



Provincial Auditor: The Need to Change – One Budget, One Set of Financial Statement Results Only

REGINA, SK, April 30, 2013 – The Saskatchewan Government’s financial budgeting and reporting practices are inconsistent with the rest of Canada and cause public confusion, says Provincial Auditor Bonnie Lysyk in her special report *The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan*. In the report tabled today, Lysyk explains why it is so important that the Government move towards clear, fair presentation of its financial plans (one budget) and results (one set of financial statements). The public should be able, without hours of effort or detailed financial expertise, to understand the Government’s financial plans and results. The report notes several key issues:

› **The Government focuses on the wrong information when communicating its budget and results**

As part of its provincial budget, the Government presents both a Summary and General Revenue Fund (GRF) budget. The GRF budget has the same issues as the GRF financial statements – it represents only a **portion** of the Government’s financial activities, and the Government can present a “balanced” GRF budget by strategically altering the amount and timing of the money it plans to transfer between Crown corporations, other agencies, and the “rainy day fund”. It records these transfers as “revenues”, even though they are not really income for the province; rather, they are just money that has been moved back and forth between different parts of the Government. The Summary Budget is the **only** budget that should be used, as it includes all agencies the Government controls.

› **“Two sets of books” creates confusion within Saskatchewan**

Legislators and the public deserve to have an accurate picture of what the Government plans to do with public money and what happens to that money. GRF budgets and financial results contain incomplete information and should not be used to assess the Government’s financial performance. For example, Governments in Saskatchewan have always been able to present “balanced budgets” and balanced financial results using the GRF. In actuality, Saskatchewan has had three years of deficits (2010, 2011, 2012). “These deficits are inconsistent with the message that Saskatchewan has been ‘balancing’ its budget,” Lysyk states. “Presenting only a Summary Budget and related financial results would alleviate confusion about whether a ‘balanced budget’ is achieved as the public would be able to compare one budget to one set of actual financial results.”

› **“Two sets of books” creates confusion outside of Saskatchewan**

Recently, the C.D. Howe Institute, the Globe and Mail, and Macleans have each mistakenly compared financial information from Saskatchewan’s GRF to the Summary financial information of other provinces. This confusion would not exist if the Government publicly reported only its Summary financial information like all other provinces. “The only way to accurately assess Saskatchewan’s financial performance against that of other provinces is by ensuring that we’re comparing the same financial information,” states Lysyk. “This means that the information shared publicly by Saskatchewan should be consistent with the information shared by other provinces – Summary Budgets and Summary Financial Statements.”



› **Government debt is higher than what is discussed publicly**

The Government frequently refers to its management of “general government” debt; however, much like the GRF issue, general government debt is only a **portion** of the Government’s total debt. “The ‘general government’ debt is expected to be \$4.9 billion by March 31, 2014, but is only a part of the financial story,” Lysyk notes. “Although comparatively lower than the rest of Canada, **total** government debt is projected to reach \$19.1 billion by March 31, 2014.”

› **Saskatchewan needs to fix its budgeting and financial reporting – fixing the problem will require some legislative changes**

The legislation that governs financial budgeting in Saskatchewan is outdated and needs updating. Lysyk’s report sets out what types of changes are needed.

“This report communicates to the public the importance of clearer budgets and reporting from the Government,” emphasizes Lysyk. “The people of this province need to be given the right information to ask the right questions. Provincial auditors in Saskatchewan have been recommending improvements for many years – it’s time for the Government to change.”

Additional information and Frequently Asked Questions about Government budgeting and financial reporting can be found in the attached Backgrounder. The full special report is available online at www.auditor.sk.ca.

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