

Audit Report

Alberta Utilities Commission Staff Audit Report on Compliance

To: The Commission

AUC Staff have undertaken an audit of the accompanying statement of EQUUS REA Ltd. (EQUUS) compliance during the period of January 1, 2018, to December 31, 2018, with the *Code of Conduct Regulation*, which came into effect on January 1, 2016.

Management's responsibility

Management is responsible for measuring and evaluating EQUUS's compliance with the *Code of Conduct Regulation*, and for preparing EQUUS's statement of compliance as per Subsection 33(2) of the *Code of Conduct Regulation*. Management is also responsible for such internal control as management determines necessary to enable EQUUS's compliance with the *Code of Conduct Regulation*.

AUC staff responsibility

Our responsibility is to express an opinion on management's statement based on the evidence obtained. Staff plan and perform this engagement to obtain reasonable assurance about whether management's statement is fairly stated, in all material respects.

This audit provides a high level of assurance, but it is not a guarantee that material instances of non-compliance will be detected when it exists. Instances of non-compliance can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of the audit report. The AUC's compliance audit involves performing procedures to obtain evidence about management's statement of the entity's compliance with the *Code of Conduct Regulation*. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of material misstatement of management's statement, whether due to fraud or error.

Audit engagement

AUC staff conducted this audit engagement, required under the *Code of Conduct Regulation*, using a risk-based approach. Under this approach, audit engagement activities were focused on areas where the risk of non-compliance and/or the impact of non-compliance with the *Code of Conduct Regulation* was assessed as high. We then obtained evidence regarding processes EQUUS had in place to ensure compliance with the *Code of Conduct Regulation* and reduce the impact of non-compliance. We then used the evidence to form an opinion, and subsequently report on, the degree to which the processes were implemented and followed. AUC staff believe the evidence obtained is sufficient and appropriate to provide a basis for our opinion. Information relevant to EQUUS's compliance with the *Code of Conduct Regulation* is set out in management's Annual Compliance Report.

Opinion

In our opinion, management's statement that EQUUS has complied with the specific requirements established in the *Code of Conduct Regulation*, during the period of January 1, 2018, to December 31, 2018, is fairly stated, in all material respects.

We do not provide a legal opinion on EQUUS's compliance with the *Code of Conduct Regulation*.

Purpose of the statement

Management's Annual Compliance Report has been prepared to report to the AUC on complaints or instances of non-compliance with the *Code of Conduct Regulation* during the period of January 1, 2018, to December 31, 2018. As a result, management's statement of compliance may not be suitable for another purpose.

Sincerely,

Fino Tiberi
Market Oversight and Enforcement
Alberta Utilities Commission