, a reported note 16 and we look at all those amounts that are still in excess of that.

Now, as far as the amounts paid out in special warrants, they're paid out to departments who incur the expenses with that money. We audit everything on all the expenses, all the health expenses, for example. So our testing's based on that amount, so, indirectly, because it's included in the total, it's covered by our audit.

We don't look at—I mean, and specifically because they're included in the expenses total on the revenue and expense statement, they would therefore be included in the determination of the annual deficit.

Mrs. Stone: Yes, so just a follow-up, as you had mentioned with the health spending: so does the Auditor General know, or can he tell us whether all of that money was actually spent by the RHAs during that fiscal year? Was that included in your audit? And were there the appropriate accounting processes in place to determine whether all that money for a special warrant was used for its intention?

Mr. Shtykalo: No, that's not part of our financial statement, looking at that.

MLA Maloway: My question is to the deputy minister.

In dealing with this whole issue of pressure and getting your reports out on time, which I gather has been an issue for a long, long time, but—anyway, the point is, you mentioned you were employing a new SAP module. I'm going to make an assumption here that it's one of those new cloud modules, which is—should help us out, I guess.

But then the question is, at what stage are we at right now, and what is the timeline for this SAP upgrade, which I'm assuming is the cloud upgrade; I'm assuming it's government-wide. Why it doesn't include Hydro I don't really know, because I thought we were supposed to include everybody in this thing except the auditor's office. And the question is, is who's watching this, because we just hear about every project—IT project we ever see is always over—it's overbudget; it's never on time, right?

And this is a massive undertaking even though SAP, you know, brought this system in, in 1993, I think it was—first government in the world to have SAP. I mean, it seems to have gone through many upgrades, Microsoft upgrades, and I've never really heard about huge cost overruns or problems—I'm sure there were a lot to take an old paper system essentially, 20 years ago, and somehow they got through all of that.

So now do you have any surprises for us or you only have good news here?

The Chairperson: Just a reminder to everyone to put questions through the Chair. Thank you.

* (19:50)

Ms. Ulusoy: Thank you for the question.

The ERP modernization project that includes the module that we have recently just mentioned is a large project to implement, is for HANA as well as a number of other modules of SAP on a cloud basis. The group reporting is one of those modules, and it will go live in June of this year, June 2025. And once it's fully operational it will reduce the time and errors with respect to consolidation of information. Prior to the implementation—it's not replacing an existing system. Prior to implementation, consolidation was a process that was done manually on an Excel spreadsheet, so this is the first time the Province will have a software that's going to provide the consolidation necessary for Public Accounts.

With respect to Manitoba Hydro, Manitoba Hydro, its—has its own SAP system and associated modules, and they do—the ERP modernization project is not

intended to upgrade SAP in all of the 129 entities. The current scope covers the core government, as well as health entities that includes Shared Health, you know, regional health authorities. Health and core government are the two that are in scope for the current implementation.

With respect to the oversight of the implementation, Manitoba innovation and technology department that's led by a minister and a deputy minister is responsible for the implementation. There is a very strong governance set around it. The deputy minister and the CIO has set up a strong governance structure where a number of senior public servants are part of the oversight of the project.

In addition, the project reports its status—implementation status to the Treasury Board on a regular basis and its—the funding needs are reviewed on an annual basis.

So that concludes, hopefully, the response.

The Chairperson: Hearing no further questions or comments—oh, sorry.

Mrs. Stone: Sorry; apologies, I do have a couple more final questions. Again, sorry to the Auditor General.

In the AG's comments they mentioned an unprecedented number of errors with hundreds of millions of dollars of adjustment required, including, I believe, a—36 new issues within the control environment for the 2024 Public Accounts.

From his experience, has the AG ever seen this many errors as what he saw in the 2024 Public Accounts?

Mr. Shtykalo: In my history with the office and involvement in the Public Accounts audit, the number of errors we identified and the amount of the adjustments required was, in my view, unprecedented. I hadn't been part of an audit where there were that many identified errors brought forward for correction.

Mrs. Stone: Thank you for that, Auditor General. And just as a follow-up, can the AG speak to why its gotten significantly worse, from his perspective as an Auditor General, particularly looking at the 2024 audited statements compared to previous years?

The Chairperson: So we're five minutes from our previously agreed time of one hour or 8 o'clock.

Is it the will of the committee to extend for another 10 minutes, let's say, to pass the reports? Of course, we can rise earlier, but just give us 10 minutes.
[Agreed]

Mr. Shtykalo: In my report to the Legislature for the year ended December 31, 2024, I identify a number of weaknesses in financial statement preparation on the part of the Province, including a lack of understanding of what info is required to support amounts in financial records, a lack of a review of information that was prepared to support the amounts in the records, and noted weak controls over some of the financial reporting process.

The Chairperson: Hearing no further questions or comments, I will now put the question on the reports.

Annual Report and Public Accounts of the Province of Manitoba for the fiscal year ending March 31, 2023—pass.

Shall the Auditor General's Report, Public Accounts and Other Financial Statement Audits, dated December 2023 pass?

Some Honourable Members: Pass.

An Honourable Member: No.

The Chairperson: This report is accordingly passed—*[interjection]* Oh, this report is—

An Honourable Member: I'm sorry, can you repeat that?

The Chairperson: Auditor General's Report, Public Accounts and Other Financial Statement Audits, dated December 2023—pass.

Shall the Annual Report and Public Accounts of the Province of Manitoba for the fiscal year ending March 31, 2024, pass?

Some Honourable Members: Pass.

An Honourable Member: No.

The Chairperson: This report is not passed.

Shall the Auditor General's Report, Public Accounts and Other Financial Statement Audits, dated December 2024, pass?

Some Honourable Members: Pass.

An Honourable Member: No.

The Chairperson: This report is not passed.

Before the committee rises for the day, I would ask that all members please leave behind their copies of the reports so that they may be used again at future meetings.

The hour being 7:57, what is the will of the committee?

An Honourable Member: Committee rise.

The Chairperson: Committee rise.

COMMITTEE ROSE AT: 7:57 p.m.

The Legislative Assembly of Manitoba Debates and Proceedings
are also available on the Internet at the following address:

<http://www.manitoba.ca/legislature/hansard/hansard.html>