



December 16, 2013

The Honourable Dan D'Autremont
Speaker of the Legislative Assembly
Room 129, Legislative Building
Regina, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour of submitting my Business and Financial Plan for the Year Ended March 31, 2015, to be laid before the Legislative Assembly in accordance with the provisions of Section 14.1 of *The Provincial Auditor Act*.

Respectfully submitted,

A handwritten signature in black ink that reads "Judy Ferguson".

Judy Ferguson, FCA
Acting Provincial Auditor

/cp



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Introduction

The Legislative Assembly sets out the accountability process for our Office in *The Provincial Auditor Act*. The Act requires the Provincial Auditor to submit to the Speaker, each year, for tabling in the Legislative Assembly two key accountability reports – the business and financial plan and the annual report on operations. The Act deems these reports to be tabled and referred to the Standing Committee on Public Accounts if the Legislative Assembly is not in session when they are submitted to the Speaker.

This report is one of those two key accountability documents – *Business and Financial Plan for the Year Ended March 31, 2015* (2015 Business and Financial Plan, the Plan). The Plan includes the information required by the Act along with additional supporting information. It was prepared using reporting practices set out in the Public Sector Accounting Board's *Statement of Recommended Practice (SORP-2) Public Performance Reporting* published by CPA Canada (formerly the Canadian Institute of Chartered Accountants).

The Office is in year three of its five-year strategic plan. Consistent with the prior year, the 2015 Business and Financial Plan reflects the goals and objectives set out in our 2012-2017 Strategic Plan. The 2015 Business and Financial Plan has three main sections:

- ▶ The Office of the Provincial Auditor– which provides a brief description of our Office including who we serve and what we do.
- ▶ 2014-15 Funding Request – which sets out our Funding Request (estimates) for the upcoming year along with factors affecting that request. The Act requires the Standing Committee on Public Accounts to review the estimates included within the Plan and provide the approved estimates to the Speaker and Board of Internal Economy for tabling in the Legislative Assembly.
- ▶ Annual Work Plan for 2014-15 and Supporting Schedules – which provides our Audited Financial Forecast that includes various schedules such as our 2014-15 annual work plan, planned time spent on tasks and planned costs to audit government agencies. This section also includes other key information on trends in costs, average salaries, and training.

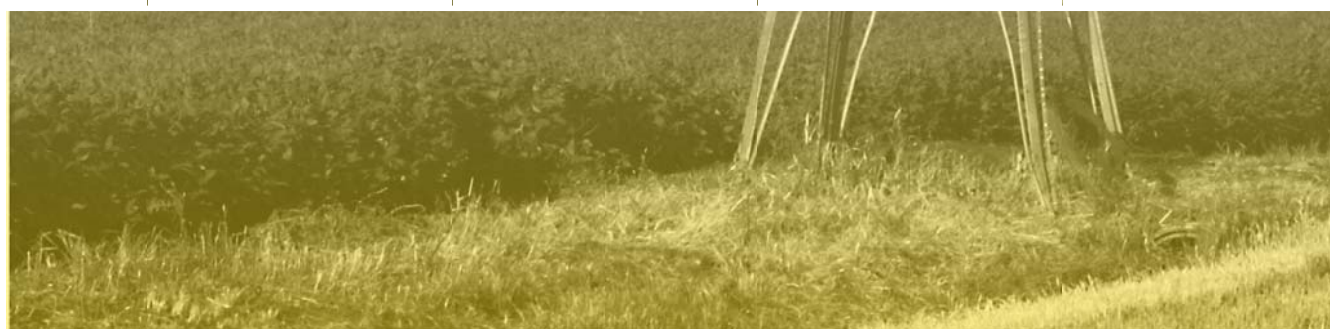
In reviewing this Plan, we encourage Members to consider the second key accountability report required under the Act – our Annual Report on Operations. The Report for the year ended March 31, 2013 was tabled in the Legislative Assembly on June 27, 2013 and is available on our website.¹ Our Report on Operations describes our performance in achieving the goals and objectives set out in our 2013 Business and Financial Plan. It also includes audited financial statements for the fiscal year ending March 31, 2013. Also, on our website, members will find our Business and Financial Plan for the Year Ended March 31, 2014.²

¹ Available at www.auditor.sk.ca under Publications/Our Annual Report on Operations.

² Available at www.auditor.sk.ca under Publications/Our Business and Financial Plans.



1.0 The Office of the Provincial Auditor





1.1 Our Independence

The *Provincial Auditor Act* creates an independent Officer of the Legislative Assembly called the Provincial Auditor. The Act gives the Provincial Auditor the responsibility to audit all government agencies and report the results of the audits to the Legislative Assembly.

The Act ensures that the Provincial Auditor is independent from elected and appointed officials including the Assembly's committees and boards. The Standing Committee on Public Accounts, an all-party committee that does not include cabinet ministers, unanimously recommends the Provincial Auditor for appointment by the Legislative Assembly for a 10-year term. The Act sets the Provincial Auditor's salary and benefits. A resolution of the Legislative Assembly is required to remove the Provincial Auditor from office. The Standing Committee on Public Accounts recommends the amount of resources for the Provincial Auditor's Office. The Act gives the Provincial Auditor the authority to decide which employees to hire, what audit work needs to be done, and how the work is carried out. Also, the Provincial Auditor, through Office policies, requires all employees to confirm annually whether they have any relationships with the Government that could be perceived to affect their independence and objectivity.

1.2 Who We Serve

The Office of the Provincial Auditor helps the Legislative Assembly hold the Government accountable for how it manages public resources. Our Office examines the Government's management of public resources and reports its findings to the Assembly.

1.3 What We Do

Our Vision

A valued and independent legislative audit office, inspiring and advancing excellence in public sector performance, accountability, and sustainability.

We Envision

A transparent and accountable government delivering effective programs that meet the needs of the people of Saskatchewan.

Our Mission

To serve the Members of the Legislative Assembly and the people of Saskatchewan, we provide independent assurance and advice on the management, governance, and effective use of public resources.

Values

We are committed to earning the respect and confidence of our stakeholders and professional colleagues. We hold ourselves individually and collectively accountable in upholding the vision, mission, and values of the Office of the Provincial Auditor. See **Section 4.6 Our 2012-2017 Strategic Plan** for a listing of our values.

How We Carry Out Our Mission

To fulfill our mission, we provide independent assurance (audit reports) and advice on the Government's management of and accountability practices for the public resources entrusted to it. We support and adhere to the accounting and assurance standards published by CPA Canada (formerly Canadian Institute of Chartered Accountants). In particular, we provide the following services:

- › We advise the Legislative Assembly on:
 - ›› The reliability of the Government's public performance reports



- » The Government's compliance with legislative authorities
- » The adequacy of the Government's management of public resources
- › We encourage discussion and debate about public sector management and accountability issues
- › We assist the Standing Committees on Public Accounts and Crown and Central Agencies
- › We develop professionals for public service

Our Reports

We report our assurance and advice to the Assembly and the Government. At the end of each audit, we report our assurance and advice to government officials. We provide assurance by way of reports on financial statements, compliance with authorities, and the effectiveness of management systems and practices. We provide advice and assurance by way of letters to management setting out our conclusions, findings, and recommendations for improvement.

We also provide assurance and advice to the Legislative Assembly and the public in our reports to the Assembly. These reports summarize our work at government agencies. They provide assurance and advice on the whole Government, sectors of the Government, and on each government agency's: financial statements, compliance with authorities, and the effectiveness of its management systems and practices.

We decide what matters to report in the context of the following questions:

- › Does the matter affect the Assembly's ability to control the financial activities of the Government?
- › Does the matter affect the Assembly's ability to hold the Government accountable for how it administers public money?
- › Does the matter involve improving how the Government administers public money?
- › Does the matter involve non-compliance with legislative authorities?

When an agency's financial statements, compliance with authorities, and processes to safeguard public resources are satisfactory, we also report that information to the Government and to the Legislative Assembly.

Our Key Outputs and Expected Outcomes

Exhibit 1 shows the outputs and expected outcomes of our work. We have three primary outputs. These are assurance (audit reports), advice (recommendations), and trained professionals for public service.

As shown in **Exhibit 1**, our assurance and advice result in two final outcomes. These outcomes are improved public confidence in the Government and improved performance in the delivery of government programs.

For our parliamentary system of government to work properly, the system must enjoy public confidence. To merit this confidence, government programs must be effective and the Government must be open and accountable.

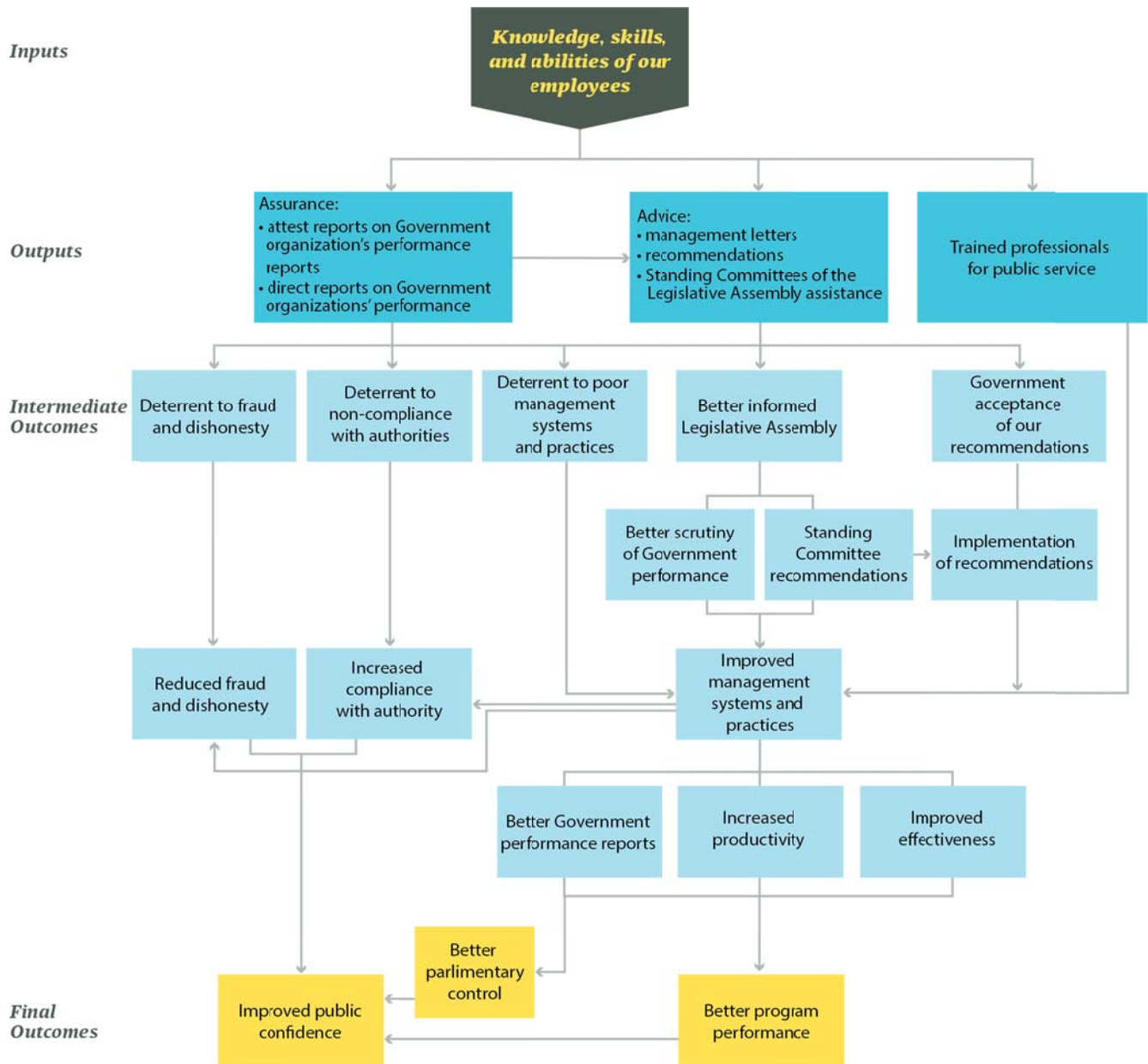
Our work and reports directly affect public confidence in the Government. They provide the public with confidence that the Government's public performance reports are reliable, it uses effective processes to safeguard public resources, and it has complied with governing authorities.

One important responsibility of the Legislative Assembly is to hold the Government accountable for its management of public resources. By providing relevant, reliable, and timely reports, we help the Assembly to carry out this responsibility.

Our work and reports call for public accountability for government operations and sound management. They contribute to informed decision making in government and business-like processes. In turn, this helps the Government carry out its responsibility to use sound management practices.



Exhibit 1—What We Do and The Impact of Our Work





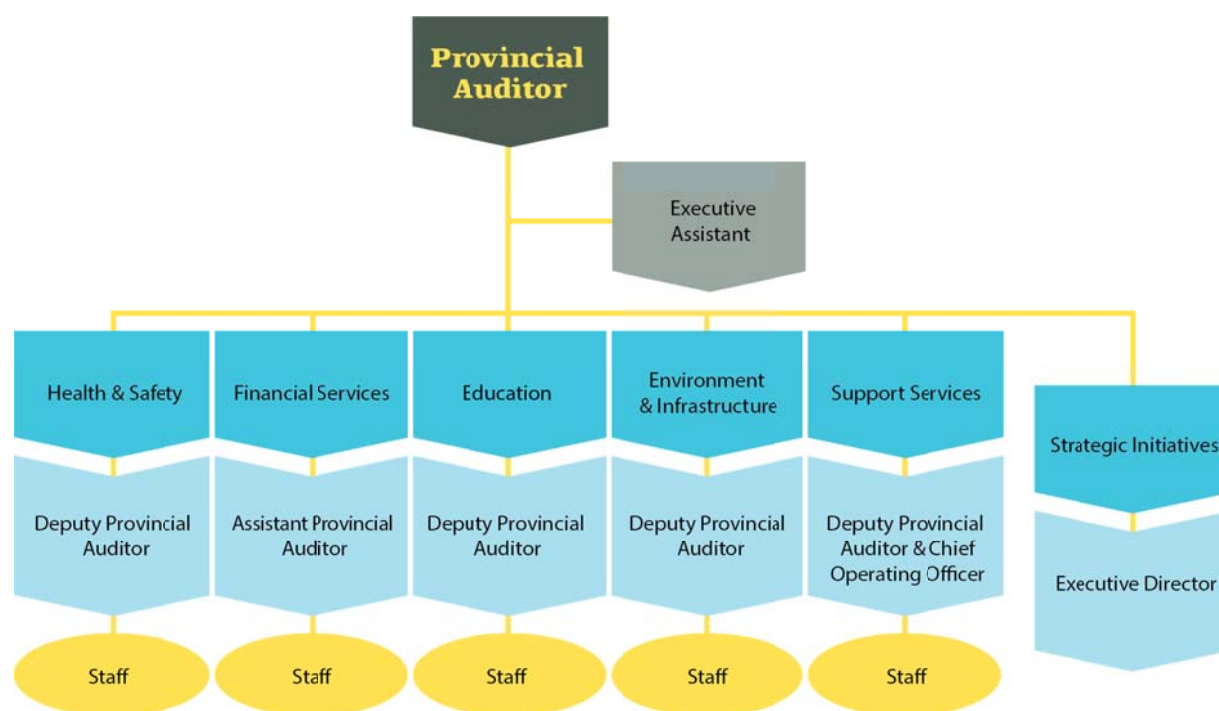
1.4 Our Organization

Our employees are our most valuable resource because “what we do” depends on their knowledge and skills. Creating and maintaining an environment that encourages ongoing learning is crucial to our success.

During 2015, our Office expects to employ 60 people (2014 – 60). As of November 30, 2013, 36 of our employees are professional accountants and 11 are training to become professional accountants.

Exhibit 2 sets out our planned organization for 2014-15; it remains unchanged from 2013-14.

Exhibit 2



Our Health and Safety Division’s responsibilities include examining the Government’s programs related to health (including regional health authorities), justice (including corrections and policing), workplace safety, social services (including child and family services, social assistance, and housing), the Workers’ Compensation Board, SaskEnergy, and a number of other government organizations.

Our Financial Services Division’s responsibilities include leading the audit of the Summary Financial Statements of the Government of Saskatchewan. This Division is also responsible for our audits of the Crown Investments Corporation of Saskatchewan, Saskatchewan Government Insurance, General Revenue Fund, various pension and benefit plans, gaming organizations, and a number of other government organizations.

Our Education Division’s responsibilities include examining the Government’s education and training programs, SaskTel, and a number of other government organizations. The education sector covers early childhood development, pre-kindergarten to grade 12 education, technical training, and post-secondary education (including the audits of the University of Saskatchewan, University of Regina, and SIAST).

Our Environment and Infrastructure Division’s responsibilities include examining the Government’s programs related to the environment, economy, SaskPower, physical infrastructure (including highways and watersheds), and a number of other government organizations.

Our Strategic Initiatives portfolio’s work includes cross-government audits and special projects including governance reviews.

Our Support Services Division’s responsibilities include human resources, performance reporting, training, information technology, communications, and administration.



1.5 Our Competencies

Our knowledge, skills, and abilities affect what we do for the public, the Legislative Assembly, and the Government. We apply the following special competencies and experience to our work and reports:

- › Objectivity, because of our full independence from the Executive Government (i.e., ministries, Crown corporations, boards, commissions, funds)
- › Thorough knowledge of the:
 - › Complex structure and systems the Government uses to manage public resources
 - › Structure of legislative authorities governing the activities of government agencies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing
 - › Audit of information technology systems
 - › Accounting and assurance standards published by CPA Canada
- › Working knowledge of the issues facing government agencies operating in diverse types of businesses including education, health, insurance, protection of people and property, pension and benefit plans, energy, telecommunications, gaming, transportation, renewable resources, non-renewable resources, human resources, construction, and financial services
- › A business view derived from rigorous professional training that we blend with our practical knowledge of public administration

1.6 Risk Management

Sound risk management is essential for us to help the Legislative Assembly hold the Government accountable for its management of public resources. To manage risk, we must identify, assess, and reduce possible adverse consequences the Office may experience from events or circumstances.

We routinely identify and assess our risks. We have established processes to reduce to an acceptable level the likelihood that our risks will have adverse consequences on our ability to carry out our duties under *The Provincial Auditor Act*. We accept some degree of risk because it is not cost effective to eliminate all risks.

Each year, we include our auditor's report on our systems and practices in our Annual Report on Operations. In our 2013 Annual Report on Operations, our external auditor reported that our Office had effective processes to safeguard public resources entrusted to it by the Assembly. We have not made significant changes to our systems and practices since that audit.

The following are our key risks:

Our stakeholders do not support our goals and objectives. For the Office to remain viable, legislators, the public, and government officials (our stakeholders) should support our goals and objectives. Pursuing our goals and objectives must result in relevant assurance (audit reports) and advice for our stakeholders. We have established processes so that we set goals and objectives that will result in relevant assurance and advice for our stakeholders.

Government does not act on our recommendations. Doing independent, reliable, and relevant work at a reasonable cost is vital to our Office's success. These attributes are also essential for our stakeholders to value our advice. We must understand the challenges that the Government faces. Also, our advice must help improve program performance. We have established processes so that our assurance and advice is independent, relevant, reliable, and cost effective.



The Standing Committees on Public Accounts (PAC) and Crown and Central Agencies (CCAC) do not fulfill their responsibilities. Our Office must provide assurance and advice that is consistent with each Committee's objectives.

PAC is the audit committee for the Legislative Assembly. The Committee is a key agent of change for improving the Government's management of public resources. The Committee's mandate is to help the Legislative Assembly hold the Government accountable for its spending of taxpayers' money and its stewardship over public resources. The Committee reviews and evaluates the activities of government ministries and Crown agencies. The Committee works with the Provincial Auditor to carry out the Committee's mandate.

CCAC helps the Legislative Assembly hold the Government accountable for its management of public resources. The Committee considers matters relating to the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries, supply and services, central agencies, liquor, gaming, and all other revenue related agencies and entities. Since 2001, the Assembly, through our Act, has referred the parts of our reports that relate to CIC and its subsidiaries to the Committee for review. The Committee works with the Provincial Auditor to carry out the Committee's mandate related to those reviews.

We have established processes to provide independent, relevant, and reliable information that is consistent with each Committee's objectives.

We do not have the required competencies and resources to deliver our products and services. The quality of our work is dependent on the knowledge, skills, and abilities of our employees.

We have established hiring processes and training programs to ensure we acquire and maintain the competencies discussed in **Section 1.5 Our Competencies**.

To discharge our statutory duties, we need sufficient resources to employ the required competent people. We also need sufficient resources to equip, support, and house our employees. We need the support of legislators to obtain the required resources. To gain this support, we have established processes to ensure that our work is relevant to legislators and reliable. Also, we publish a business and financial plan and an annual report on operations to build legislators' support for our request for resources.

We do not manage our resources effectively. Our management practices must promote the effective use of our resources. We have established processes to keep the risk of not doing so at a minimum. Our major input cost to provide our services is salaries and benefits. Salaries and benefits account for 80% of our spending. We carefully monitor the use of staff time. The **Schedule of Planned Time Spent on Tasks** in **Section 3.2 Audited Financial Forecast** compares the actual and planned use of staff time for five years.

We do not understand or respond to the challenges faced by our stakeholders. If our assurance and advice is to be reliable, we must understand the challenges and risks faced by the Government. How the Government manages its risks affects the nature and extent of work we must do to report to the Assembly.

We must also understand the challenges and risks faced by legislators and the public if our assurance and advice is to be relevant. To be relevant, our assurance and advice should result in better parliamentary control over government activities and better program performance. We have established processes to set goals and objectives that enable us to understand the challenges and risks faced by our stakeholders.

We lose or are perceived to lose our independence. *The Provincial Auditor Act* makes our Office responsible to examine all public resources managed by the Government and the Legislative Assembly (e.g., Board of Internal Economy). The Act makes our Office independent of appointed and elected officials so that we can administer the Act without the risk of intimidation or interference.





We carefully guard our independence and report to the Assembly when we are concerned about our independence. Also, we have established processes to maintain objectivity and independence in our work for the Legislative Assembly.

We provide inappropriate or incorrect assurance and advice. Stakeholders must trust and value our assurance (audit reports) and advice. Gaining and keeping their trust is essential for the viability of the Office. We have established processes to ensure that our work is reliable.



		2.0	<i>2014-15 Funding Request</i>	
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2.1 2014-15 Funding Request

As required by *The Provincial Auditor Act*, we present to the Standing Committee on Public Accounts (Committee) our 2014-15 Estimates for **Vote 28 Provincial Auditor** including an amount for unforeseen expenses. These Estimates are supported by this 2014-15 Business and Financial Plan.

Our Office asks that the Committee, after its review, approve the 2014-15 Estimates with an appropriation for the operation of the Office of \$8.205 million and an appropriation for unforeseen expenses of \$547 thousand for submission to the Speaker and in turn, inclusion in the Estimates to be tabled in the Legislative Assembly. These appropriations will enable our Office to fulfill the statutory duties under *The Provincial Auditor Act*.

Section 2.8 Provincial Auditor's Estimates provides a breakdown of the estimates consistent with the format the Legislative Assembly expects.

2.2 Appropriation

Our 2014-15 funding request of \$8.205 million reflects an increase of \$268,000 (3.38%) over our 2013-14 approved appropriation of \$7.937 million represented as follows:

Increase for:	(in \$ thousands)
› Cost of living and market factors affecting salaries	304
› Employer pension plan premiums	14
› Provincial Auditor's salary (statutory)	11
› Leased premises	10
Decrease for:	
› One-time costs included in 2013-14 plan to co-host the CCPAC/CCOLA national conference	(53)
› Net impact of government agencies wind-ups	<u>(18)</u>
	<u>\$ 268</u>

In making this request, our Office has recognized the current fiscal constraints the Government faces along with key external factors affecting our Office's costs.

For 2014-15, the key external factors affecting the costs of our Office include: inflation, the quality of government agencies' management systems and practices, the use of appointed auditors, continuing changes in accounting and auditing standards, the employment market for auditors, cost of living adjustments provided to Saskatchewan public servants, increased employer premiums for the public sector pension plan, increases to operating costs for our leased premises, and changes in the number of government agencies.

The 2014-15 Request assumes that the quality of government agencies' management systems and practices, and the use of appointed auditor on an overall basis remain relatively constant. Although ongoing changes in Canadian accounting and auditing standards (e.g., revision of existing and introduction of new accounting standards by the Public Sector Accounting Board) result in changes in audit methodology and additional audit



work effort for all auditors including our Office, the Office plans to find efficiencies to manage the impact of these changes. It also plans to absorb the impact of inflationary increases other than general salary and benefit increases noted below.

Several factors affect our salary and benefit costs for 2014-15. Our 2014-15 request includes general salary increases of 2.0% at April 1, 2013 and 1.25% at April 1, 2014 and employer premiums for the public sector pension plan increases by 0.25% effective April 1, 2014. These increases reflect the salary and benefit increases authorized by the Government for its public servants. When we set our plan for 2013-14, the Government had not announced their general salary and benefits increases. As a result, we did not request the increase last year.

The job market for professional accountants and auditors training to become professionals in Saskatchewan remains strong and is competitive. HR experts note that the demand for auditors is growing.³ The strong job market and changes to accounting and auditing standards resulted in audit fees paid to appointed auditors in the public sector increasing by 3% from 2009 to 2013 with a 3% increase from 2012 to 2013.⁴ To maintain our ability to recruit and retain employees, our Office must offer reasonable salaries and benefits based on market conditions within both the public and private sectors. Our request includes market adjustments necessary to remain competitive in the job market.

The Provincial Auditor's salary is estimated based on the provisions set out in *The Provincial Auditor Act* and the statutory salary increase for the Provincial Auditor effective April 1, 2013. Our 2013-14 Estimates did not include this increase.

The 10-year agreement for our leased space, signed in December 2011, includes escalation for building operating costs such as utilities resulting in \$10,000 of increased annual lease costs.

Our request removes the one-time increase included in our 2013-14 Estimates for co-hosting the Canadian Council of Public Accounts Committees (CCPAC)/Canadian Council of Legislative Auditors' (CCOLA) national conference in August 2013.

As *The Provincial Auditor Act* requires us to audit all government agencies, the Government's restructuring, creation, and wind-up of agencies impact our work plan and total costs. Our request includes a decrease of \$18,000 to take into account the net impact of changes to government agencies since our last business and financial plan. **Section 4.1 Impact of Changes to Government Agencies on our 2014-15 Work Plan** provides further detail.

2.3 Unforeseen Expenses Appropriation

The Provincial Auditor Act provides for inclusion of an appropriation for unforeseen expenses (contingency appropriation) within the Estimates presented each year. Our request includes a contingency appropriation of \$547,000, which approximates our previous net financial asset target of one month's salary and benefits.

³ www.roberthalf.ca/...CA/.../RH_1112_SG_Quebec_CAN_ENG_LR.pdf. (10 December 2013)

⁴ The fees paid to appointed auditors by six significant Crown agencies increased by 3% from 2012 to 2013.





History of Unforeseen Expenses Appropriation

The Legislature amended *The Provincial Auditor Act* in June 2001 (amended Act). The amended Act changed how the Provincial Auditor Office finances its operations.

Up to 2001, the Office maintained net financial assets equal to approximately one month's salary and benefit expenses. The Office used this money to respond to costs of unplanned work, pressure to improve the timeliness of its work, and unplanned salary and benefit increases. This practice enhanced our independence by providing the resources necessary to manage effectively unforeseen circumstances.

The amended Act requires the Provincial Auditor to return all unspent money at the end of the year to the General Revenue Fund. This practice is known as "lapsing appropriations." To enable the Provincial Auditor to retain the independence to manage effectively, the Legislative Assembly accepted the recommendation of the Standing Committee on Public Accounts that the amended Act provide for the Provincial Auditor to obtain an extra appropriation each year. The amended Act provides for the inclusion of amounts for unforeseen expenses in the estimates presented by the Office each year.

2.4 Independent Assurance on Our Funding Request

For the last 16 years, our Office has provided the Committee with an audited financial forecast in response to the 1999 request of the Board of Internal Economy to provide it with independent advice to help it assess our requests for resources.

Section 3.2 Audited Financial Forecast of this business and financial plan includes our audited financial forecast. The financial forecast reflects our funding request. In the **Auditors' Report on Financial Forecast**, the external auditor concludes that our financial forecast is consistent with and reasonable in relation to our operating plan (i.e., our goals and objectives).

2.5 Factors Affecting Our Work Plan

Our work plan for 2014-15 enables us to fulfill our duties under *The Provincial Auditor Act*. The Act sets out the government agencies we must examine.

We use a risk-based model to set priorities and allocate resources for our work plan. The model uses criteria to guide us in assessing the impact of each audit on our overall ability to serve the Legislative Assembly.

Section 2.2 Appropriation highlights key external factors affecting our 2014-15 costs. The **Schedule of Planned Costs to Audit Government Agencies** included in **Section 3.2** sets out our detailed work plan for the year ended March 31, 2015. The Schedule forms part of our audited financial forecast. It set out the planned costs to audit and report on government agencies for our fiscal year ended March 31, 2015 and comparative information. The work plan reflects our goals and objectives and known information (at October 31, 2013) about the following factors:

- › The forecasted 2013-14 level of government revenues and spending
- › The number of government agencies
- › The quality of and changes in the Government's records, systems, practices, and personnel
- › The Government's use of appointed auditors
- › Professional standards
- › The level of co-operation we expect to receive from government officials and appointed auditors when we do our work
- › The public's expectations



At October 31, 2013, the Government manages 261 agencies. Many of these agencies use appointed auditors.

It is the Government's decision to use appointed auditors. The Government has stated that it uses appointed auditors so the Saskatchewan public accounting industry can develop and retain local expertise. The Government is accountable for the costs of using appointed auditors and, therefore, our financial plan does not reflect those costs. However, our detailed work plan reflects the known use of appointed auditors because it affects our costs and the way we carry out our work. The use of appointed auditors reduces our costs but increases the total cost of auditing to taxpayers. It costs more to audit when there are two auditors. **Section 4.5 Total Costs to Audit Government Agencies** sets out the total costs to audit government agencies for the last five years.

When the Government appoints a second auditor, we follow the recommendations of the *Task Force on Roles, Responsibilities, and Duties of Auditors*.⁵ Following these recommendations will ensure that we serve the Assembly efficiently.

2.6 Forces and Trends Affecting Our Work Plan

Forces and trends also affect our work plan. **Section 4.6 Our 2012-2017 Strategic Plan** identifies 12 major external forces and trends that affect our stakeholders (i.e., legislators, the public, and government officials) and shape our work.

We plan to focus our efforts on helping our stakeholders address the challenges emerging from these forces and trends as well as several more specific issues. In particular, we will continue to encourage the Government to address the following challenges:

- › Report on how it manages the risks related to advancing technology, changing demographics, economic constraints, globalization, sustainability, and protecting the environment
- › Improve its management of risks for effective service delivery related to public sector human resources, the environment, and infrastructure including information technology
- › Improve long-term capital and operating planning processes
- › Improve governance processes for better management of public resources
- › Strengthen its management of complex accountability relationships with non-government organizations (e.g., service agreements with community-based organizations, public-private partnerships, financing structures)
- › Strengthen its management of and accountability for intergovernmental and interagency programs
- › Strengthen its management of key regulatory processes and operations
- › Improve the quality of information provided to legislators on the plans and results of the overall Government and each of its agencies including Crown corporations

2.7 Impact of Alternative Funding Levels

If our Office does not obtain sufficient revenue from the Standing Committee on Public Accounts, we will not be able to carry out our work plan.

⁵ Available at www.auditor.sk.ca under Publications-Resources.



Also, as previously noted, our Office uses a risk-based model to set our work plan. Our model reflects that we must provide assurance on the Government's summary financial statements along with assurance on the effectiveness of the Government's management of public resources, and compliance with the law. If we are unable to obtain sufficient funding, we would provide less service by not auditing certain agencies in the following sequence:

- › Revolving and other special purpose funds
- › Agricultural marketing boards and funds
- › Certain CIC-related Crown corporations
- › Certain school divisions

When we do not examine Government agencies, the Assembly does not receive our assurances on the Government's financial statements, the effectiveness of its management of public resources and its compliance with governing authorities.

If necessary, we will report to the Legislative Assembly which Government agencies we were unable to audit. When this is necessary, we are concerned with the impact this message has on public confidence in our system of Government.



2.8 Provincial Auditor's Estimates

Provincial Auditor

Vote 28

The Office serves the people of Saskatchewan through the Legislative Assembly. The Office encourages accountability and effective management in government operations through its independent examinations, advice, and reports on the management of public resources entrusted to government.

Summary of Appropriation and Expense

(thousands of dollars)

	Estimated 2014-15	Estimated 2013-14
Provincial Auditor	8,205	7,937
Unforeseen Expenses	547	520
Appropriation	8,752	8,457
Capital Asset Acquisitions	-	-
Capital Asset Amortization	-	-
Expense	8,752	8,457

Provincial Auditor (PA01)

Provides for the audits of the administration of programs and activities of government ministries, health and education institutions, commissions, boards, and Crown corporations and for reporting the results of all audits annually to the Legislative Assembly and the public. It also provides assistance to the Standing Committees on Public Accounts and Crown and Central Agencies in their review of the Provincial Auditor's Report, the Public Accounts, and other reports.

Allocations

Provincial Auditor Operations	7,983	7,728
Provincial Auditor's Salary (Statutory).....	222	209

Classification by Type

	2014-15	2013-14
Salaries	5,579	5,316
Goods and Services	2,626	2,621
	8,205	7,937

This subvote includes "Statutory" amounts. The amount "To Be Voted" is \$7,983K.

Unforeseen Expenses (PA02)

Provides for unforeseen expenses pursuant to Section 10.1 of *The Provincial Auditor Act*.

Classification by Type

	2014-15	2013-14
Salaries	547	520
	547	520







3.0 *Annual Work Plan for 2014-2015 and Supporting Schedules*





3.1 Glossary

Estimate

Future-oriented financial information prepared using actual results where available and assumptions all of which reflect the entity's planned course of action for the period covered given management's judgement as to the most probable set of economic conditions.

Forecast

Future-oriented financial information prepared using assumptions that reflect the entity's planned courses of action for the period given management's judgement as to the most probable set of economic conditions (*CPA Canada Handbook – Assurance*, formerly CICA Handbook).

Projection

Future-oriented financial information prepared using assumptions that reflect the entity's planned courses of action for the period given management's judgement as to the most probable set of economic conditions, together with one or more hypotheses that are assumptions which are consistent with the purpose of the information but are not necessarily the most probable in management's judgement (*CPA Canada Handbook – Assurance*, formerly CICA Handbook).



3.2 Audited Financial Forecast

Management's Responsibility for the Financial Forecast

The accompanying financial forecast consisting of a Statement of Operations included in the Business and Financial Plan for the Office of the Provincial Auditor for the year ending March 31, 2015 is the responsibility of management of the Office. Management has prepared the financial forecast in accordance with generally accepted accounting principles in Canada. The financial information presented elsewhere in this Business and Financial Plan is consistent with that in the financial forecast.

To ensure the integrity and objectivity of the financial data, management maintains an appropriate code of conduct, a comprehensive system of internal controls including written policies and procedures, and an organizational structure that segregates duties. These measures provide reasonable assurance that the most probable set of economic conditions are reflected in the assumptions the Office developed to prepare the financial forecast. These measures also provide reasonable assurance that the assumptions are suitably supported and consistent with the goals and plans developed by the Office, and provide a reasonable basis for the forecast.

The financial forecast was audited by Virtus Group LLP. Their report to the Standing Committee on Public Accounts stating the scope of their examination and opinion on the financial forecast follows.

Judy Ferguson, FCA
Acting Provincial Auditor

December 5, 2013
Regina, Saskatchewan

Auditors' Report on Financial Forecast

To the Standing Committee on Public Accounts:

The accompanying financial forecast of the Office of the Provincial Auditor consisting of a Statement of Operations for the year ending March 31, 2015 has been prepared by management using assumptions with an effective date of October 31, 2013. We have examined the support provided by management for the assumptions, and the preparation and presentation of this forecast. Our examination was made in accordance with the applicable Auditing Guideline published by The Canadian Institute of Chartered Accountants. We have no responsibility to update this report for events and circumstances occurring after the date of our report.

In our opinion:

- As at the date of this report, the assumptions developed by management are suitably supported and consistent with the plans of the Office, and provide a reasonable basis for the forecast
- This forecast reflects such assumptions
- The financial forecast complies with the presentation and disclosure standards for forecasts published by The Canadian Institute of Chartered Accountants

Since this forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variances may be material. Accordingly, we express no opinion as to whether this forecast will be achieved.

Chartered Accountants

December 5, 2013
Regina, Saskatchewan



STATEMENT OF OPERATIONS
For the Years Ended March 31
(thousands of dollars)

	2012	2013	2014	2015	2016
	Actual	Actual	Estimate	Forecast	Projection
	(Audited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)
			(Note 5)	(Note 6)	
Revenue:					
General Revenue Fund (GRF)					
- Appropriation	\$ 7,620	\$ 7,813	\$ 7,948	\$ 8,205	\$ 8,317
- Contingency Appropriation (Note 3)	514	516	509	547	556
Other (Note 4)	6	6	5	6	6
Total Revenue	8,140	8,335	8,462	8,758	8,879
Expense:					
Salaries	4,899	5,232	5,374	5,579	5,674
Employee benefits	833	944	966	990	1,007
Facilities and equipment	614	742	709	716	716
Administration	422	440	432	426	426
Agent and advisory services	486	280	434	322	322
Training and development	158	148	175	175	175
Total operating expense	7,412	7,786	8,090	8,208	8,320
Transfer to GRF (Note 4)					
- Return of unused Appropriation	707	559	372	547	556
- Other	6	6	5	6	6
Total transfer to GRF	713	565	377	553	562
Total expense	8,125	8,351	8,467	8,761	8,882
Annual surplus (deficit)	15	(16)	(5)	(3)	(3)
Accumulated surplus, beginning of year	208	223	207	202	199
Accumulated surplus, end of year	\$ 223	\$ 207	\$ 202	\$ 199	\$ 196

(see accompanying notes and schedules)



Notes to the Statement of Operations For the Years Ended March 31

1. General Information

The financial information presented covers five years. The information for 2012 and 2013 comes from the Office's audited financial statements included in the Office's annual reports on operations for those years. Virtus Group LLP audited the Office's 2012 and 2013 financial statements. The information for the 2014 estimate and the 2016 projection is not audited.

2. Summary of Accounting Policies

The Office used Canadian public sector accounting principles to prepare this financial information. The following accounting principles are considered to be significant:

a) Revenue

The appropriation from the General Revenue Fund is recorded when authorized by the Legislative Assembly.

Other revenue consists of bank interest, which is recorded when earned.

b) Tangible Capital Assets

Tangible capital assets are reported at cost less accumulated amortization. Amortization is recorded on a straight-line basis at rates based on estimated useful lives of the tangible capital assets as follows:

Computer hardware	3 years	Other furniture	5 years
Computer	3 years	Other equipment	3 years
Furniture (desks, file cabinets)	10 years		

3. Contingency Appropriation

Prior to 2001, the Office maintained net financial assets equal to approximately one month's salary and benefit expenses. This practice allowed our Office to manage unforeseen circumstances effectively. To enable the Provincial Auditor to retain the independence to manage effectively, the Act provides for the Provincial Auditor to obtain an extra appropriation each year for unforeseen expenses (contingency appropriation). The Act provides for a contingency appropriation in place of the Office maintaining net financial assets.

4. Transfer to General Revenue Fund (GRF)

The *Provincial Auditor Act* requires the Office to give all other revenues to the General Revenue Fund. The Act also requires the Office to return any excess appropriations to the General Revenue Fund. The Office anticipates that it will give \$5,000 of other revenue and \$372,000 of our appropriation to the General Revenue Fund.

5. 2014 Estimate

The estimate for 2014 is based on actual information known to October 31, 2013 and the planned course of action for the remainder of the year. The actual results will vary and the variations may be material. The Office's actual spending for the seven months ended October 31, 2013 was \$4.7 million (unaudited). The Office will report actual results compared to planned results for 2014 in its 2014 Annual Report on Operations.





6. 2015 Financial Forecast – Key Assumptions

The financial information presented for 2015 is a forecast, and accordingly actual results will vary and the variations may be material.

The Office prepared the financial information for the year ended March 31, 2015 using the significant assumptions set out below. The assumptions reflect the Office's planned course of action for this period as set out in the goals, objectives and supporting strategies in **Section 4.6 Our 2012-2017 Strategic Plan**. The Office based the assumptions on management's judgement of the most probable set of economic conditions for this period based on known information at October 31, 2013.

Appropriation is the amount of money the Office needs from the General Revenue Fund to finance operations. The Office returns any amounts not required during the year to the General Revenue Fund at year-end.

Contingency appropriation is the amount of money from the General Revenue Fund required for unforeseen expenses. The Office returns any amounts not required during the year to the General Revenue Fund at year-end.

Other revenue includes bank interest.

Salaries are based on 60 full-time equivalents at an average salary cost of \$93,000 (Refer to **Section 3.4 Forecast and Actual Full-Time Equivalent Positions and Average Salaries**). Average salary cost is determined using best estimates of expected pay for current and new employees based on past trends and expected economic conditions.

Total full-time equivalents of 62 (60 FTE salaried staff plus 2 FTE contracted staff assistance) reflects the number of persons necessary to obtain 70,000 audit hours to audit the agencies set out in the **Schedule of Planned Costs to Audit Government Agencies**. The 70,000 audit hours takes into account known information at October 31, 2013 about the state of the Government's systems and practices, the number of government agencies, the Government's use of appointed auditors, and auditing standards. The Office based the number of persons necessary to achieve 70,000 audit hours on the planned use of staff time set out in the **Schedule of Planned Time Spent on Tasks**.

Employee benefits include the costs of the following benefits: Canada pension plan, employment insurance, workers' compensation, public employees pension plan, public employees dental plan, public employees disability income plan, public employees group life plan, extended health care plan, maternity/paternity top-up plan, and a flexible benefit plan. The costs reflect current rates charged for these benefits.

Facilities and equipment includes rent for office space based on a 10-year lease effective April 1, 2012 and reflects management's best estimates based on past trends and current economic conditions for costs such as amortization of tangible capital assets, and computer hardware and software maintenance.

Administration reflects management's best estimates based on past trends and current economic conditions for costs such as travel to audits, professional fees and dues, telephone, printing, and office supplies.

Agent and advisory services represents management's best estimates for legal costs, the cost of auditing the Office, and other contractual services. It includes costs for staff assistance of two full-time equivalents.

Training and development costs are the estimated out-of-pocket costs to train staff to become professional accountants, keep the knowledge and skills of current professionals up-to-date, and gain





knowledge in specialized areas. The Office based the costs on past trends and office policies. (Refer to **Section 3.5 Training Schedule**)

7. *Schedule of Revenue and Expenditure (thousands of dollars)*

The Office prepared the following schedule using the expenditure basis of accounting. Expenditures are the cost of goods and services acquired in the year whether or not the Office has made payment. The appropriation from the General Revenue Fund is determined using the expenditure basis of accounting.

For the Years Ended March 31	2012 Actual (Audited)	2013 Actual (Audited)	2014 Estimate (Unaudited)	2015 Forecast (Audited)	2016 Projection (Unaudited)
Revenue:					
General Revenue Fund					
- Appropriation	\$ 7,620	\$ 7,813	\$ 7,948	\$ 8,205	\$ 8,317
- Contingency Appropriation	514	516	509	547	556
Other	6	6	5	6	6
Total Revenue	8,140	8,335	8,462	8,758	8,879
Expenditure:					
Salaries	4,899	5,232	5,374	5,579	5,674
Employee benefits	823	947	966	990	1,007
Facilities and equipment	654	729	704	713	713
Administration	420	438	432	426	426
Agent and advisory services	486	280	434	322	322
Training and development	145	144	175	175	175
Total operating expenditure	7,427	7,770	8,085	8,205	8,317
Transfer to GRF					
- Return of Appropriation	707	559	372	547	556
- Other	6	6	5	6	6
Total transfer to GRF	713	565	377	553	562
Total expenditure	8,140	8,335	8,462	8,758	8,879
Excess of revenue over expenditure	\$ -	\$ -	\$ -	\$ -	\$ -



SCHEDULE OF PLANNED TIME SPENT ON TASKS For the Years Ended March 31

	Actual (Audited)			Planned (Audited)	
	2011	2012	2013	2014	2015
Employee time					
Working hours	85%	86%	84%	85%	85%
Vacation leave and statutory holidays	13%	12% ²	14% ²	13%	13%
Sick leave	2%	2%	2%	2%	2%
Total paid hours	100%	100%	100%	100%	100%
Working hours tasks					
Audits	68%	68%	70% ⁴	68%	69%
Support services	11%	11%	11%	11%	11%
Office administration	11%	13% ³	11%	12%	12%
Training	10% ¹	8% ⁴	8% ⁴	9% ¹	8%
Total work hours	100%	100%	100%	100%	100%
Total full-time equivalent positions	62	58	61	62	62 ⁵

(see accompanying notes)

Explanations of statistical differences in the use of employee time.

- ¹ Beginning in 2011, more training was required to maintain knowledge related to the new auditing and accounting standards. Planned time for 2014 continued to anticipate this need.
- ² Our vacation leave and statutory holidays are similar to those provided to employees in the public service. In 2012, we contracted more staff assistance than originally planned. Hours received from contracted assistance does not include time for vacation leave and statutory holidays. 2013 reflects one more statutory holiday (Easter) for the period. This occurs every four years.
- ³ Administration time increased in 2012 as a result of updating our Strategic Plan, implementation of a new office logo, redesign of the Office's public report, and increased recruiting efforts to hire new staff.
- ⁴ During 2012 and 2013, some management and specialized training was deferred to meet audit deadlines.
- ⁵ Represents 60 full-time equivalent staff and 2 contracted full-time equivalents.



Notes to the Schedule of Planned Time Spent on Tasks For the Years Ended March 31

1. Purpose

This schedule shows work tasks and the percentage of time spent on these tasks. The schedule shows actual percentages for the years ended March 31, 2011 to March 31, 2013. The schedule also shows planned percentages for these tasks for the years ended March 31, 2014 and 2015.

The information for 2011, 2012, and 2013 comes from the Schedule of Actual Time Spent on Tasks included in our Annual Reports on Operations for those years. The information for 2014 comes from the Schedule of Actual and Planned Time Spent on Tasks included in the Office's Business and Financial Plan for that year. The information for all years was audited by Virtus Group LLP.

2. Definitions

Working hours - This is the time available after deducting vacation leave, statutory holidays, and sick leave.

Vacation leave and statutory holidays – Vacation leave paid. It is based on years of service. Employees also receive 12 paid statutory holidays.

Sick leave – Sick leave paid. The amount of paid leave is based on years of service.

Total paid hours - This is the total of working hours, vacation leave, statutory holidays, and sick leave. Employees must work a minimum of 1950 hours per year to receive full pay.

Audit hours - This is the time spent on the audits set out in the Detailed Work Plan (**Schedule of Planned Costs to Audit Government Agencies**). Audit hours do not include the time spent on support services, office administration, and training.

Support services - This is the time spent on accounting, computer maintenance and support, and other administrative support.

Office administration - This is time spent on human resource activities, internal committees and working groups, office-wide and group planning activities, and time that does not fall within any other working hours task category.

Training - This is time spent on staff development courses and seminars. The time includes both employee attendance time and instructor time when our employees instruct our courses.

Full-time equivalent positions – Total paid hours divided by 1950 hours.

3. Time Allocation Policies

Employees and contract staff are required to record on timecards actual time spent on each task to the nearest quarter hour. The supervisors approve the timecards. The Office uses the information from the timecards to pay employees and contract staff and to monitor performance. The Office also uses this information to determine the costs to audit government agencies.



SCHEDULE OF PLANNED COSTS TO AUDIT GOVERNMENT AGENCIES
For the Years Ended March 31
(thousands of dollars)

<i>Ministry or Agency</i>	2012 Actual (Note 1)	2013 Actual (Note 1)		2014 Planned (Audited)		2015 Planned (Audited)	
Executive Council	\$ 16	\$ 15		\$ 16		\$ 17	
Legislative Assembly	109	122		99		106	
Ministry of Advanced Education	808	802		871		966	1
Ministry of Agriculture	286	295		325		263	
Ministry of Central Services	222	212		200		207	
Ministry of the Economy	324	470	8	432		390	
Ministry of Education	685	650		700		727	
Ministry of Environment	188	202		327	4	281	
Ministry of Finance	840	812		882		900	
Ministry of Government Relations	236	172		259	5	214	
Ministry of Health	1,070	1,233	9	1,192		1,232	
Ministry of Highways and Infrastructure	98	83		114		158	
Ministry of Justice	536	523		443	6	394	
Ministry of Labour Relations and Workplace Safety	96	23		32		22	
Ministry of Parks, Culture and Sport	221	199		181		225	
Ministry of Social Services	340	284		228		218	
Public Service Commission	62	77		43		70	
Crown Investments Corporation of Saskatchewan	64	62		132		87	
Information Services Corporation of Saskatchewan	16	12		18		-	
Saskatchewan Gaming Corporation	50	39		45		43	
Saskatchewan Government Growth Fund Management Corporation	3	4		6		-	
Saskatchewan Government Insurance	93	59		100		125	
Saskatchewan Liquor and Gaming Authority	281	206	10	207		207	
Saskatchewan Opportunities Corporation	64	10		11		19	
Saskatchewan Power Corporation	76	66		82		198	2
Saskatchewan Safety Council	25	-		-		-	
Saskatchewan Telecommunications Holding Corporation	56	70		71		70	
Saskatchewan Transportation Company	7	9		10		10	
Saskatchewan Water Corporation	18	17		20		21	
SaskEnergy Incorporated	58	105		76		70	
Workers' Compensation Board	46	29		54		45	
Government-wide, Sectoral, and Special issue work	206	395	11	223	7	335	3



continued

Ministry or Agency

	2012 Actual (Note 1)	2013 Actual (Note 1)	2014 Planned (Audited)	2015 Planned (Audited)
Legislative Committees and Public Reports	524	608 ¹²	538	585
TOTAL COSTS TO AUDIT GOVERNMENT AGENCIES	\$ 7,724	\$ 7,865	\$ 7,937	\$ 8,205
(see accompanying notes)				
Average-cost-per-audit-hour	\$ 109.85	\$ 108.57	\$ 111.97	\$ 115.10 ¹³

We use a risk-based model to set priorities and allocate resources for our work plan each year. Reasons for differences greater than \$75 thousand between years follow (in thousands of dollars):

2015 and 2014 Planned

- Ministry of Advanced Education** – For 2015, we plan to assess the Ministry’s processes for long-term strategic planning (\$63) and processes to facilitate effective training in English as an additional language (\$53).
- Saskatchewan Power Corporation (SaskPower)** – For 2015, we plan to assess the effectiveness of SaskPower’s due diligence processes to evaluate power purchase agreements (\$58) and to assess whether SaskPower has effective processes to respond to cyber-attacks (\$55).
- Government Wide, Sectoral, and Special Issue Work** – For 2015, we plan to evaluate the Government’s implementation of LEAN methodology (\$59). We also plan to assess the Government’s processes for cross-ministry business continuity planning (\$51).

2014 Planned and 2013 Actual

- Ministry of Environment** – For 2014, we planned to assess the adequacy of the Ministry’s processes to regulate landfills (\$56), wastewater (\$56), and toxic waste (\$40).
- Ministry of Government Relations** – For 2014, we planned to assess the Ministry’s processes for funding water treatment plants (\$35) and processes to ensure provincial disaster program readiness (\$35).
- Ministry of Justice** – In 2013, we assessed the Ministry’s processes to rehabilitate sentenced youth within provincial youth facilities (\$22); processes to maintain the integrity of offender data in the Corrections Management Information System (\$41), and followed up past recommendations regarding the Ministry’s management of the labour costs in the provincial correctional centres related to absenteeism (\$27).
- Government Wide, Sectoral, and Special Issue Work** – In 2013, we surveyed board governance practices for regional health authorities and school divisions (\$156).

2013 and 2012 Actual

- Ministry of Economy** – In 2013, we assessed the Ministry’s processes to manage the financial and associated environmental risks related to the future cleanup of oil and gas wells (\$88); and whether the Saskatchewan Immigrant Nominee Program operated effectively to nominate qualified immigration applicants to meet program objectives (\$60).
- Ministry of Health** – In 2013, we assessed the adequacy of the Ministry’s processes to regulate personal care homes (\$50) and processes to monitor nutrition in long-term care facilities (\$65); and whether the Ministry and regional health authorities have effective strategies for preventing diabetes-related health complications (\$83).
- Saskatchewan Liquor and Gaming Authority (SLGA)** – In 2012, we assessed the effectiveness of SLGA’s liquor procurement processes (\$56); and followed up past recommendations related to SLGA’s processes to encourage responsible use of beverage alcohol (\$6) and the adequacy of SLGA’s succession planning processes (\$8).
- Government Wide, Sectoral, and Special Issue Work** – In 2013, we surveyed and reported on board governance practices for regional health authorities and school divisions (\$156).
- Legislative Committees and Public Reports** – In 2013, we spent additional time to prepare and publish our 2013 public reports (\$86).

Average Cost-Per-Audit-Hour

- The increase in the average-cost-per-audit-hour in 2015 is primarily due to increasing salaries and benefits which are based on the economic adjustments to salaries and benefits given to public servants.



Notes to the Schedule of Planned Costs to Audit Government Agencies For the Years Ended March 31

1. Purpose

This schedule (Detailed Work Plan) shows our actual costs to audit government agencies for our fiscal years ended March 31, 2012 and March 31, 2013. The schedule also shows our planned costs to audit government agencies for our fiscal years ended March 31, 2014 and March 31, 2015.

The information for 2012 and 2013 was originally provided in the Schedule of Actual Costs to audit Government Agencies included in our 2012 and 2013 Annual Reports on Operations. The audited information noted there would be future costs to complete these audits. Virtus Group LLP audited those schedules. The actual results reported in this schedule have been updated for actual costs up to October 31, 2013.

The "nature of each examination" is described in section 11 of *The Provincial Auditor Act*, which states:

11(1) The Provincial Auditor is the auditor of the accounts of the government of Saskatchewan and shall examine all accounts related to public money and any accounts not related to public money that he is required by an Act to examine, and shall determine whether, in his opinion:

- a) the accounts have been faithfully and properly kept;*
- b) public money has been fully accounted for and properly disposed of, and the rules and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;*
- c) public money expended has been applied to the purposes for which it was appropriated by the Legislature and the expenditures have adequate statutory authority; and*
- d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money.*

2. Definitions

The following definitions are provided to help understand our cost allocation policies.

Total Costs - This is the total operating expenditure reported in our audited financial statements.

Audit Hours - This is the time spent on the audits set out in the Detailed Work Plan.

Cost-Per-Hour - This is the hourly rate for an audit hour for each employee as set by the Office.

Direct Costs - These are costs other than salaries that are directly related to specific audits (e.g. employees' travel costs).

Actual Costs - These costs are determined by multiplying employees' audit hours times employees' costs-per-hour and adding to that result direct costs.

Average Cost-Per-Audit Hour - This is the total costs for the year less direct costs divided by the total audit hours for all employees for the year.



3. Cost Allocation Policies

The Office allocates its total costs each year to the audits planned for the year. The Office uses audit hours planned as the basis of allocation. Direct costs are charged directly to the relevant audit.

The cost-per-hour is based on the employee’s pay and benefits and a portion of other costs (rent, office administration, and support services) allocated based on the office’s expected time on audit activities.

The cost-per-hour is adjusted periodically to reflect changing employee and office-wide circumstances.

The reported actual and planned costs for each audit in the Schedule is determined by multiplying employees’ audit hours for the relevant audit times the employees’ costs-per-hour and adding to that result direct costs for that audit.

3.3 Historical Comparison of the Costs of Our Work Plans

The following table shows a five-year summary comparison of costs by “audit year” to discharge our duties under *The Provincial Auditor Act*. The **Schedule of Planned Costs to Audit Government Agencies** included in **Section 3.2 Audited Financial Forecast** compares our detailed work plans for the years 2012 to 2015 and explains key differences.

The 2016 planned costs reflect our projected performance target for 2016. This projection assumes the Office will absorb inflationary increases except for general salary and benefit increases that the Government gives to public servants. The 2016 projection also assumes that the quality of government agencies’ management systems and practices, the use of appointed auditors, professional standards, and total Government revenues and expenses will remain constant.

(in \$ millions)

Work Plan Costs				
Our Costs to Audit Each Government Agency for Our Fiscal Years Ended March 31				
2012 Actual	2013 Actual	2014 Planned	2015 Planned	2016 Planned
7.724	7.865	7.937	8.205	8.317
(Details in the Schedule of Planned Costs to Audit Government Agencies)				(Details to be determined in 2014)



3.4 Forecast and Actual Full-Time Equivalent Positions and Average Salaries

Information on full time equivalent positions and average salary of employees

Fiscal Year	Full-Time Equivalent Positions		Average Salaries ¹	
	Forecast	Actual	Forecast	Actual
2006	57	53 ²	64,900	67,500 ²
2007	57	57	65,300	68,200
2008	57	58	71,000	73,500
2009	58	56	77,200	77,700
2010	58	55	81,600	82,800
2011	61	59	84,700	83,700
2012	60	56	88,100	87,500
2013	60	59	88,400	88,700
2014	60	59 ³	88,600	91,100 ³
2015	60		93,000	

¹ Our average salaries have increased from 2006 to 2015 primarily due to the Provincial Auditor's staff receiving similar economic adjustments as those the Government provided to public servants. The following table sets out the economic adjustments the Government provided to public servants. These economic adjustments cause our average salary to increase from \$67,500 per year at March 31, 2006 to \$87,200 per year at March 31, 2015. In 2006, the Government increased the salaries for its classification plan for senior employees. The Office responded to this pressure and increased senior staff salaries by 4.0%. The remaining increase reflects the Office's response to market pressures in recent years for hiring and retaining professional accountants/auditors and students.

Economic adjustments provided to public servants:

July 1, 2006	2.8%	April 1, 2009	4.5%	April 1, 2012	2.0%
July 1, 2007	6.1%	April 1, 2010	1.5%	April 1, 2013	2.0%
April 1, 2008	4.0%	April 1, 2011	2.0%	April 1, 2014	1.25%

² Because a number of staff were on maternity and other leaves in 2006, the Office replaced staff with contract staff. This changed the usual composition of our normal average salary.

³ Estimated number of full-time equivalent positions and average salaries for 2014 based on information known at October 31, 2013.



3.5 Training Schedule

Information on the cost of training. The schedule shows the staff hours, staff salary cost, and out-of-pocket costs.

Fiscal Year	Actual			Forecast		
	Hours	Salary Cost	Out-of-Pocket Costs	Hours ^{1,2}	Salary Cost	Out-of-Pocket Costs
2006	6,152 ³	\$ 187,796 ³	\$ 159,252	8,714	\$ 259,400	\$ 149,000
2007	6,850 ³	229,940 ³	155,475	8,830	267,900	149,000
2008	7,701	261,027	154,793	8,800	291,700	160,000
2009	7,931	292,026	180,677	8,740	313,400	160,000
2010	7,656	280,606	167,420	8,760	334,800	175,000
2011	9,664	385,371	171,793	9,996 ⁴	421,300	175,000
2012	7,961 ⁵	346,740 ⁵	144,997 ⁵	10,120	454,100	175,000
2013	7,753 ⁵	349,730 ⁵	144,004 ⁵	9,944	438,300	175,000
2014	7,928 ⁶	398,271 ⁶	175,053 ⁶	9,006	419,600	175,000
2015				8,309	378,500	175,000

¹ The Office trains staff to become professional accountants (CA, CMA, CGA, CPA) as a key strategy to recruit staff. 40% – 50% of our training hours relate to training these students.

² The following table is the survey results of 2013 training policies of the legislative auditors across Canada. All 11 legislative auditors responded to the survey.

Type of Training	Legislative Auditors Average 2013	Provincial Auditor Saskatchewan 2013	Provincial Auditor Saskatchewan Forecast 2015
Training new staff to become professionals	9 days	11 days	11 days
Keeping our existing professional staff current	11 days	8 days	8 days
Specialized training (e.g., computers, pensions, tax, etc.)	10 days	11 days	10 days

³ Actual time spent on audits increased during 2006 and 2007 due to special investigations and additional audits not known when time allocation was originally planned. As a result, some management and specialist training was deferred.

⁴ Beginning in 2011, we planned to use more senior staff time for the training of other professional staff to transfer knowledge as part of our succession plan and in response to the significant changes in professional standards.

⁵ During 2012 and 2013, some management and specialized training was deferred to meet audit deadlines.

⁶ This is an estimate for 2013-14 based on known information at October 31, 2013. Actual results may vary.







4.0	<i>Other Supporting Information</i>	
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4.1 Impact of Changes to Government Agencies on our 2014-15 Work Plan

We submit our request for resources in December of a year (2013) for the next April to March fiscal (2014-15) year. Our request is for the purpose of auditing government agencies for their years ended in the period January 1, 2014 to December 31, 2014. We base our request on information known to October 31, 2013. We will reflect information received after that date in our next request for resources.

We request additional resources to audit new agencies (created), do not request resources to audit wound up agencies, and adjust resources when agencies are reorganized.

Changes in Government Agencies in 2014-15 (thousands of dollars)		
Created¹:		
Ministry of Health		
Saskatchewan Association of Health Organizations Inc.	13.7	
Ministry of Parks, Culture and Sport		
Creative Saskatchewan	10.2	
Total Created		23.9
Wound Up²:		
Ministry of Advanced Education		
University of Regina Crown Foundation	(1.0)	
University of Saskatchewan Crown Foundation	(7.0)	
Ministry of Education		
Technology Supported Learning Revolving Fund	(9.9)	
Saskatchewan Power Corporation		
Shand Power Greenhouse Inc.	(2.0)	
Saskatchewan Government Growth Fund Management Corporation		
Saskatchewan Government Growth Fund III Ltd.	(5.7)	
101005716 Saskatchewan Ltd.	(0.3)	
617275 Saskatchewan Ltd.	(0.3)	
Information Services Corporation of Saskatchewan (ISC)	(17.8)	
Total Wound Up		(44.0)
Reorganized³		
Ministry of Central Services		
No longer includes the Public Service Commission	(18.9)	
Public Service Commission	21.3	
Total Reorganized		2.4
Net impact of changes to government agencies on our 2014-15 work plan		
Increase (Decrease)		(17.7)

¹ The following agencies were created, became a government-controlled agency, or were subject to audit by the Provincial Auditor during 2013-14 and result in more work for us in 2014-15.

² The following agencies were wound up, ceased to be a government-controlled agency, or were no longer subject to audit by the Provincial Auditor during 2013-14 and result in less work for us in 2014-15.

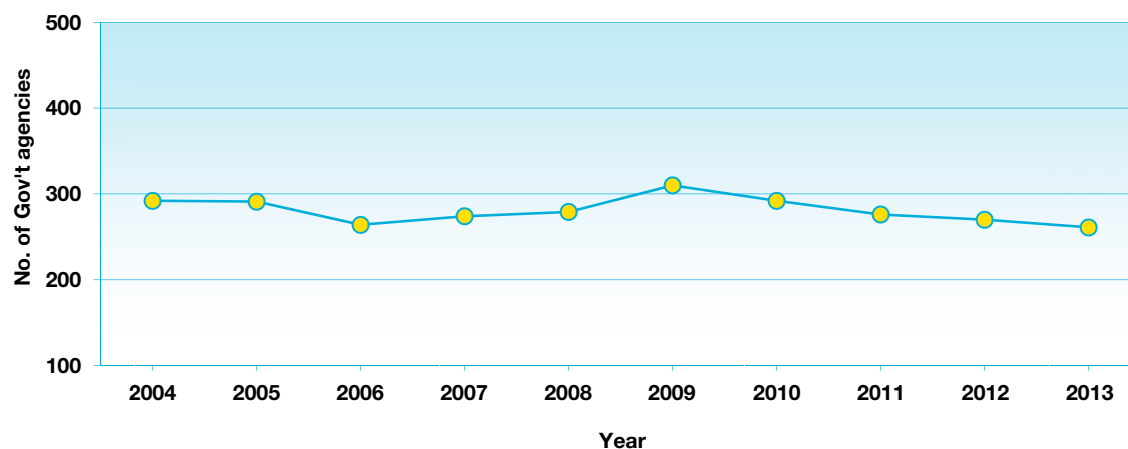
³ The following agencies were reorganized during 2013-14 and result in either more or less work for us in 2014-15.



4.2 Spending Trends

For the 19 years ended March 31, 2014, our Office's requested appropriation has been accepted and the approved appropriation has been sufficient for the Office to carry out its work plan. In response to a past request from members of the Standing Committee on Estimates and the Standing Committee on Public Accounts, we provide our spending trends.

The number of agencies within the Government along with their size affects the work of the Office. Over the 10-year period from 2004 to 2013, the number of government agencies has decreased from 292 agencies in 2004 to 261 agencies in 2013.



To provide insight on the volume of government financial transactions that our Office is responsible to audit, we provide gross revenues and expenses, and gross assets and liabilities for the same 10-year period. Over the 10-year period from 2004 to 2013, the Office's spending increased by 44%; during the same period, the Government's gross revenue and expense have increased by 73% and its gross assets and liabilities have increased by 43%.



Provincial Auditor Spending and Volume of Government Financial Activity From 2004 to 2013

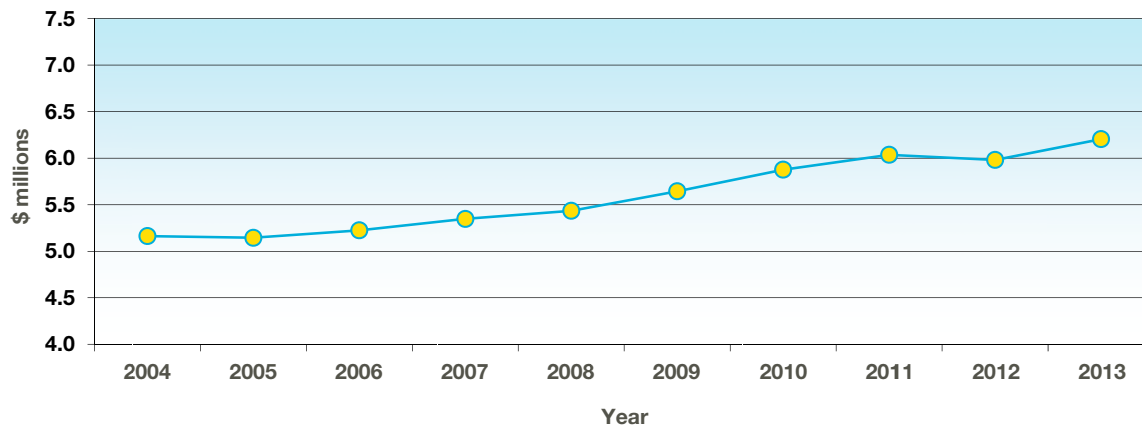
Fiscal Year	Provincial Auditor Spending ¹		Volume of Government Financial Activity ²			
	(in millions of dollars)	% chg	Gross Revenue and Expense (in billions of dollars)		Gross Assets and Liabilities (in billions of dollars)	
				% chg		% chg
2004	\$ 5.4	-	\$ 23.3	-	\$ 37.2	-
2005	5.5	1.9	25.7	10.3	38.8	4.3
2006	5.7	3.6	26.9	4.7	40.0	3.1
2007	6.0	5.3	29.4	9.3	41.7	4.3
2008	6.3	5.0	32.2	9.5	44.4	6.5
2009	6.6	4.8	37.0	14.9	43.3	(2.5)
2010	7.0	6.1	35.9	(3.0)	45.9	6.0
2011	7.4	5.7	37.9	5.6	47.4	3.3
2012	7.4	-	39.1	3.2	49.3	4.0
2013	7.8	5.4	40.2	2.8	53.2	7.9

¹ Provincial Auditor spending reflects the total operating expenses reflected in our audited financial statements. It does not include fees that appointed auditors charged government agencies.

² Derived from the Government of Saskatchewan Summary Financial Statements. Gross revenue and expense represents total revenue, total government business enterprises (GBE) revenue and expense, and total expense. Gross assets and liabilities represents total financial assets and total liabilities grossed up for the activities of GBE's and pensions.

The graphs below show trends for the 10-year period from 2004 to 2013 in Provincial Auditor Spending and in Government Financial Activity each adjusted for inflation using 2002 as the base year.

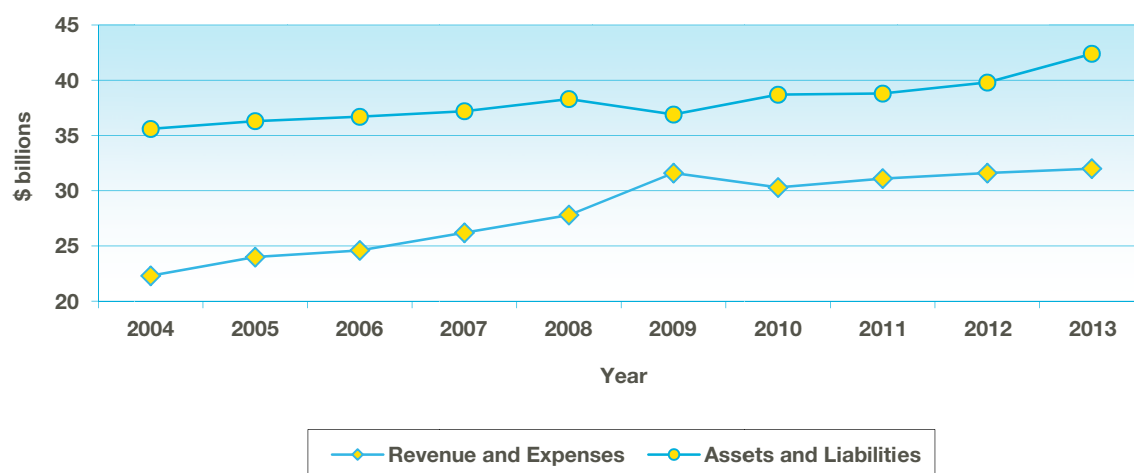
Provincial Auditor Spending from 2004 to 2013 Adjusted for Inflation



Provincial Auditor spending reflects the total operating expenses reflected in our audited financial statements adjusted for inflation using The Consumer Price Index of Saskatchewan and 2002 as the base year.



Government Financial Activity from 2004 to 2013 Adjusted for Inflation



Gross Revenue and Expenses and Gross Assets and Liabilities are adjusted for inflation using The Consumer Price Index of Saskatchewan and 2002 as the base year.

4.3 Out-of-Province Travel

Out-of-province travel costs for the last five years.

Out-of-Province Travel Costs										
	2010-11		2011-12		2012-13		2013-14		2014-15	
Forecast	\$ 46,500	1,2	\$ 45,100	1,2	\$ 45,100	1,2	\$ 49,000	1,2	\$ 35,000	1,5
Actual	40,830	3	38,803	3	29,249	3	39,038	4		

¹ Our costs include participation in national working groups with the legislative audit community to agree on guidelines for auditing and reporting on performance. Also, some specialized training is not available in province (e.g., pension and benefit plans, gaming and insurance areas).

² Our costs also include travel for some of our students to attend sessions for the CA School of Business (CASB) in Alberta. CASB does not always host all sessions in Saskatchewan.

³ Some specialized training was available in province, which was not anticipated when we set the forecast.

⁴ This is an estimate to March 31, 2014. Actual results may vary. The actual to October 31, 2013 is \$15,828.

⁵ Our costs for 2015 anticipate that some specialized training will be available in province decreasing our out-of-province travel costs.



4.4 Senior Management Salaries

Annual salaries of senior management for the past five years and the percentage change from the previous year.

Annual salaries as at March 31:

	2009	2010	Percent Increase from 2009 ¹	2011	Percent Increase from 2010 ²	2012	Percent Increase from 2011 ³	2013	Percent Increase from 2012 ⁴
Wendel, G. F. ^{6,7}	\$ 172,556	\$ 195,131	13.08%	\$ -	-	\$ -	-	\$ -	-
Atkinson, B. R. ^{6,7}	149,576	161,318	7.85%	202,100	25.28%	-	-	-	-
Lysyk, B. ^{6,7}	-	-	-	-	-	207,721	-	208,865	0.55%
Ferguson, J. D. ^{5,9}	135,000	146,000	8.15%	158,340	8.45%	161,304	1.87%	170,000	5.39%
Ahmad, M. ⁵	135,000	146,000	8.15%	158,340	8.45%	161,304	1.87%	164,530	2.00%
Borys, A. ⁸	-	-	-	-	-	155,702	-	160,856	3.31%
Deis, K. ¹⁰	-	-	-	-	-	-	-	150,000	-
Heffernan, M. A. ^{5,10}	135,000	146,000	8.15%	158,340	8.45%	161,304	1.87%	-	-
Montgomery, E. ⁵	135,000	146,000	8.15%	158,340	8.45%	161,304	1.87%	164,530	2.00%

¹ The Government granted salary increases to all out-of-scope public servants of 4.5% on April 1, 2009.

² The Government granted salary increases to all out-of-scope public servants of 1.5% on April 1, 2010.

³ The Government granted salary increases to all out-of-scope public servants of 2.0% on April 1, 2011.

⁴ The Government granted salary increases to all out-of-scope public servants of 2.0% on April 1, 2012.

⁵ Senior management received competitive market adjustments in 2009 to 2011.

⁶ *The Provincial Auditor Act* states that the Provincial Auditor's salary is the average of the salaries paid to Deputy Ministers and the Provincial Auditor receives any economic adjustments that Deputy Ministers receive.

⁷ Mr. G. Fred Wendel retired as Provincial Auditor on April 30, 2010. Mr. Brian R. Atkinson retired as Acting Provincial Auditor on April 1, 2011. Ms B. Lysyk was appointed as Provincial Auditor effective April 1, 2011. Ms B. Lysyk resigned as Provincial Auditor effective August 31, 2013.

⁸ Ms A. Borys was promoted to position of Deputy Provincial Auditor and Chief Operating Officer effective December 1, 2011.

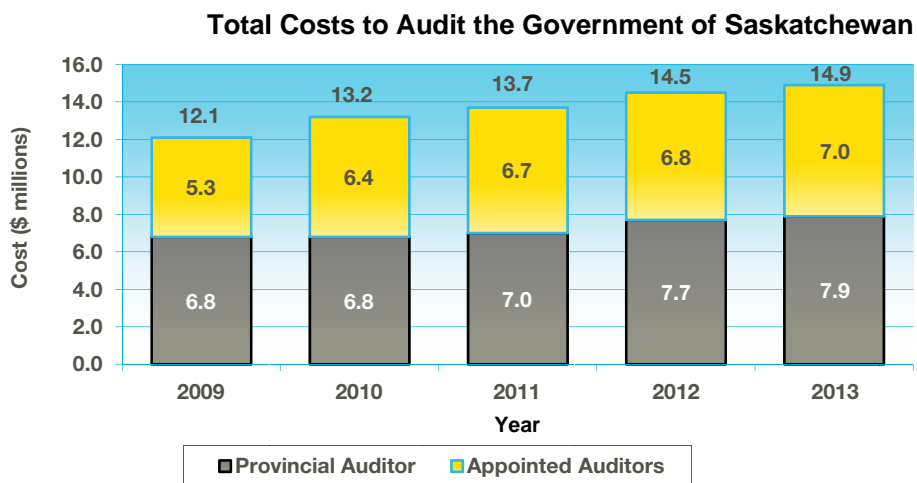
⁹ Ms J. D. Ferguson was promoted to position of Assistant Provincial Auditor effective April 1, 2012; was appointed as Acting Provincial Auditor effective September 1, 2013.

¹⁰ Mr. M. A. Heffernan retired effective April 2, 2012. Mr. K. Deis was promoted to position of Deputy Provincial Auditor effective April 1, 2012.

4.5 Total Costs to Audit Government Agencies

Following is a summary of the total costs to audit government agencies for the last five years.

Many of the 261 agencies that the Government manages use appointed auditors. The Government has stated that it uses appointed auditors so the Saskatchewan public accounting industry can develop and retain local expertise. As the Government is accountable for the costs of using appointed auditors, our financial plan does not reflect the cost of their audit services. Our detailed work plan reflects the known use of appointed auditors and impact on the way we carry out our work. The use of appointed auditors reduces our costs but increases the total cost of auditing to taxpayers. It costs more to audit when there are two auditors.



From 2009 to 2013, our spending has increased 16%. During the same period, the amount spent by government agencies paid appointed auditors for audit services increased by 32%.



4.6 *Our 2012-2017 Strategic Plan*

Strategic Direction

Our Vision

A valued and independent legislative audit office, inspiring and advancing excellence in public sector performance, accountability, and sustainability.

We Envision

A transparent and accountable government delivering effective programs that meet the needs of the people of Saskatchewan.

Our Mission

To serve the Members of the Legislative Assembly and the people of Saskatchewan, we provide independent assurance and advice on the management, governance, and effective use of public resources.

Our Values

We are committed to earning the respect and confidence of our stakeholders and professional colleagues. We hold ourselves individually and collectively accountable in upholding the vision, mission, and values of the Office of the Provincial Auditor.

- › **Independence** – We maintain our objectivity in all of our work.
- › **Innovation and Excellence** – We challenge the status quo and strive for excellence to achieve positive results.
- › **Trust and Integrity** – We are professional, honest, courteous, and fair.
- › **Leadership** – We lead by example and encourage open communication and teamwork.
- › **Relevance** – We make a difference, serving as a catalyst for effectiveness and accountability in the public sector.
- › **Balance** – We support harmony between work, personal life, and community involvement as we strive to balance personal and professional goals.
- › **Learning** – We promote and foster a creative culture that stimulates personal and professional growth.
- › **Diversity** – We believe our strength rises from the diversity of our experience, knowledge, and cultural backgrounds.
- › **Accountability** – We actively take responsibility for achieving positive results and for explaining our performance.



External Forces and Trends

It is important that we remain knowledgeable about the external environment and trends affecting Saskatchewan.

We can then use this knowledge to determine where to focus our audit resources. This in turn will ensure that our work is relevant and adds value in auditing and advising on how well the government is managing its responsibilities and resources.

We have identified the following 12 external forces/trends to consider in our strategic plan. We intend to focus our efforts on assisting our stakeholders to address the challenges and opportunities emerging from these external forces and trends. We plan to assess the effectiveness of agencies' processes to manage outcomes in key areas such as health, social services, environment, infrastructure, and education. Over the five-year period of the plan the Office will continue to monitor external forces and trends in order to respond proactively.

EXTERNAL FORCE / TREND	SUMMARY
1. Changing Demographics & Diversity	<ul style="list-style-type: none"> • The population of Saskatchewan is expected to continue to grow and diversify. • The proportion of Aboriginal people and immigrants will continue to increase. • The arrival of additional immigrants will bring new expectations and requirements for the delivery of public services. • Economic disparity among people may continue to rise. • An aging population will place increased demands on government programs and resources such as healthcare.
2. Technology Change & Complexity	<ul style="list-style-type: none"> • The increased use of technology (e.g., wireless and handheld systems, cloud computing) will bring new audit, security, and privacy risks. • Changes in technology also raise concerns regarding the protection of personal and private information. • Scientific advances lead to increasing expectations.
3. Changes in Professional Assurance Standards	<ul style="list-style-type: none"> • Changes to international assurance (auditing) standards require new training, on-going development, and new processes for auditors.



EXTERNAL FORCE / TREND	SUMMARY
4. Changes in Professional Accounting Standards	<ul style="list-style-type: none">• Changes to the “financial statement preparer rules” impact the content and presentation of financial information, which in turn impacts the audit work performed.• More generally accepted accounting frameworks are being used by audit clients, which in turn increases work and knowledge demands for auditors.• Changes in professional accounting standards creates a need for new training, ongoing development, and new internal processes.• Cross Canada focus on Summary Financial Statements for government public reporting versus public reporting on a general revenue fund.
5. Changes in Service Delivery Based on Citizen Priority	<ul style="list-style-type: none">• Increased use of alliances and partnerships with other jurisdictions and governments.• Public expectations for smaller, more efficient government.• Increasing expectations for direct citizen participation in decision making including access to services.• Changes in delivery models and accountability: public-private partnerships, agency delivery, multi-agency, quasi or non-government agency delivery, etc.• Increased importance of effective governance systems and practices.
6. Changes in the Public Sector Workforce	<ul style="list-style-type: none">• Succession planning and the management of retirements in the public sector due to the loss of knowledge and history.• Reduction in the size of the public sector workforce and the impact on program and service delivery.• Increasing competition for the best employees.• Multiple generations in the workplace with differing values and styles.• Mobility of young people to pursue multiple careers; loss of employer loyalty; interconnectivity internationally.• Increasing number of MBAs and MPAs.• Increased cultural diversity in the workplace.• Poor investment returns are delaying retirements.



EXTERNAL FORCE / TREND	SUMMARY
7. Sustainability and Protecting the Physical Environment	<ul style="list-style-type: none">• Predict more severe and intense weather events such as floods, tornadoes, droughts, etc. will require public resources and a timely response.• Increasing expectations from the people of Saskatchewan for sustainable development and management.• Opportunity for environmental and science based auditing to assess regulatory compliance and performance outcomes.• New regulatory systems for climate change or results based regulation impacting accountability.
8. Focus on Infrastructure	<ul style="list-style-type: none">• Aging infrastructure and growing infrastructure deficits combined with the need for long-term capital planning and asset management practices.• Growing population increases the wear and tear on infrastructure.• Roads and transportation systems are critical for growing the economy of an exporting province like Saskatchewan.• Expectations for new forms of infrastructure which are expensive and may become quickly obsolete such as cellular and digital networks.
9. Emergence of Non-Traditional Media	<ul style="list-style-type: none">• High adoption rates for social media including Facebook, Twitter, blogs, YouTube and others.• Opportunity for the public to raise an issue and define the public debate immediately on the internet.• Increasing emphasis on websites and real time communication.• Risks for the protection of private and personal information.• Specialized software applications for hand held devices.





EXTERNAL FORCE / TREND	SUMMARY
10. Impact of Global Markets and Interdependence on Saskatchewan	<ul style="list-style-type: none">• Increased volatility in financial markets, capital markets and debt ratings affects the pay down of debt, investment earnings, and pension plans, etc.• Interdependence brings issues in the global economy to Saskatchewan.• Volatility of economic growth based on a resource economy – oil, potash, uranium, etc. – may result in income volatility.• Currency volatility and impacts for an export-focused province.• Pressure for balanced budgets on governments.• The increasing importance of risk assessment and timely adoption of research-proven best practices in a variety of disciplines.
11. New Financing Structures in Government	<ul style="list-style-type: none">• New financing structures will bring increased complexity and assurance requirements.• Increased use of public-private partnerships and other forms of private capital to fund public services.• New partnerships will require an understanding of who holds which risks, plus accountability for delivering on commitments by all parties.• Continued focus on risk management and governance in the public sector.
12. Evolving Relationships Between Legislative Auditors and Public Accounts Committee	<ul style="list-style-type: none">• Increasingly “best practices” for Public Accounts Committee are being shared and used as a guide for implementation and management.• Public Accounts Committees have varying expectations for Legislative Audit Officers.• Public Accounts Committees are looking beyond Canada in evolving their role.• Increasing desire to make Public Accounts Committee more efficient.• Increasing role of research officers to assist Public Accounts Committees.



Our Risks

Our success is based on providing independent, relevant, and reliable services at a reasonable cost. To do this, we must manage the following risks to ensure we accomplish our goals:

- › Our stakeholders do not support our goals and objectives
- › Government does not act on our recommendations
- › The Standing Committees on Public Accounts and Crown and Central Agencies do not fulfill their responsibilities
- › We do not have the required competencies and resources to deliver our products and services
- › We do not manage our resources effectively
- › We do not understand or respond to the challenges faced by our stakeholders
- › We lose or are perceived to lose our independence
- › We provide inappropriate, incorrect assurance, and advice

Our Balanced Scorecard

The Office of the Provincial Auditor has adopted a balanced scorecard method for designing and measuring its five-year strategic plan. The balanced scorecard method provides the Office the opportunity to present a mix of goals, objectives, strategies, and financial and non-financial measures that will support the accomplishment of its vision, mission, and legislated mandate.

The balanced scorecard adopted by the Office has five perspectives:

- › Stakeholders (Clients)
- › Organization
- › People, Learning, and Development
- › Resources
- › Public and Social

The five-year goals for each perspective are summarized in the following diagram:





Strategic Plan Summary 2012-2017

Vision: A valued and independent legislative audit office, inspiring and advancing excellence in public sector performance, accountability and sustainability.

Mission: To serve the Members of the Legislative Assembly and the people of Saskatchewan, we provide independent assurance and advice on the management, governance, and effective use of public resources.

Our Balanced Scorecard: 2012 to 2017

	Stakeholders (Clients)	Organization	People, Learning & Development	Resources	Public and Social
GOALS	Strengthen and advance Government's ability to achieve intended results and its accountability to the Legislative Assembly and the people of Saskatchewan	Continuously improve the overall effectiveness of our Office	Be an employer of choice who develops and sustains leading expertise and knowledge within the context of a flexible and healthy workplace	Provide relevant, reliable and timely products and services at a reasonable cost	Raise awareness of the Office of the Provincial Auditor as an accessible and independent office serving the Legislature and the people of Saskatchewan
MEASURES	<ul style="list-style-type: none"> Government acts on 80% of recommendations that can be implemented within one year Government acts on 80% of recommendations that can be implemented within five years Auditees post-audit feedback acknowledge value and satisfaction with our work Our reports are provided within agreed upon timeframes and meet statutory deadlines 	<ul style="list-style-type: none"> Employee time consistent with Business and Financial Plan Our work is reported by established deadlines and within the planned costs set out in our approved Business and Financial Plan Positive CCOLA Peer Reviews & ICAS Practice Inspection Reports The audit opinions on our public performance reports are unqualified Time spent on performance work increases to 20% of available audit hours MLAs have confidence in our independence 	<ul style="list-style-type: none"> Annual office culture survey indicates a positive working environment Students successfully obtain their professional designations Training in the office averages a minimum of 8% of available hours Our auditor composition includes at least 15% of professionals having a non-accounting designation Career plans are in place for individuals who have completed their professional certification 	<ul style="list-style-type: none"> Our Business and Financial Plan is approved by the Public Accounts Committee Our work is reported by established deadlines and within the planned costs set out in our Business and Financial Plan The Standing Committees on Public Accounts and Crown and Central Agencies accept 90% of our recommendations 	<ul style="list-style-type: none"> Members of the Legislative Assembly have confidence in the independent assurance work of the Office Public awareness of our Office Positive trend in the number of visits to the Office's website and the number of reports downloaded Leadership roles held by members of the Office on relevant key provincial and national committees

We Envision: A transparent and accountable government delivering effective programs that meet the needs of the people of Saskatchewan.

Our products and services include independent financial statement audits, internal control audits, compliance audits, performance audits, better practice guides, assurance reports and the sharing of knowledge and expertise.

The balance of the strategic plan outlines a comprehensive set of objectives and supporting strategies designed to accomplish our vision, mission, legislated mandate, and goals.



A. Stakeholders (Clients)

Our primary clients are the members of the Legislative Assembly. Our other clients are public sector ministries and agencies and the people of Saskatchewan.

Goal

Strengthen and advance Government's ability to achieve intended results and its accountability to the Legislative Assembly and the people of Saskatchewan.

Objectives and Supporting Strategies

1. Our stakeholders value our assurance and advice on the reliability of financial statements, compliance with authorities, and the effectiveness of internal control and information systems.
 - a) Provide timely assurance on agencies' financial reports using various financial reporting frameworks
 - b) Analyze the impact of changes in governance structures on the financial reporting requirements for public agencies
 - c) Provide timely assurance on the effectiveness of agencies' internal controls
 - d) Provide timely assurance on agencies' compliance with governing authorities
 - e) Provide timely assurance on agencies' security over information technology systems and practices, e.g., wireless, social media, and the protection of personal information
2. Our stakeholders value our assurance and advice to strengthen the effectiveness and sustainability of agency processes, programs and services, and the safeguarding of public resources.
 - a) Assess the effectiveness of agencies' key processes, programs, and services to achieve outcomes and/or safeguard public resources
 - b) Assess the effectiveness of key government-wide programs and processes
 - c) Advance practices and understanding of effective public sector governance
 - d) Assess the effectiveness of government practices for long-term capital asset management and capital planning
 - e) Assess the effectiveness of risk management and long-term operational planning practices in the public sector
 - f) Provide timely assurance on agencies' processes and systems to effectively identify and manage intellectual property
 - g) Leverage knowledge and improve audit results through collaborative audits with other jurisdictions
 - h) Advise legislators of challenges in managing the key forces and trends affecting Government
3. Our stakeholders value our assurance and advice on the effectiveness and use of alternative service delivery models and alternative financing arrangements.
 - a) Provide timely assurance on the effectiveness of achieving expectations and positive outcomes through third-party entities



- b) Encourage agencies to strengthen the accountability of the agencies they oversee
- c) Promote effective and accountable practices for alternative financing arrangements and structures
4. Our stakeholders value our assurance and advice on the effectiveness of regulatory processes and operations.
 - a) Assess the effectiveness of key regulatory processes and operations (e.g., environmental)
5. Our stakeholders value our advice on managing the key forces and trends affecting reporting practices in the public sector.
 - a) Promote and highlight best practices in public reporting, management, and governance
 - b) Enhance communication with MLAs, Deputy Ministers, Presidents, Chief Executive Officers, executive managers, Boards of Directors, and Audit Committees
 - c) Provide commentary on draft bills that impact accountability of the government to the Legislature or that impact the mandate of our Office
 - d) Report to the Legislators on Government's overall accountability to the Assembly compared to other jurisdictions
6. The Public Accounts Committee continues to perform its role in an effective manner.
 - a) Monitor Public Accounts Committee practices in other jurisdictions
 - b) Continue to assist the Public Accounts Committee to operate effectively
7. The Government uses the Summary Financial Statements to manage and publicly report on finances.
 - a) Inform stakeholders of the benefits of focused public reporting on the Summary Financial Statements
 - b) Seek positive changes to financial public reporting practices (e.g., public reporting on the Summary Financial Statements, summary budgeting, quarterly reporting, and effective management discussion and analysis)
 - c) Encourage Government to strengthen management discussion and analysis on the province's summary level financial condition

Measures

The following key measures will be used to report on our results for the Stakeholder (Client) perspective:

- › The Government acts on 80% of recommendations that can be implemented within one year
- › The Government acts on 80% of recommendations that can be implemented within five years
- › Post-audit feedback from auditees acknowledges the value of our work and indicates satisfaction with our work
- › Our reports are provided to the Legislature and government officials within agreed upon timeframes and meet statutory deadlines



B. Organization

Our performance is achieved through sound organizational structure, strong governance, strong management, strong technical knowledge, and efficient administrative support.

Goal

Continuously improve the overall effectiveness of our Office.

Objectives and Supporting Strategies

1. We effectively allocate the resources of the Office to best serve the Legislature and Public.
 - a) Prepare an annual Business and Financial Plan and an Annual Report on Operations
 - b) Increase the proportion of performance work from our 2011-12 level
 - c) Maintain relationships and involvement with appointed auditors
 - d) Assess the relevance of our assurance and other products
 - e) Promote a Provincial Auditor Act that reflects best practices to better serve stakeholders
2. We optimize our use of technology, methodologies, internal processes, and management practices to ensure they support the audit, administration, and confidentiality needs of our Office.
 - a) Provide technology to maximize productivity and to strengthen and simplify our management information systems
 - b) Ensure reliability and performance of our IT systems
 - c) Maintain current, efficient, and effective assurance methodologies
 - d) Maintain high standards for security and confidentiality of information
 - e) Provide efficient and effective administration and internal reporting
 - f) Communicate internally in a clear, accessible, and timely manner (e.g., website, intranet, reports, memorandum, correspondence, etc.)
3. We perform our work in accordance with professional standards.
 - a) Maintain strong quality control processes
 - b) Maintain an active Practice Review Committee
 - c) Participate in CCOLA Peer Reviews
4. We maintain our independence and objectivity.
 - a) Provide clear policies and processes to guide our team in understanding and maintaining the independence and objectivity of our Office



Measures

The following key measures will be used to report on our results for the Organization perspective:

Employee time is used consistent with our Business and Financial Plan

Our work is reported by established deadlines and within the planned costs set out in our approved Business and Financial Plan

Positive CCOLA Peer Reviews on our work

Positive ICAS Practice Inspection Reports on our work

The audit opinions on our public performance reports are unqualified (i.e., our financial statements, our compliance with *The Provincial Auditor Act*, the adequacy of our financial controls, and the reliability of key non-financial performance indicators)

Proportion of time spent on performance work increases year over year toward our target of 20% of available audit hours

Members of the Legislative Assembly have confidence in our independence



C. People, Learning, and Development

Goal

Be an employer of choice who develops and sustains leading expertise and knowledge within the context of a flexible and healthy workplace.

Objectives and Supporting Strategies

1. Ensure we have the right balance of skills, knowledge, and expertise to effectively deliver our products and services to our stakeholders.
 - a) Renew the performance development system based on competencies and link it to career plans and the Office's strategic plan
 - b) Maintain relevant skills and knowledge in various financial reporting frameworks
 - c) Maintain specialist knowledge in the many diverse and complex businesses the government manages (e.g., environment, health, information technology, pensions, insurance)
 - d) Recruit individuals with MPAs/MBAs and/or with senior public sector experience
 - e) Supplement the Office's knowledge and expertise by contracting individuals with applicable subject matter expertise
 - f) Support training and development opportunities
2. Structure audit teams and the assignment of resources consistent with effective service to stakeholders.
 - a) Prepare audit resource plans based on our risks and the risks faced by our stakeholders
 - b) Assign audit team members to provide a suitable mix of skills and levels of expertise
 - c) Assign audit team members consistent with stakeholder needs and with consideration of employee career plans
3. Maintain our status and abilities as a training office for legislative auditors.
 - a) Use a broad-based training curriculum that effectively develops legislative auditors
 - b) Provide audit team members with experience completing performance audits
 - c) Further develop expertise in performance auditing
 - d) Support the development of career plans for employees who have completed their professional designation/certification
 - e) Support secondments within the legislative audit community
4. Continually improve our work environment.
 - a) Provide stimulating work opportunities that challenge employees
 - b) Maintain a safe, positive, and healthy workplace that supports healthy choices and lifestyles





- c) Provide flexibility to employees to balance work, personal, and community commitments
 - d) Embrace diversity in the workplace
 - e) Provide mentoring and coaching
 - f) Pay our employees competitively based on market conditions
 - g) Support an employee recognition program and the provision of long-term service awards
5. Be an acknowledged contributor to Canadian and International activities that support and advance public sector auditing.
- a) Assist in the development of good governance and public sector auditing in North America and developing countries
6. Proactively manage succession to provide stability and opportunity.
- a) Formalize and implement a succession plan for senior management positions

Measures

The following key measures will be used to report on our results for the People, Learning, and Development perspective:

Our annual office culture survey indicates a positive working environment

Students successfully obtain their professional designations

Training in the office averages a minimum of 8% of available hours

Our auditor composition includes at least 15% of professionals having a non-accounting designation or a designation in addition to an accounting designation

Career plans are in place for individuals who have completed their professional designation/certificate



D. Resources

Goal

Provide relevant, reliable, and timely products and services at a reasonable cost.

Objectives and Supporting Strategies

1. Our Stakeholders understand and value what we do.
 - a) Seek and monitor the views of our stakeholders on our plans and performance
 - b) Maintain support for our recommendations
 - c) Assess and report on the status of our recommendations
2. We have the resources to access the competencies necessary to respond to the risks faced by our stakeholders.
 - a) Obtain Public Accounts Committee support for appropriate resources to effectively serve our stakeholders
3. Continuously improve the efficiency of our service delivery.
 - a) Search for and share efficiencies within the Office
 - b) Acquire quality goods and services at the best prices
 - c) Monitor and compare information about costs of similar service providers
4. Use our knowledge to influence agencies and drive lasting improvement in public services.
 - a) Establish an external Advisory Committee to the Provincial Auditor

Measures

The following key measures will be used to report on our outcomes for the resources perspective:

Our Business and Financial Plan is approved by the Public Accounts Committee

Our work is reported by established deadlines and within the planned costs set out in our Business and Financial Plan

The Standing Committees on Public Accounts and Crown and Central Agencies accept 90% of our recommendations



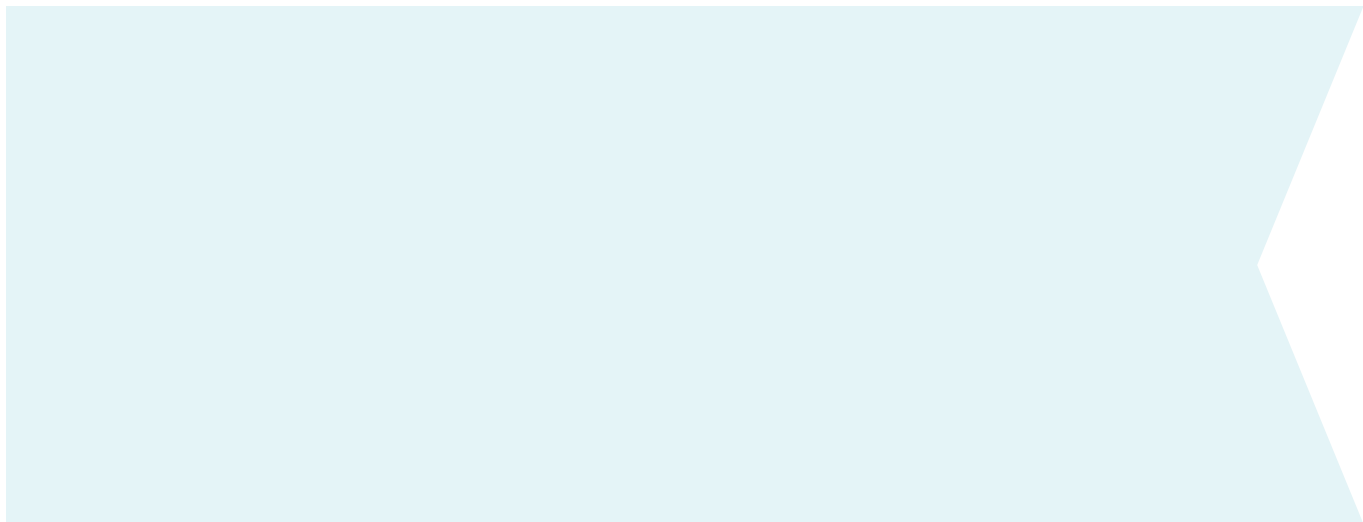
E. Public and Social

Goal

Raise awareness of the Office of the Provincial Auditor as an accessible and independent office serving the Legislature and the people of Saskatchewan.

Objectives and Supporting Strategies

1. Communicate in a clear, accessible, and timely manner to enhance the public's awareness of the value of the work completed by the Office.
 - a) Develop and implement communications plans
 - b) Improve the appearance, accessibility, and availability of information on the Office's website
 - c) Evaluate the potential use of social media tools as a means to communicate directly with the public
 - d) Ensure our public reporting is clear and timely
 - e) Support the Office's involvement in charities and related fundraising events
2. Support legislators to make effective use of our Office.
 - a) Support the Legislative Committees in their scrutiny role
 - b) Engage Members of the Legislative Assembly by providing them with an orientation and other information about our Office
3. Advance our professional relationship with public sector and professional organizations.
 - a) Improve the awareness and understanding of our Office
 - b) Establish relationships with the academic and research communities
 - c) Establish and/or maintain relationships with agencies, boards, and audit committees
4. Support the development and sharing of best practices in our professions.
 - a) Actively participate and maintain leadership roles on provincial and national committees (e.g., CCOLA, CICA, ICAS, IIA, CMA)
 - b) Work collaboratively with other provinces through CCOLA
 - c) Monitor the assurance and performance reports of other jurisdictions to identify best practices





Glossary of Terms

Agency – an entity of Government accountable for public money.

Alternative Financing Arrangements and Structures – sources of funds and structures for financing public infrastructure or public capital that are non-traditional in nature.

Alternative Service Delivery Models – non-traditional forms of government service delivery that could include agencies, public-private partnerships, outsourcing, privatization, or other types of service agreements.

Applications – electronic applications hosted on handheld wireless devices.

CICA – the Canadian Institute of Chartered Accountants represents Canada's Chartered Accountant profession both nationally and internationally.

CCOLA – the Canadian Council of Legislative Auditors is an organization devoted to sharing information and supporting the continued development of auditing methodology, practices, and professional development in legislative auditing.

Cloud Computing – a model for delivering information technology services in which resources are retrieved from the internet through web-based tools and applications.

Crown and Central Agencies Standing Committee – the Standing Committee on Crown and Central Agencies considers matters relating to the Crown Investments Corporation of Saskatchewan and its subsidiaries, central government agencies, liquor, gaming, and all other revenue related agencies and entities.

Financial Reporting Framework – is the set of criteria that management uses to prepare a set of financial statements (e.g., public sector accounting standards, international financial reporting standards)

GAAP – Generally Accepted Accounting Principles refer to the standard framework of guidelines for financial accounting. GAAP includes the standards, conventions, and rules accountants follow in recording and summarizing, and in the preparation of financial statements.

General Revenue Fund – is the main fund that receives government revenue. The GRF is available for appropriation by the Legislative Assembly for the public services of Saskatchewan. The GRF financial statements account for transactions of the GRF.

Goal – a general statement of desired results to be achieved over an unspecified period of time.

ICAS – the Institute of Chartered Accountants of Saskatchewan whose mission is to foster public confidence in the CA profession by acting in the public interest and helping its members excel.

IIA – the Institute of Internal Auditors (IIA) is an international professional association recognized as the internal audit profession's leader in certification, education, research, and technical guidance.

International Auditing Assurance Standards – standards set by the International Auditing and Assurance Standards Board (IAASB). IAASB is an independent standard-setting body that serves the public interest by setting high-quality international standards for auditing, quality control, review, other assurance, and related services.

MBA – refers to the degree Master of Business Administration.

MPA – refers to the degree Master of Public Administration.

Measure – a factor chosen to monitor success in achieving objectives.

Mission – the broad, long-term purpose of an agency and its primary focus including the stakeholders to be served.

Multi-Agency Delivery – the collaboration of two or more agencies accountable for public money and the delivery of public services.

Non-Governmental Agency Delivery – a non-public entity that is accountable for public money and the delivery of public services.

Objective – a measurable, time-defined result to be achieved that leads to the achievement of each goal.

Performance Audit – is a fair and impartial assessment that provides objective information about the



performance of programs, activities, and functions, and when applicable, specifies about where improvements can be made and the likely impact of those improvements.

Public Accounts Committee – the Standing Committee on Public Accounts scrutinizes the fiscal management, administration, and stewardship of public assets by the Government of Saskatchewan.

Public-Private Partnership – describes a government service or private business venture which is funded and operated through a partnership of government and one

or more private sector companies. These arrangements are sometimes referred to as PPP, P3, or 3P.

Strategy – the approaches that can be taken to meet objectives and achieve goals.

Summary Financial Statements – provide the consolidated financial position of the Government of Saskatchewan.

Vision – a brief description of the ideal state.

