

Appendix 3

Samples of Opinions We Form on Ministries, Crown Agencies, and Crown-Controlled Corporations

The Office's *Business and Financial Plan* and *Annual Report on Operations* describe the Office along with its plans for the upcoming year and financial and non-financial results. These are available on its website (www.auditor.sk.ca).

The scope of the Office's work includes the Government as a whole, sectors or programs of the Government, and individual government agencies (see **Appendix 1**). As *The Provincial Auditor Act* requires, it uses generally accepted assurance standards published by CPA Canada to carry out its audits. The following are samples of audit opinions formed as part of the annual integrated audits.

1. The Effectiveness of Internal Controls (Financial-Related)

I have audited [Agency]'s operating effectiveness of internal controls as of [Year-End] to express an opinion as to the effectiveness of its internal controls related to the following objectives.

- › To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- › To prepare reliable financial statements.
- › To conduct its activities following laws, regulations, and policies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The Chartered Professional Accountants of Canada (CPA Canada) defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

[Agency]'s management is responsible for effective control related to the objectives described above. My responsibility is to express an opinion on the effectiveness of control based on my audit.

I used the control framework included in the *Guidance on Control* published by CPA Canada (control framework) to make my judgments about the effectiveness of [Agency]'s control. I did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

I conducted my audit in accordance with standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. Those standards require that I plan and perform an audit to obtain reasonable assurance as to the effectiveness of [Agency]'s control related to the objectives stated above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks, and examining, on a test basis, evidence relating to control.

My audit on the effectiveness of [Agency]'s control related to the above objectives does not constitute an audit of internal control over financial reporting performed in conjunction with an audit of financial statements in *CPA Canada Handbook – Assurance* Section 5925 An Audit of Internal Control over Financial Reporting that is integrated with an Audit of Financial Statements.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgment in decision-making, human error, collusion to circumvent control activities, and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance and not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

In my opinion, based on the limitations noted above, [Agency]'s internal controls were effective, in all material respects, to meet the objectives stated above as of [Year-end] based on the CPA Canada criteria of control framework.



2. Compliance with Legislative Authorities

I have audited [Agency]'s compliance with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding public resources, spending, revenue raising, borrowing, and investing activities during the year ended [Year-End]:

(List legislative and related authorities covered by this report. This list must include all relevant governing authorities.)

Compliance with the provisions of the stated legislative and related authorities is the responsibility of management of [Agency]. My responsibility is to express an opinion on this compliance based on my audit.

I conducted my audit in accordance with standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. Those standards require that I plan and perform an audit to obtain reasonable assurance whether [Agency] complied with the criteria established by the legislative and related authorities referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with these criteria, and where applicable, assessing the accounting principles used and significant estimates made by management.

In my opinion, for the year ended [Year-End], [Agency] has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities.

3. The Reliability of Financial Statements

I have audited the accompanying financial statements of [Agency], which comprise the [statement of financial position] as at [Year-End], and the [statements of operations, change in net debt, and cash flow] for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with [acceptable financial reporting framework] for [Treasury Board's] approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of [Agency] as at [Year-End], and [insert appropriate wording to describe financial results] for the year then ended in accordance with [acceptable financial reporting framework].