



News Release

Provincial Auditor

Poor controls led to misuse of public money, says Auditor

For Immediate Release

REGINA, June 7, 2005 – Provincial Auditor Fred Wendel reported today on misuse of public money at two government departments. The reports are part of Volume 1 of the Provincial Auditor's 2005 Report. Misuse by an employee at the Department of Community Resources and Employment resulted in a loss of about \$1 million. Misuse by an employee at the Department of Environment resulted in a possible loss of about \$500,000.

The Auditor attributes the loss of public money to poor management controls. The two departments did not properly segregate the duties of their employees. That is, the same individual could request a payment, authorize it, and receive the cheque. "The lack of segregation provided the opportunity for public money to be misused and for the misuse to be concealed," said Wendel. In some cases, appropriate policies were in place, but the departments did not adequately supervise employees to make sure that they followed the policies.

"This loss of public money," said Wendel, "provides a dramatic example of why there must be effective controls at government agencies." The Report includes a series of recommendations to help improve controls, and recommends departments train employees to establish a culture of fraud awareness. The Report also describes the Auditor's previous recommendations to the departments in these areas.

The Report also discusses the significant challenges the Government faces in making sure it has sufficient human resources to deliver services. The Report describes the audit of the Public Service Commission's processes to lead human resource planning across all departments. The Commission needs to improve how it analyzes risks. The Commission also needs to set a manageable number of priorities to help departments plan.

The Report includes the results of an audit of Saskatchewan Watershed Authority's safety practices for the largest dams in the province. These are dams where failures could have devastating consequences. The audit found that the Authority's practices were adequate in many areas, but that important improvements were needed in others. To meet national standards, the Authority should obtain an independent safety review of each dam at least once every five years. The Authority should also have up-to-date and tested plans to deal with emergencies.

The Department of Justice, through the Superintendent of Pensions, regulates about 375 pension plans with assets of about \$14.5 billion. The Superintendent is responsible to supervise the pension plans to reduce the risk of financial loss or inequities to plan members. The Report states that the Superintendent must expand its analysis of pension plan risks and change how it does its work.

A common theme in the Auditor's report is accountability. "The Legislative Assembly needs meaningful information to hold the Government accountable for its spending and for what it achieves," said Wendel. The Report compares performance reports of four large Saskatchewan Crown corporations to reports of Crown corporations in other Canadian jurisdictions. The four Saskatchewan Crowns are SaskPower, SaskTel, SGI, and SaskEnergy.

The Report observes that the performance reports of the Saskatchewan Crown corporations compare well against those of Crown corporations in most other jurisdictions. Wendel acknowledged this performance but suggested that further improvements were possible to meet best practices. "We encourage the Crowns to continue to improve their performance reports."

— 30 —

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

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