

Office
of the
Ethics Commissioner

Financial Statements
2025-26

OFFICE OF THE ETHICS COMMISSIONER

Financial Statements

Year Ended March 31, 2026

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Independent Auditor's Report



To the Members of the Legislative Assembly

Report on the Financial Statements

Opinion

I have audited the financial statements of the Office of the Ethics Commissioner (the OEC), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, change in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the OEC as at March 31, 2026, and the results of its operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the OEC in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the OEC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the OEC's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 OEC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the OEC's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the OEC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by Phillip D. Peters FCPA, FCA, KC]
Auditor General of Alberta

June 30, 2026
Edmonton, Alberta

Statement of Operations

Year ended March 31, 2026

	<u>2026</u>		<u>2025</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
EXPENSES - Directly Incurred			
(Note 3(b) and Schedule 3)			
Salaries, Wages and Employee Benefits	\$ 888,000	\$ 1,040,687	\$ 909,556
Supplies and Services	<u>202,500</u>	<u>131,004</u>	<u>137,852</u>
Total Program - Operations	<u>1,090,500</u>	<u>1,171,691</u>	<u>1,047,408</u>
Net Cost of Operations	<u>\$ (1,090,500)</u>	<u>\$ (1,171,691)</u>	<u>\$ (1,047,408)</u>

Budget (Note 8)

The accompanying notes and schedules are part of these financial statements.

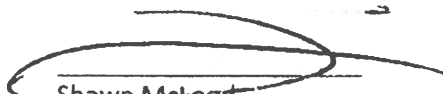
Statement of Financial Position

As at March 31, 2026

	<u>2026</u>	<u>2025</u>
Liabilities		
Accounts Payable and Other Accrued Liabilities	\$ 20,472	\$ 14,942
Accrued Vacation Pay	166,881	109,588
	<u>187,353</u>	<u>124,530</u>
Net Debt	<u>(187,353)</u>	<u>(124,530)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 5)	-	-
	<u>-</u>	<u>-</u>
Net Liabilities	<u>\$ (187,353)</u>	<u>\$ (124,530)</u>
Net Liabilities at Beginning of Year	\$ (124,530)	\$ (88,576)
Net Cost of Operations	(1,171,691)	(1,047,408)
Net Financing Provided from General Revenues	1,108,868	1,011,454
Net Liabilities at End of Year	<u>\$ (187,353)</u>	<u>\$ (124,530)</u>

Contractual Obligations (Note 6)

The accompanying notes and schedules are part of these financial statements.


Shawn McLeod
Ethics Commissioner


Kent Ziegler
Chief Administrative Officer

Statement of Change in Net Debt

Year ended March 31, 2026

	2026		2025
	Budget	Actual	Actual
Net Cost of Operations	\$ (1,090,500)	\$ (1,171,691)	\$ (1,047,408)
Net Financing Provided from General Revenues		1,108,868	1,011,454
Increase in Net Debt		\$ (62,823)	\$ (35,954)
Net Debt at Beginning of Year		(124,530)	(88,576)
Net Debt at End of Year		<u>\$ (187,353)</u>	<u>\$ (124,530)</u>

Budget (Note 8)

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

Year ended March 31, 2026

	<u>2026</u>	<u>2025</u>
Operating Transactions		
Net Cost of Operations	\$ (1,171,691)	\$ (1,047,408)
Non-Cash Items Included in Net Cost of Operations:		
Accrued vacation pay provision	<u>57,293</u>	<u>24,651</u>
	(1,114,398)	(1,022,757)
Increase in Accounts Payable and Other Accrued Liabilities	<u>5,530</u>	<u>11,303</u>
Cash Applied to Operating Transactions	<u>(1,108,868)</u>	<u>(1,011,454)</u>
Financing Transactions		
Net Financing Provided from General Revenues	<u>1,108,868</u>	<u>1,011,454</u>
Change in Cash	-	-
Cash at Beginning of Year	-	-
Cash at End of Year	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

Year ended March 31, 2026

NOTE 1 AUTHORITY

The Office of the Ethics Commissioner (the Office) operates under the authority of the *Conflicts of Interest Act and the Lobbyists Act*. The cost of operations of the Office is borne by the General Revenue Fund of the Province of Alberta. Annual operating budgets are approved by the Standing Committee on Legislative Offices.

NOTE 2 PURPOSE

The Office enhances public confidence in the integrity of Members of the Legislative Assembly, Deputy Ministers, chief executives of 35 agencies, boards and commissions and political staff members by providing advice and guidance to them regarding their private interests in relation to their public responsibilities. The Office conducts investigations into allegations of conflicts of interest against Members, Deputy Ministers and chief executives of select agencies, boards and commissions and promotes the understanding by these people and the public of the obligations regarding conflict of interest contained in legislation or directive. The Office also reviews and approves the Codes of Conduct for 118 agencies, boards and commissions.

The Office is responsible for creating and maintaining a publicly-accessible lobbyists registry; providing advice and information to lobbyists and citizens on matters covered by the *Lobbyists Act*; and conducting investigations into possible contraventions of the *Lobbyists Act* which may require payment of an administrative penalty.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards, which use accrual accounting.

(a) Reporting Entity

The reporting entity is the Office of the Ethics Commissioner and for which the Ethics Commissioner is accountable.

The Office operates within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board, Minister of Finance. All cash disbursements made by the Office are paid from the Fund. Net financing provided from general revenues is comprised of all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...(continued)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Office has primary responsibility and accountability for, as reflected in the Office's budget documents, and are reported on an accrual basis.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets;
- pension costs which comprise the cost of employer contributions for current service of employees during the year; and
- valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other related entities in support of the Office's operations are not recognized but disclosed in Schedule 3.

Liabilities

Liabilities are present obligations of the Office to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver the Office's services;
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations.

Non-financial assets include tangible capital assets.

Tangible Capital Assets

Tangible capital assets of the Office are recognized at cost less accumulated amortization and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Amortization is only charged when the tangible capital asset is put into service.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...(continued)**(c) Net Debt**

Net Debt indicates additional cash required from general revenues to finance the Office's cost of operations to March 31, 2026.

NOTE 4 FUTURE CHANGES IN ACCOUNTING STANDARDS

On April 1, 2026, the Office will adopt the following new conceptual framework and accounting standard approved by the Public Sector Accounting Board:

- **The Conceptual Framework for Financial Reporting in the Public Sector**

The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

- **PS 1202 Financial Statement Presentation**

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

On April 1, 2029, the Office will adopt PS 3251 - Employee Benefits.

- **PS 3251 Employee Benefits**

This standard will replace and consolidate two old standards, PS 3250 - Retirement benefits and PS 3255 - Post-employment benefits, Compensated Absences and Termination Benefits. The application of the standard will improve the understandability of the financial reporting of employee benefits and provide better information for accountability purposes.

On April 1, 2030, the Office will adopt the amendments to PS 3150 - Tangible Capital Assets.

- **PS 3150 Tangible Capital Assets**

The amendments standardize capital asset accounting by incorporating Government Not for Profit standards, clarifying recognition and disclosure requirements related to collections, works of art, and historical treasures.

Management is currently assessing the impact of the conceptual framework and these standards on the Office's financial statements.

NOTE 5 TANGIBLE CAPITAL ASSETS

	Leasehold Improvements	Office Equipment and Furniture	Computer Hardware and Software	2026 Total	2025 Total
Estimated Useful Life	4 years	10 years	3 years		
Historical Cost					
Beginning of year	\$ 49,101	\$ 10,593	\$ 173,561	\$ 233,255	\$ 233,255
	49,101	10,593	173,561	233,255	233,255
Accumulated Amortization					
Beginning of year	49,101	10,593	173,561	233,255	233,255
	49,101	10,593	173,561	233,255	233,255
Net Book value at March 31, 2026	\$ -	\$ -	\$ -	\$ -	
Net Book value at March 31, 2025	\$ -	\$ -	\$ -	\$ -	\$ -

NOTE 6 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of the Office to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2026	2025
Obligations under Operating Leases:		
Xerox Photocopier	\$ 1,905	\$ 3,810
Obligations under Contract:		
Annual Maintenance Costs	320,073	45,217
	\$ 321,978	\$ 49,027

Payment requirements for each of the next five years are as follows:

	Operating Leases	Obligations for Annual Maintenance Costs	Total
2026-27	\$ 1,905	\$ 63,149	\$ 65,054
2027-28	-	64,728	64,728
2028-29	-	66,346	66,346
2029-30	-	68,004	68,004
2030-31	-	57,846	57,846
Total	\$ 1,905	\$ 320,073	\$ 321,978

NOTE 7 BENEFIT PLANS

The Office participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP) and Supplementary Retirement Plan for Public Service Managers (SRP). The expense for these pension plans is equivalent to the annual contributions of \$62,523 for the year ended March 31, 2026 (2025: \$58,965). The Office is not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2025, the MEPP reported a surplus of \$2,101,798,000 (2024: surplus \$1,865,997,000), the PSPP reported a surplus of \$7,706,238,000 (2024: surplus \$6,473,956,000), and the SRP reported a deficit of \$61,574,000 (2024: deficit \$25,325,000).

The Office also participates in a multi-employer Long Term Disability Income Continuance Plan. At March 31, 2026, the Management, Opted Out and Excluded Plan reported a surplus of \$90,000 (2025: deficit of \$775,000). The expense for this plan is limited to the employer's annual contributions for the year.

NOTE 8 BUDGET

The budget shown on the statement of operations is based on the budgeted expenses that the all-party Standing Committee on Legislative Offices approved on December 5, 2025. The following table compares the Office's actual expenditures, excluding non-voted amounts such as amortization to the approved budgets.

	Voted Budget	Supplementary Budget	Adjusted Voted Budget	Actual	Overexpended
Operating Expenditures	\$ 1,090,500	\$ 23,203	\$ 1,113,703	\$ 1,114,398	\$ 695

NOTE 9 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Ethics Commissioner.

Schedule 1 - Salary and Benefits Disclosure

Year ended March 31, 2026

	2026			2025
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-Cash Benefits ⁽³⁾	Total
Senior Officials				
Ethics Commissioner	\$ 250,619	\$ 6,000	\$ 19,328	\$ 275,947
Chief Administrative Officer	204,864	-	47,423	252,287
Total	<u>\$ 455,483</u>	<u>\$ 6,000</u>	<u>\$ 66,751</u>	<u>\$ 528,234</u>

(1) Base salary includes regular salary and earnings such as acting and retroactive pay. For the current year, base salary for the Ethics Commissioner includes \$6,164 for retroactive pay for the months from April 2024 to March 2025.

(2) Other Cash Benefits include vacation payouts and lump-sum payments. The Ethics Commissioner received Other Cash Benefits for vehicle allowance. There were no payments for bonuses or amounts in lieu of pension contributions.

(3) Other Non-Cash Benefits includes all employee benefits and contributions or payments made on behalf of the employees including pension, supplementary retirement plans, health spending account, dental coverages, group life insurance, short and long-term disability plans, professional memberships, tuition fees, and parking. The Ethics Commissioner receives benefits for parking, Blue Cross Health Spending Account, conference fees, and professional memberships.

Schedule 2 - Related Party Transactions

Year ended March 31, 2026

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta Consolidated Financial Statements. Related parties also include key management personnel in the Office and their close family members.

The Office and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Office had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Other Entities	
	2026	2025
Expenses - directly incurred		
Other Services	\$ 124	\$ 165
Total	<u>\$ 124</u>	<u>\$ 165</u>

Schedule 3 - Allocated Costs

Year ended March 31, 2026

	<u>2026</u>				<u>2025</u>
	<u>Expenses - Incurred by Others</u>				
Program	Expenses ⁽¹⁾	Accommodation Costs ⁽²⁾	Business Services ⁽³⁾	Total Expenses	Total Expenses
Operations	<u>\$ 1,171,691</u>	<u>\$ 104,746</u>	<u>\$ 6,000</u>	<u>\$ 1,282,437</u>	<u>\$ 1,154,709</u>

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Accommodation Costs, including grants in lieu of taxes, allocated by square meters.

(3) Business Services Costs include charges for information technology support and financial services.

