

Status Update

February 9, 2021

Provincial Auditor Report

Chapter 4, 2019 Report – Volume 1 Energy and Resources Auditing Producer Returns for Non-Renewable Resources

Recommendation and Status at Time of Audit (Indicate whether new or outstanding)	Page	Current Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken to Implement Since PA Report	Planned Actions for Implementation	Timeline for Implementation
<p>NEW:</p> <p>That the Ministry of Energy and Resources estimate staff time and costs required to audit producer returns for non-renewable resources production taxes and royalties.</p> <p>At December 2018, the Ministry has begun to revise certain sections of the manual (e.g., <i>Section 205—Guidance</i> on non-renewable resource audit procedures, <i>Section 208—Application of Audit Assessments</i>). It anticipated completing these revisions by the summer of 2019.</p>	51	Implemented	<ul style="list-style-type: none"> • The annual plan for the Audit Unit will determine the number of audits to be completed for the fiscal year, based on a comparison of available audit resource hours and potential audits within the audit inventory, based on assessed risk. • The annual plan will establish the estimated auditor time and costs required per audit which will be cascaded down to the individual audit plans for each audit. • Any revisions to the estimated time and costs will be subject to supervisor’s approval. • Existing tools used for tracking assigned audits will now accommodate comparisons between estimated resources required and actual resources used. 	Completed	Completed

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NEW: That the Ministry of Energy and Resources maintain its audit manual used during audits of non-renewable resources production taxes and royalties.	53	Implemented	<ul style="list-style-type: none"> Senior Auditors will formally, as a part of their annual work plan, be assigned a review of individual sections within the audit manual in order to ensure that the audit manual reflects current audit procedures and processes. Periodic follow up by the supervisor will ensure that the process continues to remain on track. 	Completed	Completed
NEW: That the Ministry of Energy and Resources consistently document key audit decisions, audit procedures, and results of audit work in files of audits of producer returns for non-renewable resources production taxes and royalties.	55	Implemented	<ul style="list-style-type: none"> Developing comprehensive templates for the audit program, audit report and audit worksheets to be used for all audit assignments is in progress. To ensure consistency across all audit files, the criteria in terms of what needs to be documented within an audit report will remain standard across all audit assignments. 	Completed	Completed
NEW: That the Ministry of Energy and Resources complete quality reviews of audit files of producer returns for non-renewable resources production taxes and royalties before finalizing audit results.	56	Implemented	<ul style="list-style-type: none"> An informal review process had been in place whereby audit results were discussed prior to audit finalization. A formal process will be established that documents the supervisor's review of all potential audit adjustments prior to audit finalization. 	Completed	Completed

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NEW: That the Ministry of Energy and Resources routinely monitor actual-to-planned staff time and costs to audit producer returns for non-renewable resources production taxes and royalties.	58	Implemented	<ul style="list-style-type: none"> As discussed under item 1, enhancements to existing tracking tools will provide the Audit Unit with the data required to conduct effective actual-to-planned analyses. It will also provide the opportunity to identify and address variances in a timely manner, and to incorporate the lessons learned into the subsequent years' audit planning process 	Completed	Completed