

Annual reports assessments—Departments

13

Main points.....	276
Introduction.....	277
Our audit objective.....	277
Expectations for annual reports	278
Our findings and conclusions.....	279
Our future plans	280

Main points

We are pleased that the Department of Finance has recently established guidelines for preparing the annual reports for all departments and Treasury Board Crown corporations. The guidelines contain a four-year implementation schedule, recognizing that improved public reporting takes time and resources.

The guidelines are based on sound performance reporting principles that will enable government agencies to effectively report their progress in achieving their plans.

Our assessment of the annual reports of all departments and three Crown agencies for the year ended March 31, 2003 showed that the annual reports comply with the content requirements of the Department of Finance's reporting guidelines. The annual reports contain more and better performance information than previous reports. They provide better information to help the Legislative Assembly and the public to assess the agencies' performance.

Introduction

For many years, our Office has encouraged improved performance reporting by the Government and its agencies. So, we are pleased that the Department of Finance, in 2003, set guidelines for preparing the annual reports for all departments, Saskatchewan Liquor and Gaming Authority, Saskatchewan Property Management Corporation, and Saskatchewan Public Service Commission.

The Department has set out this guidance in its 2003 *Public Performance Reporting Guidelines* together with a four-year implementation schedule. We think that the Department of Finance's reporting guidelines and implementation schedule are adequate and reasonable. The guidelines are based on public reporting principles developed by the CCAF-FCVI¹ and set out in a publication called *Reporting Principles – Taking Public Performance Reporting to a New Level*.

The CCAF-FCVI's publication is the result of a multi-year project on public performance reporting, which involved extensive research and consultation with government managers, auditors, and legislators throughout Canada. All legislative auditors in Canada have agreed to use these reporting principles when assessing government annual reports in their jurisdictions.

Annual reports of government agencies are key accountability documents. Annual reports prepared in accordance with the Department of Finance's guidelines should help the Legislative Assembly and the public to assess the performance of government agencies. In this chapter, we report our assessment of recently prepared annual reports using the Department's guidelines.

Our audit objective

The objective of this audit was to determine whether the annual reports of all departments and three Crown agencies listed in Exhibit 2 for the year ended March 31, 2003 comply with the content requirements of the Department of Finance's reporting guidelines.

¹ CCAF-FCVI is a public-private partnership that "is a source of support, leading edge research and capacity for members of governing bodies, executive management, auditors, and assurance providers."

For purposes of this report, all departments and the three agencies noted above are referred to as agencies.

Our audit was limited to examining the content of the agencies' annual reports. Our audit did not assess whether the information in the annual reports is relevant and reliable. For example, we did not assess the accuracy, completeness, or validity of underlying information systems or data used to prepare the performance information.

We followed *The Standards for Assurance Engagements* established by The Canadian Institute of Chartered Accountants.

Expectations for annual reports

Criteria represent our expectations, the main elements we look for in our audit. The audit criteria listed in Exhibit 1 are based on the Department of Finance's guidelines (see <http://www.gov.sk.ca/finance/>) for public performance reports.

The Department of Finance's reporting guidelines recognize that implementing performance reporting principles into annual reports will take time and resources. Accordingly, the guidelines contain a multi-year implementation schedule that recognizes that some reporting principles are more difficult to implement than others. For example, reporting on key risks, costs of activities, capacity, and performance targets is not required until future years.

Exhibit 1 – Audit criteria

- 1. Focus on the few critical aspects of performance**
 - focus selectively and meaningfully on a small number of things
 - centre on core objectives and commitments
- 2. Look forward as well as back**
 - set out the goals and how activities contribute to the goals
 - track achievements against expectations
- 3. Explain key risk considerations**
 - identify the key risks
 - explain the influence of risk on choices and directions and relate achievements to levels of risk accepted
- 4. Explain key capacity considerations**
 - discuss capacity factors that affect the ability to meet expectations
 - describe plans to align expectations and capacity
- 5. Explain other factors critical to performance**
 - explain general factors such as changes in the economic, social, or demographic environment that affect results
 - discuss specific factors such as standards of conduct, ethics, and values; or performance of other organizations that influence performance
 - describe unintended impacts of activities
- 6. Integrate financial and non-financial information**
 - explain the link between activities and desired results
 - show spending on key strategies and explain how changes in spending affect results
- 7. Provide comparative information**
 - provide comparative information about past performance and about the performance of similar organizations when relevant, reliable and consistent information is reasonably available
- 8. Present credible information fairly interpreted**
 - present information as credible as reasonably possible
 - explain management's involvement, judgment, and basis for interpretation of performance
 - information is consistent, fair, relevant, reliable and, understandable
- 9. Disclose the basis for reporting**
 - explain the basis for selecting the few critical aspects of performance on which to focus
 - describe changes in the way performance is measured or presented
 - set out the basis on which those responsible for the report hold confidence in the reliability of the information being reported

Our findings and conclusions

We found that the agencies' annual reports for the year ended March 31, 2003 comply with the content requirements of the Department of Finance's reporting guidelines. The annual reports contain more and better performance information than previous reports and thus enhance the public accountability of the agencies.

Our future plans

We plan to continue to assess the progress agencies make to implement the Department of Finance's reporting guidelines in their annual reports. We will report the results of those assessments in future reports.

Exhibit 2 – Annual reports assessed

Department of Agriculture, Food and Rural Revitalization
Department of Community Resources and Employment
Department of Corrections and Public Safety
Department of Culture, Youth and Recreation
Department of Environment
Department of Government Relations and Aboriginal Affairs
Department of Finance
Department of Health
Department of Highways and Transportation
Department of Industry and Resources
Department of Justice
Department of Labour
Department of Learning
Department of Northern Affairs
Public Service Commission
Saskatchewan Property Management Corporation
Saskatchewan Liquor and Gaming