



News Release

Provincial Auditor

Auditor urges closer watch on agencies receiving public money

For Immediate Release

REGINA, December 9, 2004 – Provincial Auditor Fred Wendel is calling on the Government to keep closer tabs on agencies that spend public money. “Most of the Government agencies we examined have adequate practices to spend public money appropriately,” said Wendel. “But in some cases, the Government did not properly supervise agencies that received public money.” The Auditor describes these cases in his *2004 Report—Volume 3*, released today. The Report focuses on Government agencies with March 31, 2004 fiscal year-ends.

The Government often uses other agencies to deliver Government services. These agencies are accountable to the Government for their spending. If the Government does not properly supervise these agencies, public money can be used improperly.

The Department of Community Resources and Employment paid about \$70 million to over 260 agencies that provide social services for the Department. The Department has agreements with these agencies. However, the agreements are not adequate. They do not set out what the agencies are to achieve. Also, the agencies are supposed to submit financial reports to the Department. More than 75% of the quarterly and about 50% of the annual financial reports were submitted late or not at all. This means the Department does not know if the money it gave to these agencies was used for its intended purposes.

The Department of Health provided money to the Métis Addictions Council of Saskatchewan Inc. (MACSI). At the request of the Minister of Health, the Auditor carried out a special investigation of MACSI. The investigation found that MACSI misused public money. The investigation also found that the Department did not have adequate oversight processes for MACSI. The Department needs to improve its agreements with MACSI and similar agencies. The agreements should set out the Department’s objectives for the spending. The agreements should also require audits of the agencies’ processes to safeguard public money and comply with the law, and on their progress in meeting Department objectives.

The Report also notes where supervision has improved. The Saskatchewan Liquor and Gaming Authority (Liquor & Gaming) supervises public money under Saskatchewan Indian Gaming Authority’s (SIGA) control. Liquor & Gaming has revised its supervision to address recommendations made by the Auditor. SIGA, in turn, proposed spending and operating policies that Liquor & Gaming approved near the end of the fiscal year. SIGA now needs to ensure staff comply with its policies. Liquor & Gaming found many instances where SIGA’s spending on staff travel, sponsorship, and promotion did not comply with existing policies. As a result, almost \$500,000 is not available to First Nations communities.

The Report includes the results of an audit of payments made to board members and senior management at five Crown corporations (Crown Investments Corporation, SaskPower, SaskEnergy, SGI, and SaskTel). The audit found that there was a lack of public information on the benefits that senior management received. The Crown corporations have now filed detailed benefit information with the Clerk of the Executive Council. The Clerk makes this information available to the public on request.

The examination at the Crown corporations also found several instances where senior management at SaskPower and SaskEnergy received pay or benefits not authorized by their boards. The boards of the Crown corporations have since approved most of the pay or benefits. The Report also describes how SaskEnergy needs to improve its processes for participating in promotion and sponsorship.

The Auditor noted that regional health authorities gave the Legislative Assembly lists of persons who received money from the authorities (payees) and the amounts they received. The information for the year ended March 31, 2004 was made public in July 2004. Crown Investments Corporation and its related corporations also gave the Standing Committee on Crown and Central Agencies the payee information it requested. This information for the year ended December 31, 2003 was made public in October 2004. "These are important steps that improve the Government's accountability to the Legislative Assembly," said Wendel.

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This Report is available on the Internet at <http://www.auditor.sk.ca>.

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