

## Government accountability

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## Main points

Legislators require sufficient and timely information about the plans and results of the entire Government and its key agencies. They require this information to have informed debate and to hold the Government to account.

The Government's current practices on reporting on the activities of the entire Government do not facilitate informed debate by legislators. The Government does not have a public plan for the entire Government. Without such a plan, the Government cannot report publicly on its overall performance.

Legislators are receiving better, and more timely information from key government agencies. However, it is unclear if legislators have increased their use of this information.

Ministries are publishing better information in their public plans and annual reports. Areas for further improvement include inclusion of targets for all performance measures, discussion of risks that could influence achievement of their plans, and comparison of actual results to planned targets.

Crown corporations accountable to the Crown Investments Corporation of Saskatchewan continue to publish solid information. Their annual reports set out their results compared to previously published plans along with their future plans.

The content, quality and timeliness of performance information that Treasury Board agencies publish continues to vary significantly.

## Introduction

The public, as taxpayers, are interested in what governments do and whether governments use tax dollars wisely to get desired results.

The public expect elected legislators to hold the Government to account. They expect the Government to provide legislators with sufficient, accurate, and timely reports to facilitate informed debate on the Government's plans and its results.

This chapter compares the Government's accountability practices as of September 2009 to the key elements of accountability set out in our 2000 Spring Report (Chapter 1). Also, it explains the status of two recommendations about accountability that we made in our 2004 Report – Volume 1 (Chapter 9).

### **Key elements of sound accountability**

We discuss the key elements of a sound accountability system for the public sector in our 2000 Spring Report (Chapter 1). In summary, both for the entire Government and for individual public agencies, strong public accountability requires the following elements:

1. public plans
2. public reports (performance reports)
3. review by the Legislative Assembly or its committees of the Government's performance

Exhibit 1 summarizes the key information and activities necessary for sound public accountability for each of the above elements.

**Exhibit 1—Key elements of sound accountability**

Public plans	Public annual performance reports	Legislative review of plans and annual reports
<p>Plans guide the decisions and actions of Government officials and the staff of individual public agencies both on a short and long-term basis.</p> <p>Sound plans</p> <ul style="list-style-type: none"> <li>◆ identify the Government's (or the individual public agency's) goals, and strategies that support the achievement of its vision</li> <li>◆ set out what the Government or agency intends to achieve, by when (short-, mid-, long-term)</li> <li>◆ set out cost of planned activities</li> <li>◆ highlight major changes from prior years</li> <li>◆ outline how much is to be achieved (e.g., activities or outcomes) within a specified time (i.e., targets)<sup>1</sup></li> <li>◆ explain risks that impede achievement</li> <li>◆ explain how success will be measured (i.e., performance measures)</li> </ul> <p>To maximize their benefit in the accountability cycle, the Government and its agencies must make public their plans before their fiscal year begins.</p> <p>Public long-term plans (e.g., three to five years) facilitate the Government working effectively with others. If plans are insufficient or incomplete, accountability falters, and the Government or its agencies may act in ways not intended or anticipated. Services may not be provided when or as expected or may cost more than intended.</p>	<p>Reports show the results of decisions and actions taken by the Government or individual public agencies.</p> <p>Sound annual reports:</p> <ul style="list-style-type: none"> <li>◆ focus on plans and results</li> <li>◆ show how results were achieved (i.e., activities)</li> <li>◆ set out the cost of results</li> <li>◆ describe measures of significance to users</li> <li>◆ provide such information within sufficient time to influence decisions</li> </ul> <p>To be useful, the Government and its agencies must make public their reports shortly after their fiscal year-end. If the reports are late or incomplete, users<sup>2</sup> do not have sufficient information to assess the performance of the Government or individual public agency. Then users are unable to hold the Government or its agencies accountable for their actions.</p>	<p>The Legislative Assembly's primary role is to hold the Government accountable for how it uses the powers and resources entrusted to it.</p> <p>Rigorous review and informed debate about the Government's or individual public agency's plans and performance reports is the foundation for good accountability. Such review and debate shows the public that the Government and its agencies are being held to account. This helps build the public's confidence in Government.</p> <p>To accommodate the workload of the Assembly, the Assembly may assign the review or debate of these reports to a committee it deems appropriate. If assigned to a committee, the committee would report back to the Assembly on the results of its review.</p>

<sup>1</sup> How much will be achieved may be expressed as short-term targets for the activities to be completed or as longer-term targets for outcomes (e.g., public benefits such as living longer or education level achieved).

<sup>2</sup> Users of the Government's and individual public agency's annual reports include legislators, service delivery partners, and the public.

## Accountability of Saskatchewan Government

In this section, we compare the Government's accountability practices as of September 2009, from an entire Government perspective, to the key elements of sound accountability set out above.

### Background

A public overall plan for an entire government clarifies what that government expects. It identifies broad priorities and long-term targets. A public overall plan helps the Legislative Assembly to debate options.

A public overall plan also helps all types of government agencies to understand common goals. If all agencies across an entire government know what is expected of them, they can more effectively work together toward important common goals such as the Government's 2009-10 goal to "sustain economic growth for the benefit of Saskatchewan people."<sup>3</sup>

A public overall plan also prepares the way for an overall report of that government's achievements during a specific time period—an overall performance report. A public performance report for an entire government helps explain the risks that influenced what that government achieved. Explaining risks increases public understanding and helps keep public expectations realistic.

### Need plan and performance report for entire Government

As of September 2009, the Government does not have a public overall plan for the entire Government. It does not publish a complete report, on an entire Government basis, on its performance for the year.

The Government makes its plans public in various ways and at varying times. For example, in October 2008, the *Speech from the Throne 2008* highlighted the Government's direction and priorities for the next session of the legislature. In March 2009, in conjunction with the release of the *Estimates*, the Government published two similar documents—one called *Government Direction for 2009-10* and a second called *Saskatchewan Provincial Budget 09-10, Saskatchewan: Strong and Steady, Budget*

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<sup>3</sup> Government of Saskatchewan, *Saskatchewan Provincial Budget 09-10, Government Direction for 2009-10*, Regina. p. 2.

*Summary.* Both documents set out the Government's vision, strategic goals, and key initiatives expected from Saskatchewan ministries and a few other agencies funded by the General Revenue Fund (GRF).<sup>4</sup> These documents are not an overall plan for the entire Government because they exclude the results expected from many significant government agencies such as SaskPower, SaskTel, and the Workers' Compensation Board. As noted below, in February 2009, some significant agencies, such as CIC crowns, included their plans in their individual annual reports.

Without an overall plan, the Government can not, and did not, publish a complete report on its overall performance. For 2008-09, the Government's performance report on the entire Government was limited to financial information. The *2008-09 Public Accounts – Volume 1* contained the Government's overall financial results (i.e., summary financial statements) along with financial discussion and analysis.<sup>5</sup>

The Government's current reporting practices do not facilitate informed debate by Saskatchewan legislators on the entire Government's plans and its results.

Other western provinces publish overall plans and performance reports on their entire government. Two of the other three western provinces have strong overall plans and performance reports.

## **Accountability of Saskatchewan's public agencies**

### **Background**

The Government delivers its services through about 290 government agencies, boards, commissions, and special purpose funds (agencies). Many of these agencies are responsible for or oversee other agencies. For example, SaskPower is responsible for its subsidiaries (e.g., NorthPoint Energy Solutions Inc.) and the Ministry of Health is responsible for regional health authorities.

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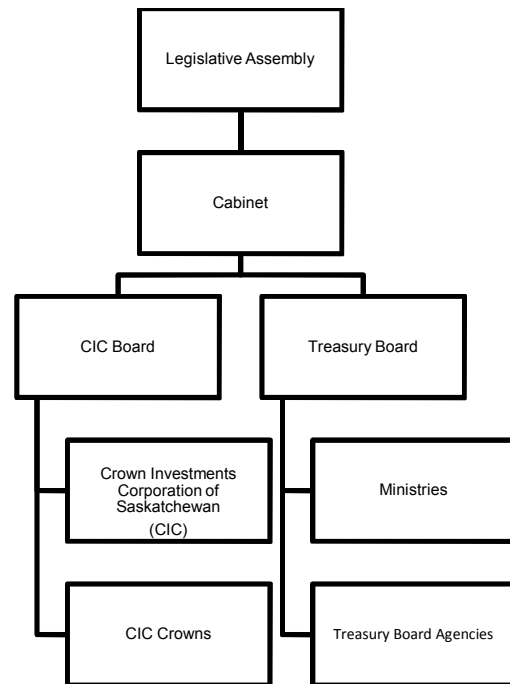
<sup>4</sup> The second document included a financial plan. For further analysis of this financial plan see our 2009 Report – Volume 2 at [www.auditor.sk.ca](http://www.auditor.sk.ca).

<sup>5</sup> Our 2009 Report – Volume 2 discusses the quality of the Government's reporting of its financial practices as it relates to financial plan (budget) and reports throughout the year (interim reports).

The Government organizes its agencies into two main groups as shown in Exhibit 2. One group includes the agencies accountable to the Board of Crown Investments Corporation of Saskatchewan (CIC) (e.g., SaskPower, SaskTel, Saskatchewan Gaming Corporation). In this report, we refer to these agencies as “CIC crowns.”<sup>6</sup> The other group includes ministries and related agencies accountable to Treasury Board for their financial control and reporting. In this report, we refer to agencies other than ministries and CIC crowns as “Treasury Board agencies.”

We expect public plans and reports from all CIC crowns, all ministries, and those Treasury Board agencies that provide important public services such as the twelve regional health authorities, Liquor and Gaming Authority, SIAST, and the Workers’ Compensation Board. Generally, the plans and reports of the remaining agencies would be incorporated into those of the agency (CIC crown, ministry) responsible for overseeing it. At September 2009, there were 12 CIC crowns and 19 ministries.

**Exhibit 2—Accountability structure of the Government**



The Government’s accountability expectations for both groups are results-based. Since 1999, the Board of CIC requires its CIC crowns to use a “balanced scorecard” approach to report their plans and results to

<sup>6</sup> The CIC crowns manage almost 90 related entities (such as their subsidiaries, or related pension plans).

the public. Since 2002, Treasury Board requires ministries and a few other Treasury Board agencies to use results-based planning and reporting processes along with public plans and reports. Treasury Board assigned to the Ministry of Finance the responsibility to lead the implementation of these planning and reporting processes.

The Legislative Assembly has established Standing Committees of the Legislative Assembly, in part, to consider the work of various agencies across the Government. The Standing Committee on Public Accounts, a scrutiny committee, reviews and reports to the Assembly on the Public Accounts.<sup>7,8</sup> Four policy field committees are to consider generally-defined subject areas as reflected in a portfolio of assigned agencies:<sup>9</sup>

- ◆ Standing Committee on Crown and Central Agencies relates to CIC, CIC crowns, and certain ministries and Treasury Board agencies including central government agencies, liquor, and all other revenue-related agencies and entities
- ◆ Standing Committee on the Economy relates to agriculture, economic development, environment, natural resources, rural issues, transportation, and infrastructure
- ◆ Standing Committee on Human Services relates to health, social services, education, labour, and public safety and security
- ◆ Standing Committee on Intergovernmental Affairs and Justice relates to justice, municipal, intergovernmental, inter-provincial, Aboriginal, and northern affairs, and tourism, parks, culture, and sport

## **Comparison of accountability practices to key elements**

To gain insight into the Government's current accountability practices, we compared the content of the most recent public plans and annual reports of nine agencies to the key elements of sound accountability set out in Exhibit 1. The nine agencies included five large agencies (comprised of

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<sup>7</sup> Public Accounts include the financial statements for the Government of Saskatchewan (summary financial statements), and General Revenue Fund and details of revenue and expense for the General Revenue Fund.

<sup>8</sup> Legislative Assembly of Saskatchewan, *Rules and Procedures of the Legislative Assembly of Saskatchewan*; Interim Printing: December 2007, Rule 141(2).

<sup>9</sup> Legislative Assembly of Saskatchewan, *Rules and Procedures of the Legislative Assembly of Saskatchewan*; Interim Printing: December 2007, Rule 142.



one Crown agency related to the Crown Investments Corporation of Saskatchewan (CIC), three ministries, and one Treasury Board agency) and four Treasury Board agencies where we had assessed their plans and annual reports in 2007 (p.151, Chapter 9, 2007 Report – Volume 3). In 2007, these four agencies did not use the Ministry of Finance guidelines when preparing their public plans and reports.

In addition, we reviewed the activities of legislative committees to determine whether they review or use the information in these reports when carrying out their duties.

The sections below set out the results of this work.

### ***Public plans improving gradually***

As of September 2009, the public plans of CIC crowns are changing, but continue to provide key information. The public plans of ministries are improving with the addition of some targets but miss some key information such as an outline of key risks. The public plans vary for Treasury Board agencies.

Using a corporate balanced scorecard method, CIC crowns continue to publish high-level information about their plans and results in their annual reports.<sup>10</sup> CIC crowns' annual reports set out their corporate objectives, performance measures, and targets. Their annual reports continue to provide future targets. Starting with 2008 annual reports, some of their reports provide targets for the next year whereas others provide targets for up to three future years. Their reports continue to explain (usually in a Management Discussion and Analysis section) the nature of significant risks that could prevent them from achieving their objectives.

CIC crowns typically publish their annual reports within 120 days of their fiscal year-end. As a result, they publish their plans after the beginning of their fiscal year. In addition to interim financial results, the CIC crowns publish quarterly reports that provide brief updates for legislators on their forecast results (i.e., outlook).

Using planning guidelines set by the Ministry of Finance, public plans of ministries are improving and becoming more succinct. Ministry plans for

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<sup>10</sup> CIC crowns have a December 31 fiscal year end.

2009-10 stated their overall mandate, broad goals, agency strategies or objectives, and performance measures. The plans clearly showed how their goals align with the Government's strategic goals; the plans highlighted major changes from the prior year's plan. Nevertheless, these plans continue to lack some critical aspects. Some ministries published targets for a few but not all performance measures. The plans did not explain risks that could influence whether the ministries achieve their objectives.

Ministries published their plans in conjunction with the release of the Budget Estimates for the General Revenue Fund. As a result, ministries published their plans before beginning their fiscal year.

The plans for other Treasury Board agencies showed improvements but varied in quality and timeliness. For the Treasury Board agencies we re-examined, the plans show the agencies now use an accountability framework to report their plans and results to the public. Unlike the CIC crowns, when these Treasury Board agencies include their plans in their annual report, they typically published the plans and targets of the past fiscal year.

For the few Treasury Board agencies that publish their plans separate from their annual reports, the plans become available near the beginning of their fiscal year (e.g., within 75 days). Others, that publish the past year's plan in their annual reports, provide their planning information about 120 days after their year-end.

Overall, the public plans of Government agencies are improving gradually.

### ***Annual reports evolving***

The annual reports of CIC crowns remain strong. The annual reports of ministries are improving. The annual reports of Treasury Board agencies vary.

Using a corporate balanced scorecard method, CIC crowns continued to report their results in their annual reports. CIC crowns used a performance indicator light (a coloured dot) to show if progress toward targets was acceptable in relation to previously published corporate

objectives.<sup>11</sup> Narratives described the nature of the progress and explained any major difference from corporate plans.

Ministries used the reporting guidelines set by the Ministry of Finance to prepare their annual reports. Ministry annual reports show improvements. For 2008-09, ministries' annual reports better reported progress toward the Government's goals and commitments made to the public (e.g., commitments in the *Speech from the Throne*, the mandate letter given to the responsible minister, or in other public plans). Because few planned targets were published for ministry performance measures, only some annual reports explained progress compared to planned targets (e.g., the number of immigrants). Also, most annual reports did not explain the risks or other factors that interfered with the achievement of their plans. Also in 2008-09, each ministry published annual report highlights in conjunction with the release of its annual report. This two-page document highlights key information included in its annual report.

The annual reports for other Treasury Board agencies showed improvements but continued to vary significantly in quality.

As required by *The Tabling of Documents Act*, CIC crowns, all but one ministry, and most Treasury Board agencies published their annual reports on a timely basis (i.e., within 120 days of their year-end).

Overall, the annual reports of Government agencies continue to improve.

### ***Legislators' use of plans and reports unclear***

In recent years, legislators are receiving better, and more timely, public information about plans and results from key agencies. However, as of September 2009, it is unclear if legislators have increased their use of this information during reviews of the activities of the Government and its agencies.

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<sup>11</sup> CIC crown agencies' balanced scorecard reports use coloured dots to explain results (e.g., green-achieved target, red-below target).

Since 2007, the Legislative Assembly has permanently referred the annual reports of agencies to an appropriate policy field committee.<sup>12</sup> The referral does not specifically refer to plans of agencies. The Assembly has given these committees the responsibility to decide if a review of an agency's annual report is to take place. If so, the Assembly asks the committee to examine each annual report it considers and report to the Assembly on whether the report is satisfactory. The Committee may also investigate any lateness in the tabling of annual reports and consider the annual report in conjunction with its examination of Estimates.<sup>13</sup>

As of September 2009, only the Standing Committee on the Crown and Central Agencies (CCAC) has continued with its well-established process of reviewing annual reports of the CIC crowns. As noted in its January 19, 2009 verbatim, it concluded its review of the annual reports, financial statements, and related documents of these agencies up to their 2007 year end. As of September 2009, it has not yet started its review of the CIC crowns' 2008 annual reports.

The CCAC has not formally reviewed annual reports of any assigned ministries or Treasury Board agencies, such as the Ministry of Finance and the Public Service Commission. Other policy field committees have not formally reviewed any annual reports of their assigned agencies.

From our review of verbatim minutes from January 2008 to September 2009, all policy field committees recently focused their attention on assessing potential changes to legislation and budgetary estimates for agencies that receive money from the General Revenue Fund. It is unclear if committee members use agencies' plans and reports to help prepare for the discussion and questions they ask officials during committee meetings.

Rigorous review and informed debate about agencies' plans and performance reports is the foundation to good accountability. We encourage legislators to use these reports to carry out their duties.

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<sup>12</sup> Each policy field committee is mandated to oversee a portfolio of ministries and agencies. This oversight is accomplished through the examination of legislative proposals, budgetary estimates, annual reports, regulations, and by conducting inquiries. Source: The Legislative Assembly of Saskatchewan: An Overview of Standing and Special Committees (December 2007, p. 2), Regina

<sup>13</sup> Legislative Assembly of Saskatchewan, *Rules and Procedures of the Legislative Assembly of Saskatchewan*; Interim Printing: December 2007, Rule 143(2).

## Accountability expected of Treasury Board agencies—a follow-up

### Background

In our 2004 Report - Volume 1 (Chapter 9), we made the following two recommendations about accountability. We recommended that:

- ◆ the Government direct all Treasury Board agencies to use an accountability framework that focuses on results
- ◆ the Government require ministries (formerly departments) and Treasury Board agencies to publish their planned targets for major long-term results

On September 29, 2004, the Standing Committee on Public Accounts agreed with our recommendations.

As of September 30, 2009, the Government has made some progress but more work remains. The Government actively encourages but does not require Treasury Board agencies to use a results-based accountability framework. The Government allows but does not require ministries or Treasury Board agencies to make their targets public. We continue to make the above two recommendations.

The following sections set out, for each recommendation, our expectation of the recommendation (in italics) and the status of management's action taken on the recommendations up to September 30, 2009.

### Use of accountability framework encouraged but not required

*We expect the Government to direct all Treasury Board agencies to use an accountability framework that focuses on results. A results-based accountability framework would include requiring these agencies to plan, manage, and report their plans and results to the public. Due to wide variance in the size and nature of operations of Treasury Board agencies, we expect that the nature and level of detail included in the public reports may vary. We also expect that for some agencies the information may be*

*included in the reports of a related agency (e.g., related ministry or supervising agency).*

Although the Government does not require Treasury Board agencies to use an accountability framework, through the Ministry of Finance (Finance), the Government actively encourages all Treasury Board agencies to use a results-based framework.

At the time of our 2004 recommendations, Finance focused its accountability efforts on ministries and two Treasury Board agencies.<sup>14</sup> The number of these Treasury Board agencies has increased to six in 2009.<sup>15</sup> As of September 2009, the Ministry of Finance continued to invite the remaining Treasury Board agencies to use its formal planning and reporting guidance but was not directly involved in assisting them.

Instead, the Ministry of Finance asked ministries to encourage their related agencies to improve their planning and reporting. With help from related ministries, some agencies developed approaches tailored to meet their needs rather than using a common approach. For example, the Government recognizes the following ministries worked with their related Treasury Board agencies to improve accountability:

- ◆ the Ministry of Education worked with school divisions using continuous improvement framework for planning and outcome measures
- ◆ the Ministry of Health worked with regional health authorities using an accountability document that required specific plans and reports
- ◆ the Ministry of Advanced Education, Employment and Labour worked with post-secondary education agencies to build public plans and reports that show progress toward specific objectives

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<sup>14</sup> Ministry of Finance website <http://www.finance.gov.sk.ca/PlanningAndReporting/reports/>. As evident from information on this website, consistent with the findings in our 2001 audit, the Ministry of Finance continues to require ministries to use its guidance and outlines for public plans and reports. This guidance establishes a basis for accountability.

<sup>15</sup> The Ministry of Finance expects all ministries and a few Treasury Board agencies to use their planning and reporting guidance (e.g., the Saskatchewan Watershed Authority, Saskatchewan Liquor and Gaming). Finance also assists a few agencies to refine their plans to be suitable for their situation and demonstrate accountability to the public (e.g., Labour Relations Board, Student Aid Fund, Saskatchewan Health Information Network).

## **Targets for major long-term objectives evolving, not required**

We expected the Government to require departments (now called ministries) and Treasury Board agencies to publish their planned targets for major long-term results. Due to wide variance in the size and nature of Treasury Board agencies, we expected the Government to focus on providing planned targets for major long-term initiatives such as building a skilled workforce.

Planned targets explain what an agency expects to achieve and by when. Without this essential information, legislators and the public cannot assess whether the agency's plans are realistic and meet the needs of the public. Furthermore, without planned targets, legislators and the public can not compare what the agency achieved (actual results) to what it planned to achieve (planned targets).

At the time of our 2004 recommendations and as of September 2009, CIC crowns continued to make public their planned targets, but the Government did not require ministries and Treasury Board agencies to do so.

Although not required, some ministries experimented with providing a few targets in their public plans for 2009-10. For example, the Ministry of Health disclosed its targets for surgical wait times and the Ministry of Advanced Education, Employment and Labour disclosed its immigration targets.

Also, ministries included trends in their public plans and annual reports. Providing trend information related to performance measures is useful. It helps to compare current performance to past performance. However, it is not a substitute for targets. The most useful plans show targets together with trends so that the public can appreciate what the agency is trying to achieve (targets) in the context of what the agency has achieved (trends).

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