



 Public Guardian and Trustee of Manitoba

2017 - 2018

ANNUAL REPORT

2017 2018





**ATTORNEY GENERAL
MINISTER OF JUSTICE**

Room 104
Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8

The Honourable Janice C. Filmon, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235 Legislative Building
Winnipeg MB R3C 0V8

May it Please Your Honour:

I have the privilege of presenting for the information of Your Honour the Annual Report of the Public Guardian and Trustee Special Operating Agency for the fiscal year ending March 31, 2018.

Respectfully submitted,

Honourable Cliff Cullen
Minister of Justice
Attorney General





Justice
Deputy Minister of Justice and Deputy Attorney General
Room 110 Legislative Building, Winnipeg, Manitoba, Canada R3C 0V8

Honourable Cliff Cullen
Minister of Justice
Attorney General
Room 104 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

I submit for your consideration the Annual Report of the Public Guardian and Trustee Special Operating Agency for the fiscal year ending March 31, 2018.

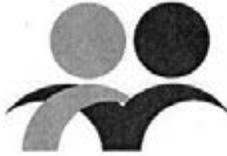
The results of the 2017/18 fiscal year indicate that the SOA continues to be effective in meeting client needs and in its planning for the future.

The Advisory Board is pleased with the success of the Public Guardian and Trustee and encouraged by the ongoing commitment of its employees.

Respectfully submitted,

Dave Wright
Deputy Minister of Justice
Deputy Attorney General





Public Guardian and Trustee of Manitoba

155 Carlton St, Suite 500
Winnipeg, MB R3C 5R9
CANADA

Dave Wright
Deputy Minister of Justice and
Deputy Attorney General
110 Legislative Building
Winnipeg MB R3C 0V8

Dear Sir:

In accordance with the provisions of Section 36 of *The Public Guardian and Trustee Act* and the requirements of a Special Operating Agency, I submit the Annual Report of the Public Guardian and Trustee for the fiscal year ending March 31, 2018.

Yours truly,

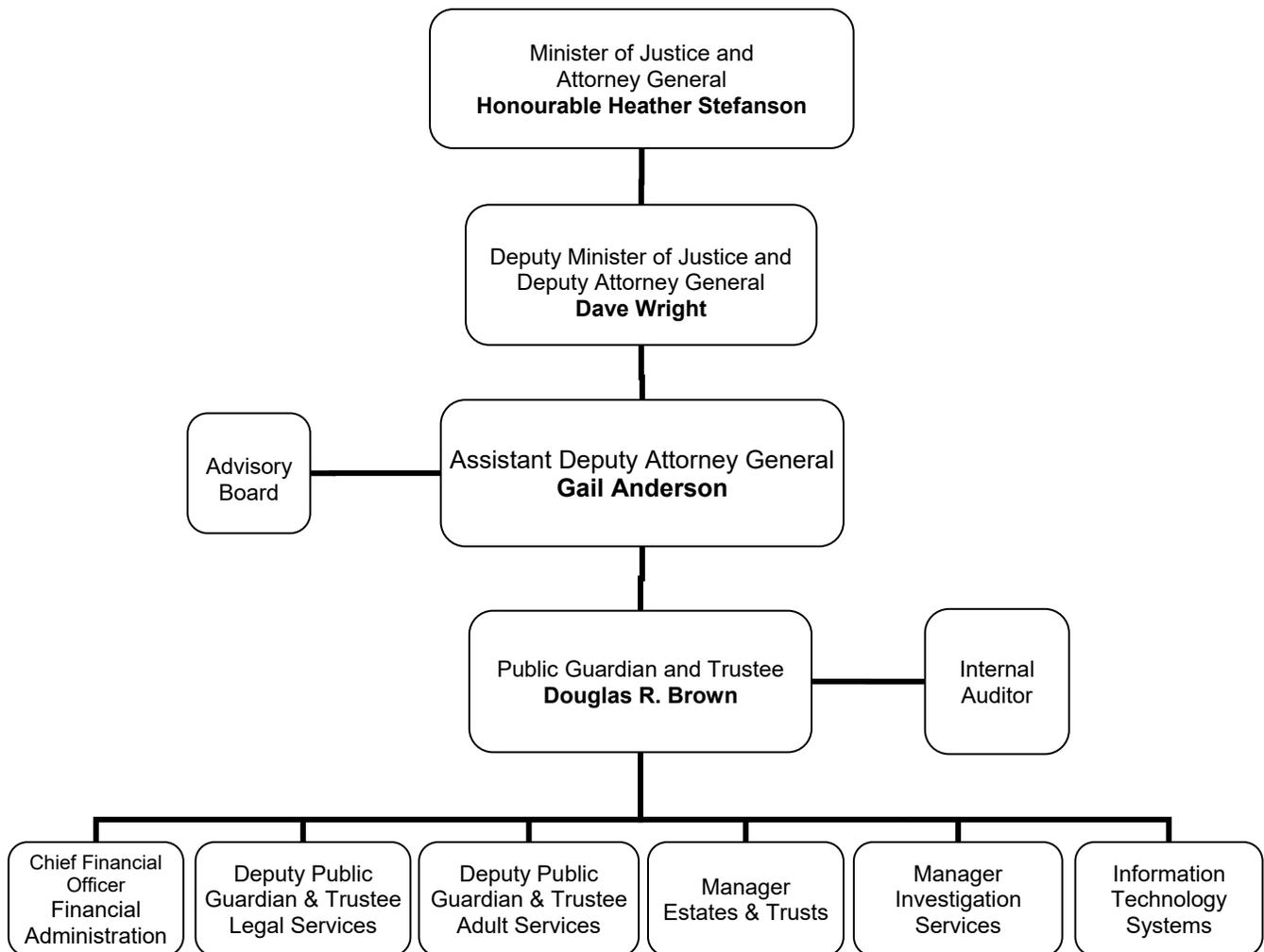
Douglas R. Brown
Public Guardian and Trustee



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Public Guardian and Trustee Organizational Chart March 31, 2018





A.

INTRODUCTION AND OVERVIEW





Message from the Public Guardian and Trustee

The Public Guardian and Trustee manages and protects the affairs of Manitobans who are unable to do so themselves and have no one else willing or able to act. Although that sounds straightforward, our role is sometimes misunderstood. Although we can make decisions on behalf of the people we serve, it is other agencies and the courts who decide if we will become involved. While we are a government agency, the over \$270 million in assets we manage is not government money, it belongs to the people we serve. While other government departments administer programs that determine when and how to pay out government resources, we do not pay out government money. Instead, we access those same programs for the benefit of our clients.

Explaining our role is the focus of this Annual Report. Although the types of services we provide will vary depending on the circumstances of each client, estate and trust, it is hoped that this report will provide some context about the type and complexity of the services we provide.

We are established as a corporation so that we can independently make decisions based on what is best for the clients, estates or trusts we serve. We charge fees for the services we provide. These fees fund our operations and are paid by the people we serve. We recognize our obligation to provide our services in a fiscally prudent and sustainable manner.

When it is in the interests of our clients, we delegate the delivery of some services to other agencies. Delegation allows us to access specific types of services from the people and organizations with the strongest expertise in their fields.

An aging population means the number of Manitobans we serve will continue to increase. In order to meet these demands, we are engaging all staff to look at what we are doing as an organization and how we are providing our services. Embracing the knowledge of our staff, outside agencies, as well as a continued commitment to implement new technology, will help us continue to improve.

We continue to educate the public about the need to have a will, power of attorney and health care directive. Public education is a positive way to help people maintain their independence; potentially reducing the need for our services.

Our staff are regularly called upon to respond to a variety of demands and unique situations, often in stressful situations. I am proud of the commitment shown by staff to support the clients, estates and trusts we serve. I would like to take this opportunity to thank each of them for their dedication and continued willingness to protect the people we serve.

Douglas R. Brown
Public Guardian and Trustee



RÉSUMÉ DES RÉALISATIONS DE 2017-2018



1. Le Bureau du tuteur et curateur public a effectué des présentations à Arden, Brandon, Emerson, Plumas, Portage la Prairie, Selkirk et Winnipeg. De plus, il a organisé 26 ateliers à la demande d'organismes publics, de groupes de service, de divers ministères et du public. Plusieurs ateliers ont été donnés par l'intermédiaire de Télésanté, ce qui a permis à un plus grand nombre de résidents de petites collectivités d'y participer.
2. Le Bureau continue d'appuyer l'amélioration continue en utilisant des examens de gestion allégée et d'autres méthodes pour déterminer quelles sont les efficacités des procédés en place et les améliorer, de même que pour appuyer les changements technologiques futurs.
3. Le Bureau continue à examiner des façons de mettre à jour les systèmes de traitement de l'information. Cela comprend des améliorations aux systèmes actuels ainsi que la détermination de nouvelles technologies pour une mise en œuvre future.
4. Les Services d'enquête ont donné suite à 210 demandes de recherche initiale et de procédures d'inventaire pour des clients du Bureau du tuteur et curateur public résidant à Winnipeg. Les Services d'enquête ont répondu à ces demandes en respectant leurs normes de service.
5. Des membres de la Section du contentieux ont participé à plusieurs activités éducatives destinées au public, dont la semaine des testaments et la Journée du droit. Parmi les autres présentations et séminaires, mentionnons une présentation à la faculté de droit de l'Université du Manitoba et à la Société du Barreau du Manitoba dans le cadre du programme de formation professionnelle permanente de la Société.



Overview

The Public Guardian and Trustee (PGT) protects the interests of our clients by providing a variety of guardian and trustee services from our offices which are located in Winnipeg and Brandon. We support the needs of approximately 3,598 individuals and 2,435 Estates and Trusts and manage approximately \$271M in assets.

We are appointed to act by the courts and others acting under various Manitoba laws. We are appointed when there is no one else able or willing to act. We do not have the power to appoint ourselves to act and must respond to each request for service quickly and in a timely manner.

What roles do we perform?

- Committee when appointed under *The Mental Health Act*;
- Substitute Decision Maker when appointed under *The Vulnerable Persons Living with a Mental Disability Act*;
- responding to requests for psychiatric treatment on behalf of mentally incompetent patients who cannot give consent;
- litigation guardian when a child or mentally incompetent person has no one available to represent their interests;
- administering trust funds for children and adults with mental disabilities;
- reviewing proposals to settle a lawsuit or insurance claim on behalf of a child;
- reviewing court applications made by a member of the public who wants to be appointed as a Committee;
- other reviews and services required under a variety of Manitoba laws.

What do we do once we are appointed?

The services we provide will depend on the type of appointment and may include:

- making personal and medical decisions;
- managing each client's financial resources;
- acting as executor or administrator of an estate;
- administer a trust for the benefit of a child.

To provide these services we maintain a high level of professional expertise in matters involving accounting, legal and tax matters. We manage a common fund. We delegate the delivery of some services to Regional Health Authorities and other agencies.

We charge fees for our services. Our fees are set at amounts to ensure we are in a position to recover the cost of our operations, which includes the costs associated with providing services to clients with limited resources.



Accountability

The Public Guardian and Trustee was first established as a corporation sole under *The Public Trustee Act* on February 1, 1973. The current *Public Guardian and Trustee Act* (“PGT Act”) came into force on April 1, 2014.

The PGT has a corporate seal and perpetual succession and functions separately from government. It is capable of suing or being sued. This structure allows the PGT to independently make decisions that are in the best interests of the clients, estates and trusts being served.

The PGT is accountable for our activities in a variety of ways:

- as a branch of the Consumer Protection Division of the Department of Justice the PGT is accountable for its operational performance;
- the Auditor General audits the books and accounts of the PGT and reports the results of these audits to the Legislature and the Minister of Finance;
- as a Special Operating Agency under *The Special Operating Agencies Financing Authority Act* the PGT is accountable to Treasury Board for its financial performance, business plan and quarterly reports;
- the Ombudsman can receive and investigate complaints from the public about the quality of services provided by PGT.

The PGT also consults with and obtains advice from the following:

Advisory Board

The PGT provides a business plan and quarterly reports to its Advisory Board. Members are appointed by the Minister of Justice and it is chaired by the Assistant Deputy Minister. The Board meets quarterly to provide advice to the PGT on its direction, the annual business plan and its financial reporting requirements. As of March 31, 2018 the members of the Board were:

Chair	Gail Anderson Assistant Deputy Minister – Consumer Protection Division Manitoba Justice	
Members	Douglas R. Brown Public Guardian and Trustee	ex officio
	Richard Sohor Chief Financial Officer Public Guardian and Trustee	ex officio
	L. Jean Sikomas Senior Will and Estate Planner Estate & Trust Services, STI, PFP Scotia Private Client Group	Private Sector Representative
	Tracy Sotheran Adult Services Administrator Public Guardian and Trustee	Employee Representative



External Investment Committee

The PGT Chief Financial Officer chairs the External Investment Committee which meets on a quarterly basis or as required to provide advice to the PGT on matters relating to the management of investments made in the Common Fund. The Common Fund pools financial assets of clients in a cost effective and secure manner.

Chair	Richard Sohor Chief Financial Officer Public Guardian and Trustee
Members	Douglas R. Brown Public Guardian and Trustee
	Gordon MacKay Senior Manager Finance Treasury Division Bell MTS Inc.
	Garry Steski Assistant Deputy Minister Treasury Division Manitoba Finance
	Jori Carroll Investment Officer Public Guardian and Trustee

National Association of Public Trustees and Guardians (NAPTG)

NAPTG is a non-profit membership organization consisting of Public Guardian and Trustee offices from each province and territory in Canada. NAPTG provides an opportunity for the sharing of information and promotion of best practices amongst participating organizations. We are actively involved in supporting the activities and objectives of the association.





B.

**SERVICES
PROVIDED BY
THE PGT**





PGT as Committee

What is a Committee?

A Committee is someone who has been appointed to take charge of another person's property and personal affairs. Sometimes a Committee is described as someone who "steps in the shoes" of another person, making decisions and managing the day to day affairs of that person.

How does the PGT become Committee?

Under *The Mental Health Act*, the Director of Psychiatric Services can issue an order that the PGT be appointed as Committee for someone who has been found to be incapable of managing his or her affairs as a result of a mental illness. The process starts with a doctor preparing a Certificate of Incapacity. The Director of Psychiatric Services (who is independent from the PGT) reviews the certificate and gathers medical and personal information about the individual necessary to decide if a Committee should be appointed. Except in emergency cases, the Director provides notice to the individual who is the subject of the order.

A Committee can also be appointed by a Justice of the Court of Queen's Bench. The court can decide to appoint the PGT, a family member or other suitable individual to be Committee.

Once the PGT is appointed as Committee for a mental health client, we must act. We must continue to act unless removed as Committee.

What services do we provide?

- preparing budgets and managing spending;
- making and maintaining living arrangements;
- managing property, including homes;
- paying bills;
- managing debts;
- accessing services and programs from government and outside agencies;
- making personal decisions in consultation with client and family;
- managing financial investments;
- preparing and filing tax returns;
- personal decisions such as medical decisions.

We work closely with our mental health clients and other service providers when performing these services. Although we have the legal responsibility to make these decisions we will consult with family and close friends of our client whenever possible.



PGT as Substitute Decision Maker

What is a Substitute Decision Maker (SDM)?

The Vulnerable Persons Living with a Mental Disability Act (VPA) recognizes and supports the independence of an adult living with a mental disability who is in need of assistance to meet his or her basic needs with regard to personal care or management. The role of the Vulnerable Persons Commissioner is to assess each adult to determine what supports are required to help that individual continue to live as independently as possible.

A Substitute Decision Maker (or SDM) is someone appointed by the Vulnerable Persons Commissioner to support the vulnerable adult by making certain types of decisions. The type of decisions will depend on the needs of the vulnerable adult.

How do we become involved as SDM?

The Vulnerable Persons Commissioner (who is independent from the PGT) receives applications requesting the appointment of a SDM from a variety of sources which can include family or care providers. The Commissioner reviews each application and provides the adult under review and other interested parties with the opportunity to provide information and appear before a hearing panel. After the hearing, the hearing panel makes a recommendation to the Commissioner.

The SDM appointment will be limited to the type of assistance required by the vulnerable adult. An SDM appointment cannot be longer than five years, but can be reviewed or renewed by the Commissioner.

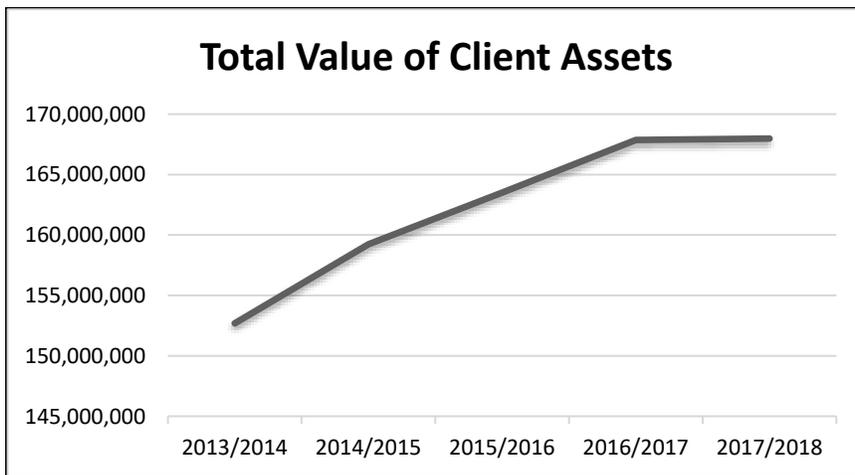
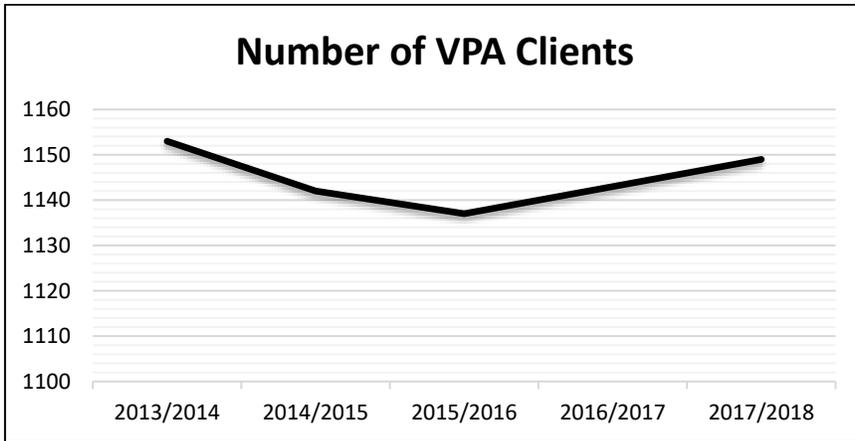
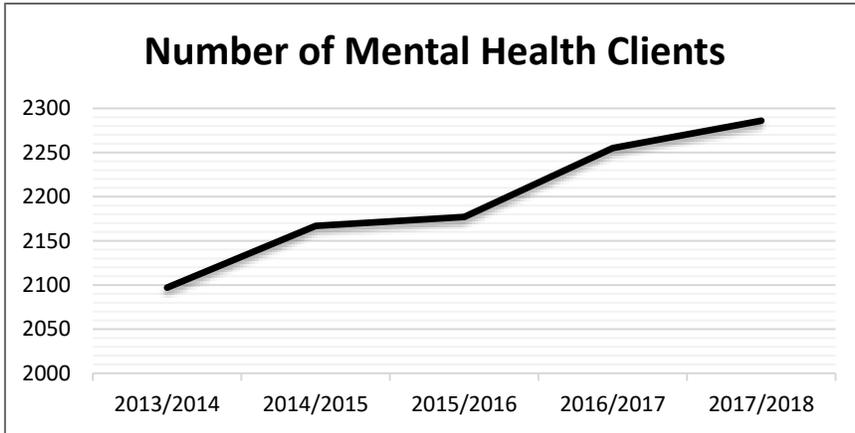
The Commissioner can choose to appoint the PGT as SDM. Once appointed we must act as SDM. We will continue to act until the appointment expires or a further appointment extending or ending our authority is issued by the Commissioner.

What services do we provide?

The services we provide for our VPA clients as SDM will depend on the appointment that is issued. The appointment can include financial matters as well as personal matters. We will respect the right of the client to continue to be independent with respect to other personal and/or financial matters that are not part of the SDM order.



**Committee and Substitute Decision Making
Activities for the year ending March 31, 2018**



Year	# of Mental Health Clients	# of VPA Clients	Total Value of Client Assets (dollars)
2013/2014	2097	1149	152,687,706
2014/2015	2167	1143	159,222,203
2015/2016	2177	1137	163,507,491
2016/2017	2255	1142	167,869,311
2017/2018	2286	1153	167,980,541



Patients in Psychiatric Facilities

Once a patient is admitted to a psychiatric facility a doctor will conduct an examination to determine if the patient can manage their own financial affairs as well as whether the patient has the ability to make medical treatment decisions. Under *The Mental Health Act*, the doctor and facility can decide the PGT should be appointed to manage either or both the financial affairs of the person, as well as make medical decisions for that person.

Once appointed the PGT is required to act. The appointment ends once the person regains capacity to make decisions, or when the person is discharged from the facility.

What services do we provide?

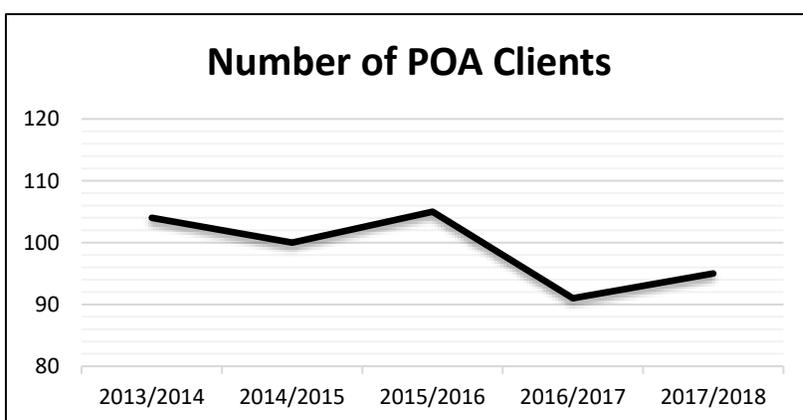
The role of the PGT will vary depending on the situation and the length of time the person impacted will be subject to the order issued by the psychiatric facility. The order may limit our role to managing financial matters, or may require us to make medical treatment decisions.

Power of Attorney

A Power of Attorney is a legal document that allows someone else to manage your legal and financial affairs. The PGT has discretion to accept appointment as attorney for a competent adult.

We will only accept an appointment as attorney for clients with assets of \$250,000 or less in situations where there is no other reasonable alternative available and the potential client agrees with our terms of service.

Activities for the year ending March 31, 2018



PGT as Administrator of an Estate

The PGT administers estates of people who die in Manitoba where there is no one else willing or able to take on the role. We are an administrator of last resort and do not actively seek to administer estates.

The process to apply to court to be appointed as administrator of an estate is the same for the PGT as any other member of the public. Only the court can give someone the legal authority to administer an estate. Once appointed, we are accountable to the court.

It is not always necessary to administer an estate. If there are no assets, the value of the deceased debts exceeds the value of assets, or the assets of the deceased were jointly owned (and transferred at the time of death) there may be no need to administer the estate.

How do we become involved in the administration of an estate?

- the Court can order us to administer the estate. This usually happens when there is no one else available to act, or there is a dispute about who should act;
- when we are committee or substitute decision maker for a client who dies, we continue to have a limited authority to manage the client's assets until an executor or administrator is appointed;
- we receive referrals from the Medical Examiner's office, police, community workers, hospitals, funeral homes, friends or family members who live outside the province;
- when the PGT is named as executor in a will. In this case the PGT will make a decision whether we will agree to apply to court to administer the estate.

What services do we provide?

We provide the same services any administrator or executor of an estate is required to provide. This includes the gathering of assets, applications to court, identifying heirs and beneficiaries, advertising for creditors, filing income tax returns and arranging for the payment of debts and distribution of assets of the estate to beneficiaries.



PGT as Trustee

The PGT will administer a trust for the benefit of a child or an adult who does not have capacity when required by the court or when required under Manitoba law. We become involved when there is a need for an independent person to manage money that has been set aside for the benefit of the child or incompetent adult.

How do we become appointed as trustee?

- a court ordered payment made to benefit a child as a result of an injury, death of a parent or family member, or where the child has been the victim of a crime;
- payment of money owing to a child under an insurance policy;
- where a child is named as beneficiary of a registered investment or pension;
- where a child is a beneficiary of an estate and no one is available to administer the money or asset for the child;
- where the beneficiary of a payment is an adult who is not competent to manage his or her own affairs.

What services do we provide?

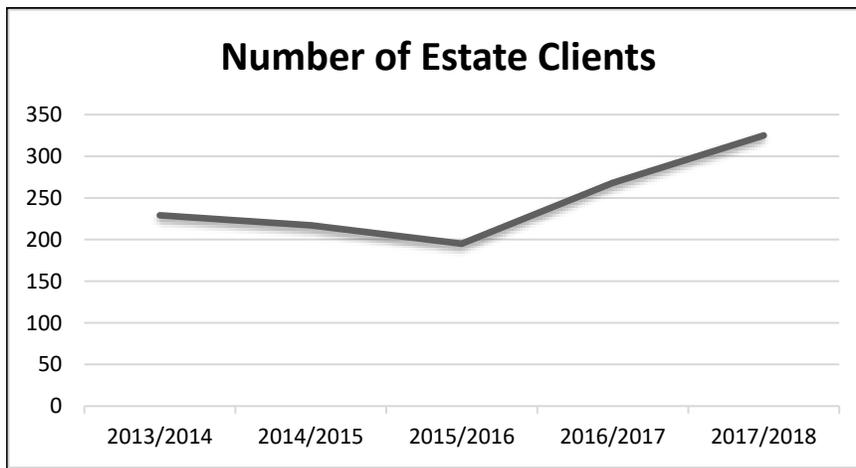
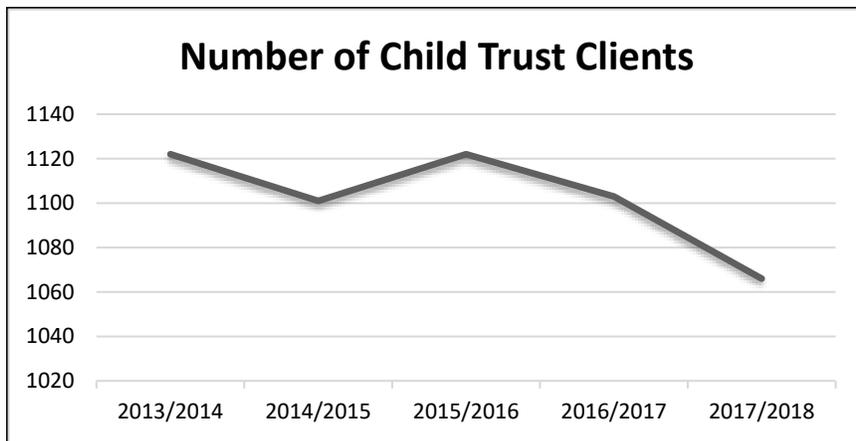
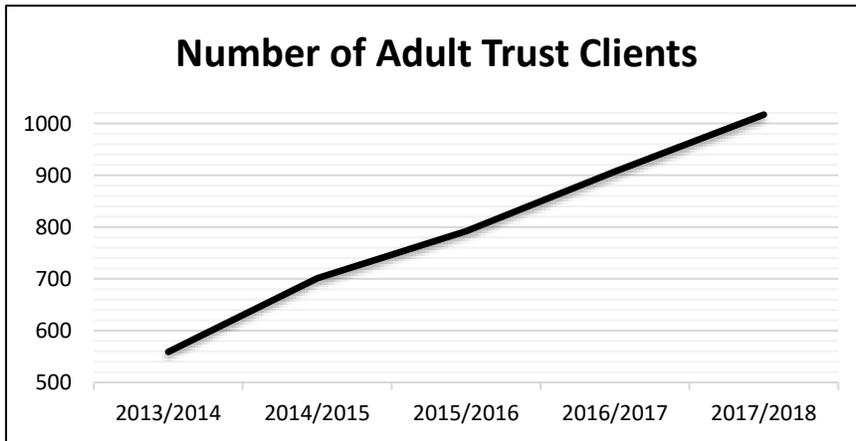
A trustee, including the PGT, is required to follow the instructions contained in the trust, and Manitoba laws, in order to do the following:

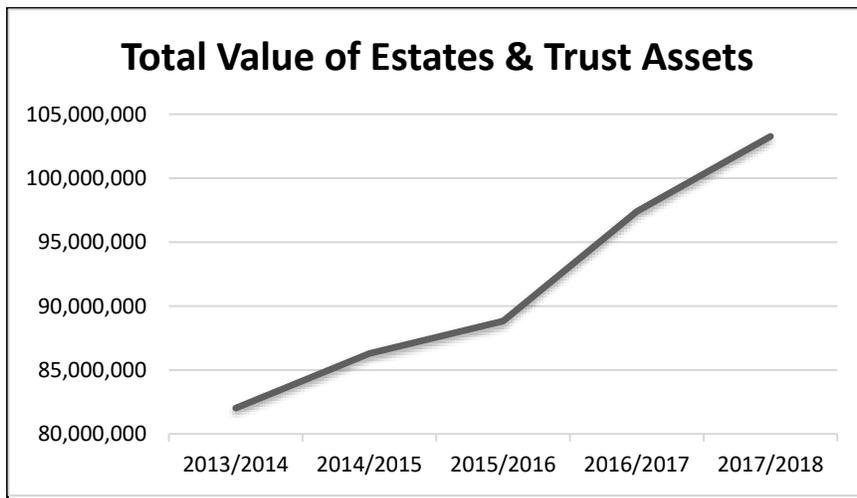
- protect the trust assets;
- invest money for the beneficiary of the trust;
- pay out money when appropriate for the beneficiary;
- arrange for transfer of the trust to the child once the trust ends.

In cases where a child is the beneficiary of a trust, our involvement generally ends when the child becomes an adult. Often this will be the first time the child will have responsibility for the management of what can be a large amount of money. We offer information and education about money management to the child prior to paying money to the child and closing the trust.



Estates and Trusts
Activities for the year ending March 31, 2018





Year	# of Adult Trust Clients	# of Child Trust Clients	# of Estate Clients	Total Value of Assets (dollars)
2013/2014	2097	1149	152,687,706	82,018,506
2014/2015	2167	1143	159,222,203	86,287,079
2015/2016	2177	1137	163,507,491	88,832,453
2016/2017	2255	1142	167,869,311	97,394,998
2017/2018	2286	1153	167,980,541	103,271,176



Public Education

We recognize the importance of providing information to the public about what we do, as well as general information to assist the public.

Speaking Engagements

We conduct a variety of educational sessions on various topics to agencies, service groups, government departments and the general public. Some of these sessions are intended to provide information about our role, while others provide more general information on topics such as wills, estates and powers of attorney.

Activities for the year ending March 31, 2018

Date	Location/Region	Group/Topic	Attendance
April 20 2017	Plumas MB	Powers of Attorney	15
Jun 13 2017	Parkview PCH Wpg	Role of the PGT	30
Jun 22 2017	Residential Tenancies Branch - Wpg	Role of the PGT	25
June 27 2017	QUARTERLY SEMINAR	Role of the PGT	89
Oct 28 2017	CARE4U Conference - Wpg	Alzheimer Society at CMU - Role of the PGT	30
26-Oct-17	QUARTERLY SEMINAR - Selkirk/Steinbach	Financial Management -	77
09-Nov-17	Arden Manitoba Seniors Centre	Wills, POA, HCD (Planning for the Future)	30
Dec 12 17	QUARTERLY SEMINAR - Winnipeg	Role of PGT as Committee and SDM	112
Feb 23/18	Winnipeg Community Legal Education Association Conference	Role of the PGT	50
Feb 28/18	QUARTERLY SEMINAR - Winnipeg	Financial Management	72
14-Mar-18	Brandon Health Centre - Psych Nursing Students	Role of the PGT	4
14-Mar-18	Community Partners Event - Social Work Week - Wpg	Role of the PGT	30
23-Apr-18	Winnipeg	Will Week	822
		Total	1386

Note: These include presentations made by PGT staff as well as events where the PGT has partnered with other organizations to promote public education.



Publications

We have a number of publications available. All our publications are available in English and French at the following link on the PGT website:

<http://www.gov.mb.ca/publictrustee/pubs/index.html>.

Information for the General Public

1. The Committeeship Guidebook

This booklet provides general guidance to private committees on their duties and responsibilities. It also provides examples of the required accounting as well as opening and closing inventories.

2. Enduring Powers of Attorney Guidebook

This is a detailed guidebook for anyone considering acting as an attorney under a power of attorney outlining the responsibilities and duties of an attorney together with a sample accounting.

3. A Legal Guide for Seniors

We co-operated with the Manitoba Seniors and Healthy Aging Secretariat to produce a booklet providing estate planning information for seniors.

4. Deceased Estates Handbook

This is a detailed guidebook for the public about what to do when someone dies and there is an estate to administer.

Information About Services Provided by the Public Guardian and Trustee

1. A Client Guide to the Public Guardian and Trustee's Client Administration Section

This comprehensive guidebook was developed for clients of the PGT, their families and care providers. It provides information in a user-friendly format about the roles and services provided to adult clients of the PGT.

2. The Public Guardian and Trustee Fee Brochure

This brochure details the fees charged for the services provided by the PGT.

3. The Powers of Attorney Pamphlet

This pamphlet outlines the services the PGT provides when we agree to act as attorney under a power of attorney. It also includes the fee brochure and details of how the power of attorney document will be reviewed and signed.

4. Deceased Estates

This is a detailed pamphlet in a question-and-answer format which outlines standard information regarding the PGT's services in administering deceased estates.

5. Children's Trusts

This is a detailed pamphlet in a question and answer format which outlines standard information regarding the PGT's services in administering children's trusts.



6. Children's Trusts Education Program

This program includes a video entitled "Trust" used as an educational tool for young adults who are about to receive money from a trust. In addition, we have six pamphlets and one quiz on the following subjects:

- Banking 101
- Cost of Living
- Goal Setting
- Quiz: How are you with Money?
- Budgeting
- Credit & Credit Cards
- Investment Options





C.

**SUPPORTING THE
SERVICES WE
PROVIDE**





Supporting the Services We Provide

We provide a wide variety of services. In order to provide these services, we require a high level of professional expertise in matters involving accounting, legal and tax matters. We need to understand what benefits and services are available to our clients as well as how to access those services from other government departments, regional health authorities and community agencies.

While we are organized into the following operational sections, it is the combined efforts of each of these areas that allows us to deliver service to the clients, estates and trusts under our care.

Senior Management

The Senior Management Team is involved in strategic planning and management of all operations. The manager of each operational area is represented.

- Public Guardian and Trustee
- Deputy Public Guardian and Trustee – Adult Services
- Deputy Public Guardian and Trustee – Legal
- Chief Financial Officer
- Manager, Estates and Trusts
- Manager, Investigations
- Senior Application Specialist

Administration

Provides administrative support for all operations as well as the internal audit function which monitors operations.

- Public Guardian and Trustee
- Internal Auditors
- Administrative Assistant

Adult Services

Manages the personal and financial affairs of clients where we have been appointed as committee, substitute decision maker or attorney under a power of attorney.

The Winnipeg office is composed of:

- Deputy Public Guardian and Trustee – Adult Services
- Supervisor, Adult Services
- Adult Services Administrators
- Administrative Assistants
- Estates Administration Clerk
- Medical Claims Clerk

The Brandon office is composed of:

- Adult Services Administrator
- Administrative Assistant



Estates and Trusts

Manages the administration of deceased estates as well as adult and children's trusts.

- Manager, Estates and Trusts
- Estates Officers
- Administrative Assistants
- Trust Administration Clerk

Financial Administration

Performs a role similar to a trust company by managing finances, investments and financial transactions for clients, estates and trusts. Responsible for the Common Fund, managing of operating revenues, expenditures and budgets of the PGT.

- Chief Financial Officer
- Senior Accountant
- Accountant
- Investment Officer
- Tax Clerks
- Accounting Staff

Investigation Services

Investigators work in the community to provide services to clients, estates and trusts. Investigators inspect and prepare inventories, make purchases required by clients, secure assets and other services as required.

- Manager, Investigation Services
- Investigators
- Chattel Clerk

Legal

Provides a variety of legal services for the benefit of clients, estates and trusts. These services include representation in court, the conduct of real estate and other legal transactions and providing legal advice to the PGT. When the PGT is served with legal applications involving minors, legal staff review these applications to determine if the interest of the minor is being protected.

- Senior Counsel
- Legal Counsel
- Administrative Assistants

Information Technology Systems

Manages and maintains existing information technology systems used by PGT, as well as being actively involved in the acquisition and development of new information technology systems.

- Senior Application Specialist
- Application Specialist



Delegation of our Authority

We are permitted by our legislation to delegate the delivery of services to other organizations. We delegate the delivery of specific types of services to organizations that have the expertise, and are better positioned in the community, to provide those services to our clients. This avoids duplication and allows for the more efficient use of resources.

Manitoba Family Services

Delegation to the Executive Director of Disability Programs, the Executive Director of Winnipeg Services or the Executive Director of Rural and Northern Services.

Manitoba Developmental Centre

Delegation to approve minor medical procedures as well as the authority to apply to court for an order for apprehension of a resident who has absconded from the Centre.

Regional Health Authorities

Delegation to the regional health authority where the client resides to facilitate housing, day services and individual supports.

Except for the monitoring of personal allowances, services delegated do not include financial, legal, psychiatric and medical treatment decisions. There is also no delegation for clients who are resident in personal care homes in Winnipeg and Brandon, or clients who are in psychiatric facilities.

In cases where we have delegated the provision of services we continue to monitor the activities of each organization and work with those organizations to secure the best outcomes for our clients.





D.

PERFORMANCE AND TRENDS





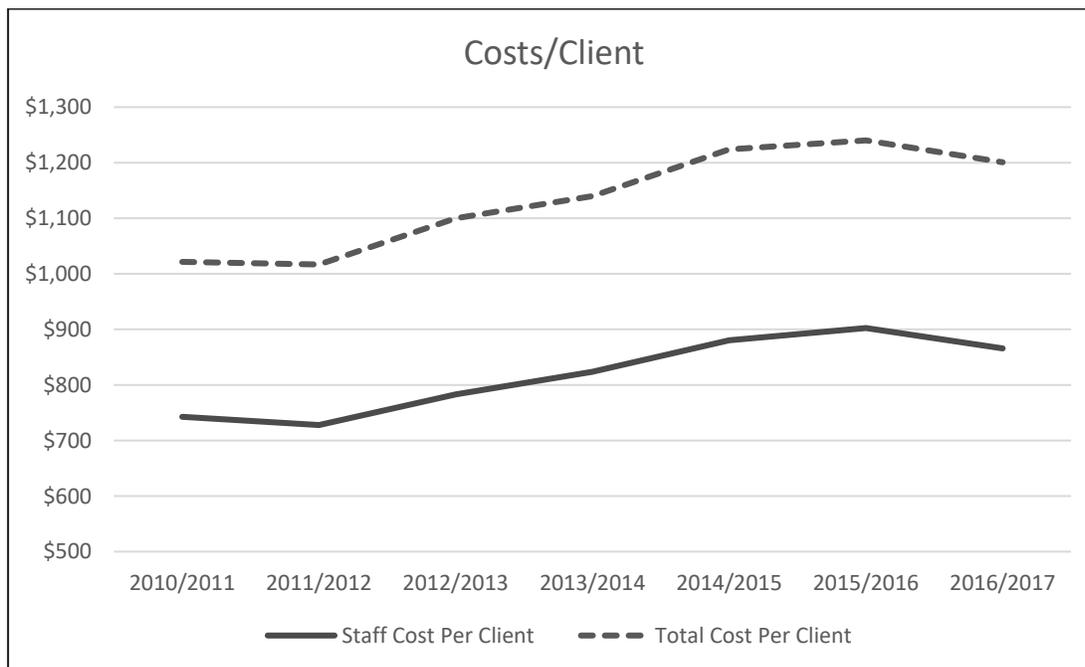
Performance Reporting

Each year we prepare a Business Plan identifying both short and long-term goals. These goals are focused on identifying and implementing ways to improve the quality of service we provide to the clients, estates and trusts we serve.

We promote a work environment which is positive and supportive. We also recognize that the work we do can be both challenging and stressful. We are engaging all staff to focus on identifying opportunities for continuous improvements to our processes and systems.

In the upcoming year we will be moving towards the Balanced Scorecard approach to measurement as a way to provide consistent and informative information about our performance. The following highlights some of the activities and improvements that have been made during the year, as well as measures of our overall performance.

Year	Clients	Expenses	Cost/Client	Staffing	Staffing Cost/Client
2010/2011	5,600	\$5,721	\$1,022	\$4,158	\$743
2011/2012	5,780	\$5,877	\$1,017	\$4,207	\$728
2012/2013	5,755	\$6,330	\$1,100	\$4,507	\$783
2013/2014	5,800	\$6,611	\$1,140	\$4,778	\$824
2014/2015	5,609	\$6,865	\$1,224	\$4,938	\$880
2015/2016	5,688	\$7,054	\$1,240	\$5,133	\$902
2016/2017	5,626	\$6,755	\$1,201	\$4,871	\$866



Continuous Improvement

We are engaged in identifying and implementing changes to our internal processes and procedures which will allow us to improve the quality of the services we provide. Staff are encouraged to bring ideas forward, ask questions and look for ways to improve our operations. Some highlights of changes implemented include:

- when we are appointed, there is an order or appointment document issued as proof of our authority. These documents are used for a variety of purposes. By converting these paper documents into electronic files they are more accessible and less susceptible to loss or damage;
- staff huddles are used in a variety of areas to share information, identify potential issues and resolve situations in a timely and efficient manner;
- the two stage approval process previously required to pay medical bills was replaced with a single step approval process, resulting in greater efficiency without increasing risk;
- a Safekeeping Form formerly used to track client assets held in storage was eliminated. This form duplicated information already in our internal database;
- we eliminated the need to retain paper fax confirmation sheets as this information is available electronically.

Technology

We continue to implement new technology to improve efficiencies. The conversion of both front line processes and back office operations to new technologies will allow for greater flexibility going forward as well as reduce the risk associated with the continued use of older technology.

During the year we continued to test a document management system which will allow for the conversion from paper to electronic records, as well as the automation of some routine processes. Final approvals to implement the new system are under review. Our objective is to allow staff to focus on higher valued added tasks which support the clients, estates and trusts that we serve.

- cheque printing was moved from a tractor feed printer to a laser printer. This allowed us to discontinue the use of older processing software;
- we replaced a XDB server which was used to generate internal monthly reports with a SQL server which is faster and provides more tools for compiling data;
- BARR computer used for batch processing of transactions was eliminated. This significantly reduced risk as the hardware previously used is no longer manufactured;
- working with Service Canada, we implemented an electronic bulk transfer system for Canada Pension Plan benefits due to our clients each month. This eliminates the need to individually process each CPP benefit;
- a cheque scanner was purchased. Client cheques received are now deposited to client accounts on site at the PGT Office. The process eliminates the daily deposit trip to the bank.



Lean Events

Lean events provide an opportunity to review our existing processes and procedures in order to identify and implement efficiencies and improvements. Lean reviews are often completed prior to implementing Continuous Improvement and Technology changes. We continue to develop our capacity and expertise in this area:

- we conducted a review of the mail process. We receive over 4000 pieces of mail each month. The mail we receive consists of both critical and non-critical items such as cheques, bills and official notices that must be delivered to the proper staff and responded to in a timely manner. The review resulted in changes to both the processes we use to receive and send out mail, as well moving the mail room to a larger space which was redesigned to allow for more efficient processing;
- we prepare and file income taxes for clients, estates and trusts each year. Information from income tax returns is also used to access government benefit programs that are essential to the wellbeing of the clients we serve. We reviewed and standardized how we organize the income tax information held in our files in order to make sure the information remains current, secure and is easily accessible;
- we send out a large number of letters to outside agencies and businesses on behalf of our clients. A test was conducted to see if these letters could be sent without each letter being individually hand signed. In the vast majority of cases the recipients accepted these letters, allowing us to send out letters faster and more efficiently.

Correcting Errors

We process close to 400,000 financial transactions each year. Although the vast majority are completed accurately; we will repay a client, estate or trust when we make an error that has a financial impact. In most cases these errors are minor, such as a utility bill or bus pass that was not cancelled. We also have access to insurance coverage in the event our actions result in a loss involving a larger amount. Amounts paid to clients, estates and trusts during the year ending March 31, 2018:

\$ 190.10	Cost of bus passes purchased in error
\$ 150.00	Client for ceiling tile damage
\$ 1,241.74	Reimburse client for newspaper subscription which should have been cancelled
\$ 54.16	CRA penalty & interest incurred
\$ 30.00	Cost of duplicate birth certificate application
\$ 215.35	Interest charges incurred by an estate relating to repayment of a debt
\$ 180.00	Management fees mistakenly paid to 2 personal care homes
\$ 1,320.00	Cost of wheelchair rental & replacement costs
\$ 352.80	Property inspections that should have been cancelled
\$ 472.50	Property yard care that should have been cancelled
\$ 1,194.75	Phone and cable account that was paid in error
\$ 1,080.00	Account payable made in error

Total for year: \$6481.40



Summary of Financial Results

PUBLIC GUARDIAN AND TRUSTEE SOA

Summary of Financial Results for the year ending March 31, 2018

	Budget 2017/18	Budget 2016/17	Actual Mar 2017	Actual Mar 2018	Budget Variance
Total Revenue	7,308	7,081	7,143	8,046	10.10%
Salaries and Benefits	5,363	5,098	4,871	5,105	4.81%
Employee Pension Costs	355	330	384	356	-0.28%
Accommodations	438	411	403	426	2.74%
Other Administrative Costs	1,126	1,217	1,072	1,046	7.10%
Amortization	55	25	25	25	54.55%
Total Expenses	7,337	7,081	6,755	6,958	5.17%
Net Income (Loss)	(29)	0	388	1,088	



Internal Audit Report

1. File Reviews

Client files are typically reviewed within 6 months of file opening. During the year 351 client files were opened and 134 files were reviewed.

The reviews have the following functions:

- to assess compliance with procedures and statutory responsibilities;
- to identify and mitigate financial risks;
- to assess adequacy of internal controls;
- to identify need for policy and procedure development or training enhancement.

Internal Audit file review findings are reported to the Deputy Public Guardian and Trustee - Adult Services and to the Supervisor - Adult Services. Adult Services management may accept recommendations, and then monitor implementation.

2. Ongoing Review of Policies and Procedures

Internal Audit made recommendations for policy, procedure and process enhancements with the purpose of reflecting current practices, reducing risks and improving efficiency.

3. Business Continuity Planning

During the year Internal Audit was involved in the exercising and updating of Business Continuity Plans (BCP). The Senior Auditor is the Business Continuity Lead for the Agency and as such led the efforts to complete an exercise of the plan and to update the plan.

4. System Replacement Project

The Agency has developed a multi-phase plan to replace aging technologies and increase efficiencies. The main components of the plan are to implement a Document Management System and the replacement of the trust accounting system hosted on an IBM mainframe. During the year a scoping phase for a Document Management System was completed. A series of six scoping reports were issued that made recommendations, identified issues and cost savings from utilizing a Document Management System.

Once the Document Management System has been implemented planning will start on the replacement of the legacy trust accounting system.

It is anticipated that the system replacement project will be a long-term project taking 5 or more years to complete.

5. Lean Management

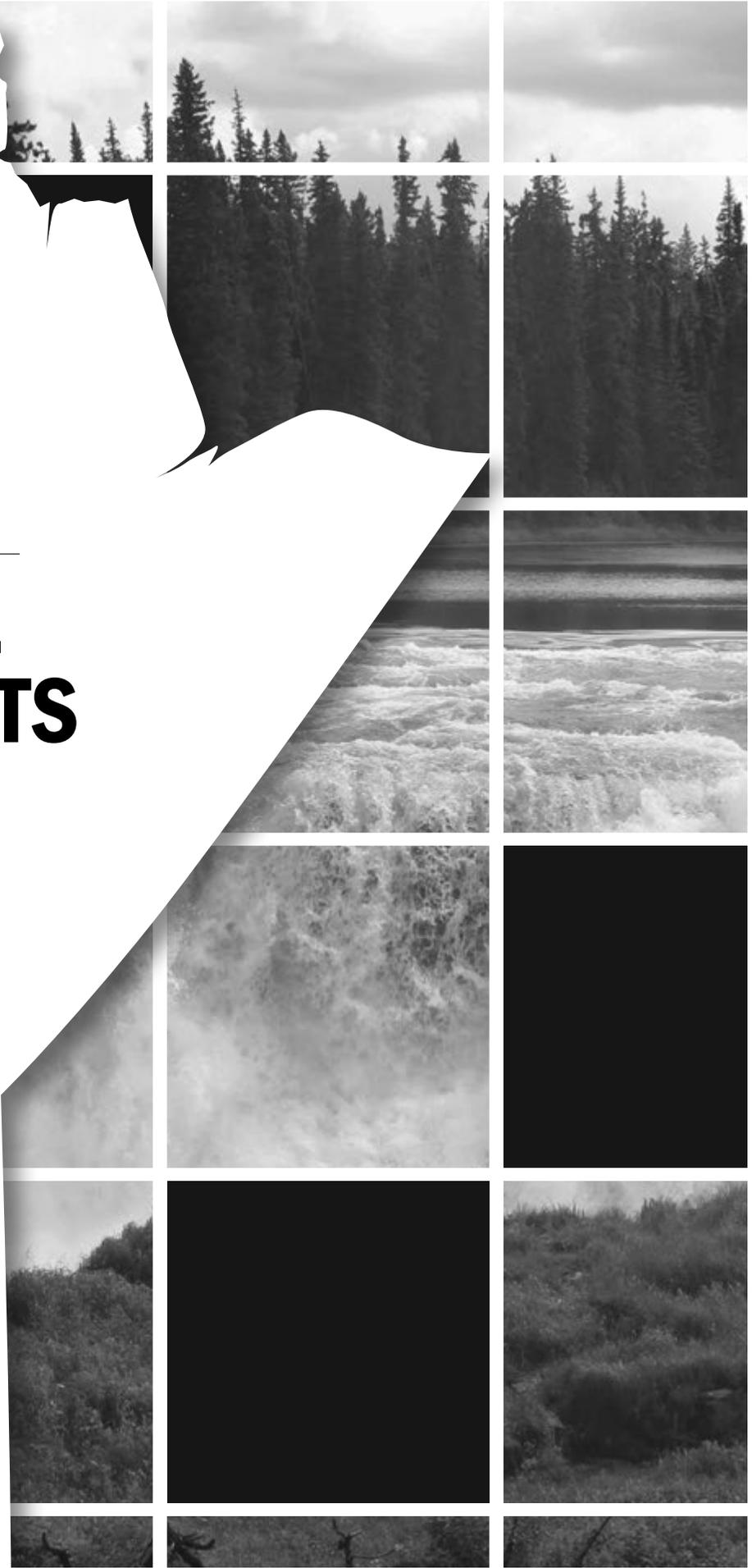
During the year Internal Audit led and/or coordinated three Lean events which resulted in approximately 100 process changes saving 400 hours or more a year. Lean Management is an integral part of the system replacement project.





E.

FINANCIAL STATEMENTS





**The Public Guardian and Trustee of Manitoba
An Agency of the Province of Manitoba**

**Financial Statements
March 31, 2018**



MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian Public Sector Accounting Standards. In Management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available up to July 24, 2018. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance that the financial information is reliable and accurate and that the assets of the Public Guardian and Trustee of Manitoba – An Agency of the Province of Manitoba are properly safeguarded.

The responsibility of the Auditor General is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with Canadian Public Sector Accounting Standards. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

The Public Guardian and Trustee have reviewed and approved these financial statements and the Annual Report in advance of its release and have approved its content and authorized its release.



Douglas R. Brown
Public Guardian and Trustee





INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba,
To the Public Guardian and Trustee of Manitoba, and
To the Special Operating Agencies Financing Authority

We have audited the accompanying financial statements of The Public Guardian and Trustee of Manitoba which comprise the statement of financial position as at March 31, 2018, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Public Guardian and Trustee's Responsibility for the Financial Statements

The Public Guardian and Trustee is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as the Public Guardian and Trustee 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 auditors consider 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 the Public Guardian and Trustee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Public Guardian and Trustee of Manitoba as at March 31, 2018, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General
July 24, 2018
Winnipeg, Manitoba



PUBLIC GUARDIAN AND TRUSTEE OF MANITOBA
An Agency of the Province of Manitoba
Statement of Financial Position
As at March 31, 2018
(In Thousands)

	<u>March 31,</u> <u>2018</u>	<u>March 31,</u> <u>2017</u>
Financial assets		
Cash and cash equivalents (Note 5)	\$ 6,092	\$ 4,966
Portfolio investments (Note 10)	515	515
Accounts receivable (Note 6)	<u>1,207</u>	<u>1,199</u>
	<u>7,814</u>	<u>6,680</u>
Liabilities		
Accounts payable and accrued liabilities (Note 7)	578	569
Employee future benefits (Note 8)	<u>730</u>	<u>682</u>
	<u>1,308</u>	<u>1,251</u>
Net financial assets	<u>6,506</u>	<u>5,429</u>
Non-financial assets		
Prepaid expenses	19	7
Tangible capital assets (Note 9)	<u>60</u>	<u>61</u>
	<u>79</u>	<u>68</u>
Accumulated surplus	<u>\$ 6,585</u>	<u>\$ 5,497</u>

The accompanying notes are an integral part of these financial statements.



PUBLIC GUARDIAN AND TRUSTEE OF MANITOBA
An Agency of the Province of Manitoba
Statement of Operations and Accumulated Surplus
For the Year Ended March 31, 2018
(In Thousands)

	2018 <u>Budget</u> (Note 18)	2018 <u>Actual</u>	2017 <u>Actual</u>
Revenue			
Fees and other revenue (Note 12)	\$ 7,260	\$ 7,960	\$ 7,086
Investment income	<u>48</u>	<u>86</u>	<u>57</u>
Total revenue	<u>7,308</u>	<u>8,046</u>	<u>7,143</u>
Expenses			
Amortization of tangible capital assets (Note 9)	55	25	25
Accommodation costs (Note 11)	438	426	403
Other administration expenses (Note 13)	1,126	1,046	1,072
Salaries and benefits	5,363	5,106	4,871
Pension benefits (Note 14)	<u>355</u>	<u>356</u>	<u>384</u>
Total expenses	<u>7,337</u>	<u>6,958</u>	<u>6,755</u>
Annual surplus	(29)	1,088	388
Accumulated surplus, beginning of year	5,497	5,497	5,109
Accumulated surplus, end of period year	<u>\$ 5,468</u>	<u>\$ 6,585</u>	<u>\$ 5,497</u>

The accompanying notes are an integral part of these financial statements.



PUBLIC GUARDIAN AND TRUSTEE OF MANITOBA
An Agency of the Province of Manitoba
Statement of Cash Flows
For the Year Ended March 31, 2018
(In Thousands)

	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Cash provided by (applied to)		
Operating		
Annual surplus	\$ 1,088	\$ 388
Amortization of tangible capital assets	<u>25</u>	<u>25</u>
	1,113	413
Changes in non-cash working capital balances:		
Accounts receivable	(8)	(197)
Accounts payable and accrued liabilities	9	(507)
Employee future benefits	48	25
Prepaid expenses	<u>(12)</u>	<u>(2)</u>
Cash provided by operating activities	<u>1,150</u>	<u>(265)</u>
Capital		
Acquisition of tangible capital assets	<u>(24)</u>	<u>(26)</u>
Cash applied to capital activities	<u>(24)</u>	<u>(26)</u>
Net increase (decrease) in cash	1,126	(291)
Cash and cash equivalents		
Beginning of year	<u>4,966</u>	<u>5,257</u>
End of year	<u>\$ 6,092</u>	<u>\$ 4,966</u>
Supplemental cash flow information		
Interest received	\$ <u>80</u>	\$ <u>58</u>

The accompanying notes are an integral part of these financial statements.



PUBLIC GUARDIAN AND TRUSTEE OF MANITOBA
An Agency of the Province of Manitoba
Statement of Changes in Net Financial Assets
For the Year Ended March 31, 2018
(In Thousands)

	2018 <u>Budget</u> (Note18)	2018 <u>Actual</u>	2017 <u>Actual</u>
Annual Surplus	\$ (29)	\$ 1,088	\$ 388
Tangible capital assets			
Acquisition of tangible capital assets	(241)	(24)	(26)
Amortization of tangible capital assets	<u>55</u>	<u>25</u>	<u>25</u>
Net change in tangible capital assets	<u>(186)</u>	<u>1</u>	<u>(1)</u>
Other non-financial assets			
Decrease (increase) in prepaid expenses	<u>(2)</u>	<u>(12)</u>	<u>(2)</u>
Net change in other non-financial assets	<u>(2)</u>	<u>(12)</u>	<u>(2)</u>
Net increase in net financial assets	(217)	1,077	385
Net financial assets, beginning of year	<u>5,429</u>	<u>5,429</u>	<u>5,044</u>
Net financial assets, end of year	<u>\$ 5,212</u>	<u>\$ 6,506</u>	<u>\$ 5,429</u>

The accompanying notes are an integral part of these financial statements.



1. Nature of organization

The Public Guardian and Trustee of Manitoba – An Agency of the Special Operating Agencies Financing Authority – Province of Manitoba (the “Agency”) protects the interests of Manitobans by providing trust, legal, financial and personal services on a last resort basis to people who are mentally incompetent, under the age of majority, or whose estates would otherwise be unadministered upon their death.

Effective April 1, 1996, the Agency was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap. s185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council. Effective April 1, 2014 The Public Guardian and Trustee’s name was changed from The Public Trustee upon the enactment of legislation which updated and clarified the statutory roles of the office.

The Agency is financed through the Special Operating Agencies Financing Authority (“SOAFA”). SOAFA has the mandate to hold and acquire assets required for and resulting from the Agency’s operations. It finances the Agency through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigorous planning and reporting requirements afforded by Special Operating Agency status, assists the Agency to sustain the provision of high quality service to its clients.

A Management Agreement between SOAFA and the Minister of Justice assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of SOAFA.

The Agency continues to be part of Manitoba Justice. The Agency is a corporation sole with perpetual succession. As a corporate entity, the Agency functions separately from government and is capable of suing or being sued on behalf of the clients, trusts and estates which are administered by the Agency.

The Agency remains bound by relevant legislation and regulations. The Agency is also bound by administrative policy except where specific exemptions have been provided for in The Agency charter in order to meet business objectives.

2. Basis of accounting

The financial statements are prepared in accordance with Canadian Public Sector Accounting Standards as recommended by the Public Sector Accounting Board.

3. Significant accounting policies

a) Revenue recognition

- i. Administration fees are charged quarterly as earned to client accounts based on the anniversary date of the account in accordance with the provisions of *The Public Guardian and Trustee Act*. Fees revenue recognized during the year consists of all fees charged.
- ii. Other fees are recognized and charged to an account as services are provided.
- iii. Statutory legal fees as prescribed in *The Public Guardian and Trustee Act* are recognized as revenue when received.



b) Tangible capital assets

Tangible capital assets are recorded at cost and are amortized annually at the following rates and methods:

Furnishings and equipment	20%, declining balance basis
Computer hardware and software Document management	20%, straight-line basis, 10% in the year of acquisition, software purchases less than \$1 are expensed in year of acquisition
Leasehold improvements	20%, straight-line basis

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Agency's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

c) Measurement uncertainty

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates used in the financial statements include allowance for doubtful accounts, amortization of tangible capital assets, sick benefits and accrued severance benefits costs.

d) Capital disclosures

The Agency's capital consists of the accumulated surplus from operations.

The Agency's capital management policy is to maintain sufficient capital to meet its objectives through its accumulated surplus. The Agency has developed risk management strategies, as described in Note 4, to preserve the accumulated surplus. There were no changes in the Agency's approach to capital management during the period.

The Agency is not subject to externally imposed capital requirements.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand; demand deposits and short-term highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at the date of acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

f) Prepaid expenses

Prepaid expenses include insurance and deposits and are charged over the periods expected to benefit from it.



g) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

h) Adoption of new accounting standards

On April 1, 2017 the Agency adopted Canadian public sector accounting standards PS 2200 related party disclosures, PS 3210 assets, PS 3320 contingent assets, PS 3380 contractual rights, and PS 3420 inter-entity transactions. The adoption of these standards did not result in any adjustments to the financial statements as at April 1, 2017.

4. Financial instruments and financial risk management

Measurement

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

Financial instruments including cash and cash equivalents, portfolio investments, accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations and accumulated surplus in the period the gain or loss occurs. As at March 31, 2018, the Agency does not have any financial instruments measured at fair value. In the event financial instruments are measured at fair value gains and losses would be recorded in accumulated surplus as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the statement of operations and accumulated surplus.

The Agency did not incur any re-measurement gains and losses during the year ended March 31, 2018 (2017 - \$nil).

The Agency has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk which includes interest risk, and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Agency to credit risk consist principally of cash and cash equivalents, portfolio investments and accounts receivable.

The maximum exposure of the Agency to credit risk is as follows:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$6,092	\$4,966
Portfolio investments	515	515
Accounts receivable	<u>1,207</u>	<u>1,199</u>
	<u>\$7,814</u>	<u>\$6,680</u>



Cash and cash equivalents and portfolio investments: The Agency is not exposed to significant credit risk as the cash and cash equivalents and portfolio investments are primarily held by the Minister of Finance.

Credit Risk

Accounts receivable: The Agency is not exposed to significant credit risk as the receivable is composed of fees due from a diverse client base. The Agency establishes an allowance for doubtful accounts that represents its estimate of potential credit losses.

The aging of fees receivable and allowance for doubtful accounts on the accrued administration fees as at March 31, 2018 was as follows:

	Net	Allowance
Current (note 6)	1,216	\$ 52
30-60 days past the billing date	-	-
61-90 days past the billing date	-	-
More than 90 days past the billing date	-	-
	<u>1,216</u>	<u>\$ 52</u>

Liquidity risk

Liquidity risk is the risk that the Agency will not be able to meet its financial obligations as they come due.

The Agency manages liquidity risk by maintaining adequate cash balances. The Agency prepares and monitors detailed forecasts of cash flows from operations and anticipated investing and financing activities. The Agency continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting. The Agency's accounts payable and accrued liabilities mature within 12 months.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Agency's income or the fair values of its financial instruments. The significant market risk that the Agency is exposed to is interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents and portfolio investments.

The interest rate risk on cash and cash equivalents and portfolio investments is considered to be low because of their short-term nature and because amounts are re-invested annually.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Agency is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currencies.

5. Cash and cash equivalents

	<u>2018</u>	<u>2017</u>
Cash	\$ 3,992	\$ 3,241
Demand deposits	<u>2,200</u>	<u>1,725</u>
	<u>\$ 6,092</u>	<u>\$ 4,966</u>

6. Accounts receivable

	<u>2018</u>	<u>2017</u>
Fees receivable	\$ 1,216	\$ 1,251
Allowance for doubtful accounts	<u>(52)</u>	<u>(80)</u>
	1,164	1,171
Interest receivable	23	15
Advances to clients	14	7
Cost recoveries	<u>6</u>	<u>6</u>
	<u>\$ 1,207</u>	<u>\$ 1,199</u>

7. Accounts payable and accrued liabilities

	<u>2018</u>	<u>2017</u>
Operating expenses payable	\$ 104	\$ 134
Vacation entitlements earned	442	402
GST payable to Canada Revenue Agency	<u>32</u>	<u>33</u>
	<u>\$ 578</u>	<u>\$ 569</u>

8. Employee future benefits

	<u>2018</u>	<u>2017</u>
Severance benefits	\$ 635	\$ 587
Sick pay benefits	<u>95</u>	<u>95</u>
	<u>\$ 730</u>	<u>\$ 682</u>

Severance benefits

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.



An actuarial report was completed for the severance pay liability as of March 31, 2017. The report provides a formula to update the liability on an annual basis.

The Agency's actuarially determined net liability for accounting purposes as at March 31, 2018 was \$742 (2017 - \$690). The actuarial loss of \$228 based on actuarial reports is being amortized over the 15 year expected average remaining service life ("EARSL") of the employee group. Benefits paid during the year were \$27 (2017 – \$59).

The severance benefit liability at March 31 includes the following components:

	<u>2018</u>	<u>2017</u>
Balance beginning of year	\$ 690	\$ 679
Increase due to change in discount rate	19	-
Benefits accrued	33	29
Interest on accrued benefits	27	41
Severance paid	<u>(27)</u>	<u>(59)</u>
Accrued benefit liability	742	690
Less: unamortized actuarial losses	<u>(107)</u>	<u>(103)</u>
Severance benefit liability	<u>\$ 635</u>	<u>\$ 587</u>

The total expense related to severance benefits at March 31 includes the following components:

	<u>2018</u>	<u>2017</u>
Interest on obligation	\$ 27	\$ 41
Employer service cost	33	29
Amortization of actuarial loss over EARSL	<u>15</u>	<u>14</u>
Total expense related to severance benefits	<u>\$ 75</u>	<u>\$ 84</u>

Significant long-term actuarial assumptions used in the March 31, 2017 valuation, and in the determination of the March 31, 2018 present value of the accrued severance benefit obligation were:

	<u>2018</u>	<u>2017</u>
Discount rate ¹	3.80%	6.00%
Assumed salary increase rates	1.00%	1.00%
Annual productivity increase	<u>2.75%</u>	<u>2.75%</u>
Annual general salary increase	<u>3.75%</u>	<u>3.75%</u>

¹ In 2018 the discount rate was changed to reflect the province's weighted average rate of borrowing.

Sick pay benefits

The Agency provides its employees with sick leave benefits that accumulate but do not vest. The liability for accumulating, non-vesting sick pay benefits is based upon a review of past experience to extrapolate a liability based upon expected future utilization of currently accumulated benefit. The Agency is presenting the sick pay benefit liability at the 2018 value \$95.

9. Tangible capital assets

	2018			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furnishings and equipment	\$ 343	\$ -	\$ -	\$ 343
Computer hardware and software	123	2	-	125
Document management	17	2	-	19
Leasehold improvements	103	20	-	123
Total cost	<u>\$ 586</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 610</u>
Accumulated amortization				
Furnishings and equipment	\$ 316	\$ 5	\$ -	\$ 321
Computer hardware and software	122	1	-	123
Document management	3	2	-	5
Leasehold improvements	84	17	-	101
Total accumulated amortization	<u>\$ 525</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 550</u>
Net book value	<u>\$ 61</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 60</u>

	2017			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furnishings and equipment	\$ 343	\$ -	\$ -	\$ 343
Computer hardware and software	123	-	-	123
Document management		17	-	17
Leasehold improvements	94	9	-	103
Total cost	<u>\$ 560</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 586</u>
Accumulated amortization				
Furnishings and equipment	\$ 309	\$ 7	\$ -	\$ 316
Computer hardware and software	121	1	-	122
Document management		3	-	3
Leasehold improvements	70	14	-	84
Total accumulated amortization	<u>\$ 500</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 525</u>
Net book value	<u>\$ 60</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 61</u>

10. Designated portfolio investments

Portfolio investments consist of designated assets and non-redeemable investments and guaranteed investment certificates. The Agency has allocated \$515 (2017 - \$515) of its portfolio investments as designated assets for cash received from the Province of Manitoba as settlement for the severance pay benefits accumulated to March 31, 1998 for certain of its employees. This amount is held in an interest bearing account. Any unused balance is re-invested annually. Funds are to be used for payments to employees for their outstanding severance pay amounts. Interest during the year amounted to \$3 (2017 - \$3)



11. Commitments

The Agency has an arrangement with the Province of Manitoba, through the Department of Infrastructure and Transportation, for rental of its facilities at 155 Carlton Street in Winnipeg and its facility in the Provincial Building in Brandon. Accommodation costs are estimated to be \$426 for the year ended March 31, 2019.

12. Fees and other revenue

	<u>2018</u>	<u>2017</u>
Administration	\$ 6,825	\$ 6,141
Legal fees	429	373
Income taxes	388	279
Inspection	<u>318</u>	<u>293</u>
	<u>\$ 7,960</u>	<u>\$ 7,086</u>

13. Other administration expenses

	<u>2018</u>	<u>2017</u>
Computer expenses	\$ 643	\$ 631
Courier charges	6	9
Insurance, loss, damage	25	31
Office supplies	79	79
Other	2	5
Personnel expenses	23	27
Photocopies	2	2
Postage	73	73
Professional fees	18	41
Publications	2	2
Public communications	8	11
Records Centre charges	33	34
Rentals, equipment	1	1
Repairs and maintenance	11	8
Support services - Department of Justice	22	21
Telephone	52	52
Travel	<u>46</u>	<u>45</u>
	<u>\$ 1,046</u>	<u>\$ 1,072</u>

14. Pension benefits

Employees of the Agency are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act ("CSSA"), administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the Agency, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid at March 31 was \$356 (2017 - \$384). Under this agreement, the Agency has no further pension liability. As at December 31, 2017 the Civil Service Superannuation Fund had a deficit of \$4.4 billion.



15. Related party transactions

The Agency is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Agency enters into transactions with these entities in the normal course of business. The transactions are recorded at the exchange amount.

16. Escheats to the Crown

Escheats to the Crown relate to estates of deceased persons with no heirs. These estates are sent by the Public Guardian and Trustee to the Department of Finance annually. Escheats to the Crown, received by the Agency during the year and remitted to the Minister of Finance, amounted to \$43 (2017 - \$102). These amounts are not reflected in these financial statements.

17. Estates and trusts under administration

The client assets under administration at March 31, 2018 totaled approximately \$260,000 (2017 - \$260,000). The trust activities of the Agency are reported in a separate Estates and Trusts under Administration financial statements.

18. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Agency.



**The Public Guardian and Trustee of Manitoba
Estates and Trusts under Administration**

**Financial Statements
March 31, 2018**



MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. In Management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available up to July 24, 2018. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance that the financial information is reliable and accurate and that the assets of the Public Guardian and Trustee are properly safeguarded.

The responsibility of the Auditor General is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with the accounting policies stated in the financial statements. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

The Public Guardian and Trustee has reviewed and approved these financial statements and the Annual Report in advance of its release and have approved its content and authorized its release.



Douglas R. Brown
Public Guardian and Trustee



INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Public Guardian and Trustee of Manitoba

We have audited the accompanying financial statements of The Public Guardian and Trustee of Manitoba, Estates and Trusts under Administration, which comprise the balance sheet as at March 31, 2018, and the statement of cash receipts and disbursements for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared pursuant to Section 36(2) of *The Public Guardian and Trustee Act* and in accordance with the basis of accounting described in the notes to the financial statement.

The Public Guardian and Trustee's Responsibility for the Financial Statements

The Public Guardian and Trustee is responsible for the preparation of these financial statements in accordance with the basis of accounting described in Note 2 to the financial statements, for determining that the described framework is acceptable in the circumstances and for such internal control as the Public Guardian and Trustee 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 auditors consider internal control relevant to the entity's preparation 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 the Public Guardian and Trustee, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of The Public Guardian and Trustee of Manitoba, Estates and Trusts under Administration, for the year ended March 31, 2018, are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the financial statements.



Basis of Accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 2 of the financial statements which describes the basis of accounting. The Public Guardian and Trustee has determined that a basis of accounting other than Canadian Generally Accepted Accounting Principals (GAAP) is appropriate for the requirements of Section 36(2) of *The Public Guardian and Trustee Act*. Because the statements were not prepared in accordance with GAAP, the financial statements may not be suitable for another purpose. Our report is intended solely for the Public Guardian and Trustee and Members of the Legislative Assembly and should not be used by other parties.

Office of the Auditor General

Office of the Auditor General
Winnipeg, Manitoba
July 24, 2018



GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Guardian and Trustee of Manitoba
Estates and Trusts under Administration

Balance Sheet
as at March 31, 2018

ASSETS	2018	2017
Cash on hand and in bank	\$ 17,751,651	\$ 19,880,546
Investments - Common Fund (Notes 2(a) and 3)	185,044,739	180,159,060
- Specific Estates and Trusts (Notes 2(b) and 4)	31,514,247	30,523,089
Accrued interest receivable on common fund investments (Note 2(a))	1,143,748	1,108,716
Real estate (Note 2(c))	24,197,177	27,957,955
Other assets at nominal value (Note 2(d))	<u>1</u>	<u>1</u>
	<u>\$259,651,563</u>	<u>\$259,629,367</u>
 LIABILITIES		
Other liabilities at nominal value (Note 2(f))	\$ 1	\$ 1
Mortgages Payable (Note 2(e))	1,532,252	1,960,305
Public Guardian and Trustee- Fees payable (Note 1) - Expenditures payable (Note 5)	<u>276,808</u> <u>19,929</u>	<u>201,003</u> <u>25,929</u>
	<u>1,828,990</u>	<u>2,187,238</u>
Estates and trusts under administration: Excess of recorded value of assets over liabilities		
<i>The Mental Health Act</i>	155,083,261	159,351,326
<i>The Public Guardian and Trustee Act</i>	<u>102,739,312</u>	<u>98,090,803</u>
	<u>\$259,651,563</u>	<u>\$259,629,367</u>



GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Guardian and Trustee of Manitoba Estates and Trusts under Administration

Statement of Cash Receipts and Disbursements for the year ended March 31, 2018

RECEIPTS	2018	2017
Funds held by estates and trusts brought under administration	\$ 18,799,948	\$ 18,492,383
Realization of equities in other estates	3,152,814	3,092,449
Pensions, compensation and assistance	38,389,699	38,433,128
Sickness, disability and other insurance benefits	7,768,867	9,728,203
Investment income	5,132,181	5,318,244
Sale of estate property	6,663,639	11,831,485
Collections on accounts receivable	<u>2,718,851</u>	<u>1,744,933</u>
Total receipts, before sale or redemption of securities	82,626,009	88,640,825
Sale and redemption of securities - Common Fund	32,000,000	16,000,000
Sale and redemption of securities - Specific Estates and Trusts	<u>3,578,907</u>	<u>5,287,341</u>
Total Receipts	<u>118,204,916</u>	<u>109,928,166</u>
 DISBURSEMENTS		
Room, board and other maintenance expense	33,213,807	33,468,743
Preservation of estates	7,303,114	7,402,538
Other estate expense	2,205,223	2,220,156
Administration and passing of accounts (Note 1)	7,457,615	6,566,911
Estates and trusts released from administration	<u>31,159,332</u>	<u>29,442,755</u>
Total disbursements, before purchase of securities	<u>82,339,091</u>	<u>79,101,103</u>
Purchase of securities - Common Fund	37,443,536	20,391,480
Purchase of securities - Specific Estates and Trusts	<u>551,184</u>	<u>626,506</u>
Total Disbursements	<u>120,333,811</u>	<u>100,119,089</u>
Excess cash receipts (disbursements)	(2,128,895)	9,809,077
Cash position at start of year	<u>19,880,546</u>	<u>10,071,469</u>
Cash position at end of year	<u>\$ 17,751,651</u>	<u>\$ 19,880,546</u>



GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Guardian and Trustee of Manitoba Estates and Trusts under Administration

Notes to Financial Statements March 31, 2018

1. Role and Objective

On April 1, 2014 *The Public Guardian and Trustee Act* was enacted. The legislation updated and clarified the statutory roles of the office. The Public Guardian and Trustee administer estates of mentally disabled persons, estates of deceased persons, and infant trusts. The Public Guardian and Trustee is considered to be an appointment of last resort. The Public Guardian and Trustee provides a public service, generally where there is no other competent or acceptable person available to provide the required service.

Under Section 28 of *The Public Guardian and Trustee Act*, the Public Guardian and Trustee may charge fees for the services provided to the estates and trusts under her administration. Fees are charged quarterly to each estate and trust based on its anniversary date. Those estates and trusts which do not have sufficient funds may have the fees reduced or waived.

Effective April 1, 1996, the Public Guardian and Trustee became a Special Operating Agency. The operations of the Public Guardian and Trustee are reflected in a separate Special Operating Agency financial statement.

2. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with the significant accounting policies set out below in detail, to comply with the accounting requirements prescribed by Section 36 (2) of *The Public Guardian and Trustee Act*. The basis of accounting used in these financial statements is determined and approved by the Public Guardian and Trustee and differs materially from Canadian generally accepted accounting principles because they are prepared essentially on a cash basis to reflect only the custodial activities of the Public Guardian and Trustee, with the exception of the following items as recorded on the balance sheet:

- i. interest is accrued on Common Fund investments;
- ii. investments are recorded at cost, adjusted for the amortization of premiums or discounts on purchase on a straight-line basis over the remaining term to maturity of the security;
- iii. bonds, term deposits, guaranteed investment certificates and treasury bills assumed under administration are recorded at cost (note 2(a) or at par value (note 2(b));
- iv. certain shares (note 2(b)) are recorded at market value;
- v. fees and expenditures payable to the Public Guardian and Trustee are accrued; and
- vi. real estate holdings are recorded at the assessment value as stated on the last available property tax assessment from the relevant municipality. If property tax assessments are not available or assessment of beneficial ownership remains in progress with trust officers, the client real estate assets are recorded at a nominal value of \$1.
- vii. mortgages payable are recorded at the balance owing by the client estate as stated on the third party mortgage statement at the respective period end or using most recent mortgage statement with supporting payments or advances to the reporting period end date
- viii. other assets and liabilities are recorded at nominal value



GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Guardian and Trustee of Manitoba Estates and Trusts under Administration

Notes to Financial Statements
March 31, 2018

Statement of Cash Receipts and Disbursements

The Statement of Cash Receipts and Disbursements reflects cash transactions which have occurred during the year for estates and trusts under administration.

Balance Sheet

The Balance Sheet reflects the financial position of estates and trusts under administration in accordance with the following significant accounting policies:

a) Investments - Common Fund

Investments of the Common Fund, established pursuant to Section 22 of *The Public Guardian and Trustee Act*, are restricted to investments authorized under *The Trustee Act*. Common fund investments are recorded at cost, adjusted for the amortization of premiums or discounts on purchase on a straight-line basis over the remaining term to maturity of the security. Interest is accrued on these investments. Earnings are distributed monthly to the individual estates and trusts on a pro rata basis on the daily closing balance in the client's account.

b) Investments - Specific Estates and Trusts

Investments held for specific estates and trusts are recorded at the following values:

Investments purchased by the Public Guardian and Trustee are recorded at cost.

Bonds, term deposits, investment certificates and treasury bills assumed under administration are recorded at par value.

Shares of capital stock and mutual funds assumed under administration are recorded at the market value. If market value is not available, shares of capital stock and mutual funds are recorded at a nominal value of \$1.

Registered Disability Savings Plan's (RDSPs) include both client and government contributions. Contributions made by or on behalf of clients whose assets are under administration are recorded at an amount that represents the cash contributions made and are included under Investments – Specific Estates and Trusts on the balance sheet. Government contributions to individual RDSPs are subject to potential repayment terms over a 10 year period and until such time as all conditions are met and full entitlement to the contributions vest with the client, which is anticipated to be the end of the 10 year period from the date the contribution is made, the amounts contributed by the government and related interest are recorded with Other Assets at an aggregate nominal amount of \$1.



GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Guardian and Trustee of Manitoba Estates and Trusts under Administration

Notes to Financial Statements March 31, 2018

At such time as all government conditions are met, the government portion contributed to individual RDSPs will be recorded under Investments – Specific Estates and Trusts at an amount representing cash contributions made plus accrued interest. As at March 31, 2017 and 2018 all government contributions have been recorded at a nominal amount of \$1 as vesting conditions have not been met.

c) Real estate

Real estate holdings for clients of the Public Guardian and Trustee are initially recorded at \$1. The real estate holding is adjusted to the assessment value as stated on the most recently received property tax assessment by the Public Guardian and Trustee.

d) Other Assets

Other assets which include bank accounts, accounts receivable, mortgages, notes receivable, real estate, RDSP (representing government contributions to individual estates under administration still subject to repayment terms) and other tangible assets are recorded in these financial statements at an aggregate nominal value of \$1 as valuation of these assets is not readily determinable or remain in progress with trust officers to assess beneficial ownership. These assets are recorded on the client accounts at estimated market value for administrative purposes

e) Mortgages Payable

Mortgages payable are recorded at the balance owing by the client estate as stated on the third party mortgage statement at the respective period end or using most recent mortgage statement with supporting payments or advances to the reporting period end date.

f) Other Liabilities

Other liabilities which include accounts payable and notes payable are recorded for these financial statements at an aggregate nominal value of \$1 as valuation of these liabilities is not readily determinable. These liabilities are recorded on the client accounts at estimated market value for administrative purposes.



GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Guardian and Trustee of Manitoba Estates and Trusts under Administration

Notes to Financial Statements
March 31, 2018

3. Investments - Common Fund

	2018 <u>Market Value</u>	2018 <u>Par Value</u>	2018 <u>Book Value</u>	2017 <u>Book Value</u>
Term deposits & investment certificates	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000
Alberta Capital Finance	42,407,952	42,850,000	43,294,345	30,815,687
Province of B.C.	8,208,212	8,000,000	8,030,816	8,050,944
Province of Manitoba	26,253,465	26,000,000	26,258,805	28,843,126
Province of Quebec	22,700,652	22,000,000	22,419,113	24,375,707
Province of Ontario	22,063,167	22,000,000	21,999,450	26,096,015
Province of New Brunswick	1,920,336	2,000,000	1,922,042	7,040,516
Province of Newfoundland	2,926,688	3,000,000	2,902,283	2,888,663
Province of Nova Scotia	8,562,039	8,000,000	8,358,108	8,471,081
Province of Saskatchewan	2,993,654	3,000,000	3,039,467	-
Municipals	1,817,616	1,900,000	1,900,000	-
Canada Housing Trust	<u>37,629,695</u>	<u>37,750,000</u>	<u>37,920,310</u>	<u>36,577,321</u>
	<u>\$184,483,476</u>	<u>\$ 183,500,000</u>	<u>\$ 185,044,739</u>	<u>\$180,159,060</u>

4. Investments - Specific Estates and Trusts

	2018	2017
Term deposits, investment certificates and treasury bills	\$ 15,297,804	\$ 15,929,840
Government of Canada and other bonds	1,342,896	1,342,495
Shares of capital stock and mutual funds	10,089,867	8,997,728
Registered Disability Savings Plan Funds	<u>4,783,680</u>	<u>4,253,026</u>
	<u>\$ 31,514,247</u>	<u>\$ 30,523,089</u>

5. Expenditures Payable to the Public Guardian and Trustee

Expenditures payable to the Public Guardian and Trustee represent disbursements made on behalf of estates or trusts for which funds were not immediately available. These expenditures will be recovered from the estates or trusts concerned by the Public Guardian and Trustee in due course when funds become available. If funds do not become available, these expenditures are recovered from operating funds of the Public Guardian and Trustee.



