

Financial Statements and Performance Measures

INTRODUCTION

Financial statements

The Government of Alberta prepares financial statements and makes them public to inform Albertans about the province's financial performance. The Office of the Auditor General, under the *Auditor General Act*, audits the financial statements of the Province of Alberta, as well as every ministry, department, regulated fund and provincial agency.

An audit is the collection and evaluation of evidence about the fairness of financial statements. By obtaining this evidence, the auditor general is able to provide a high level of assurance to Albertans about whether the financial statements prepared by management are fairly presented and free from material misstatements. An audit includes assessing where errors (misstatements) could occur in the financial statements, testing management's internal control over financial information and performing additional audit procedures.

The audit, and the auditor's report, adds credibility to the financial statements by telling Albertans whether the financial statements are reasonable. This auditing does not mean that the auditor general examines every transaction or guarantees that the financial statements are error-free. Millions of transactions are summarized into the province's financial statements. Audits, therefore, necessarily focus on areas of risk and on the places where errors that matter to users' understanding of the financial statements as a whole are likely to occur.

We issued unqualified independent auditor's reports on the financial statements for those entities we audited. We included an Emphasis of Matter paragraph in the auditor's report on the province's consolidated financial statements to emphasize the disclosure of the constructed budget in the province's consolidated financial statements; the audit report was unqualified with respect to that matter. For a list of the entities we audit, please refer to our 2014 Performance Report, located on page 199 of this report.

Performance measures

The Government of Alberta prepares and reports performance measures to provide information that allows Albertans to assess the government's overall performance, including performance relative to goals in specific policy areas.

For ministries and some agencies, we complete review engagement procedures on selected non-financial measures of performance in the entity's annual report. We also audit selected measures in the annual progress report on the government's business plan, titled *Measuring Up*. We report on the reliability, understandability, comparability and completeness of the selected measures of performance. Our reviews and the audit are not designed to provide assurance on the relevance of the measures to users.

We completed the audit of four of the 18 performance measures included in *Measuring Up* for the year ended March 31, 2015. We issued an unqualified auditor's report on the measures selected for audit in *Measuring Up*.

We completed the review of 46 performance measures in annual reports of 19 ministries and one agency. We issued unqualified review reports on the measures we reviewed.

