



Provincial Auditor of Saskatchewan 2019 Report–Volume 1

Chapter 4: Auditing Producer Returns for Non-Renewable Resources

The Ministry of Energy and Resources remains several years behind in its audits of non-renewable potash and uranium royalty and tax returns. Producers pay about \$1.1 billion (2017–18) in taxes and royalties on their production of oil, potash, uranium, and coal each year. The Ministry uses its audits of producer returns as the primary way to validate the accuracy and completeness of remitted taxes and royalties.

Provincial Auditor Judy Ferguson reports the Ministry had largely effective processes to assess the completeness and accuracy of producer royalty and tax returns for potash, uranium, coal, and enhanced oil recovery. It found while it had a risk-based audit plan, the Ministry was making limited progress in addressing its backlog of audits. Over the two-year period ending March 2019, it reduced its backlog of audits by six instead of 18 as anticipated under its backlog reduction plan.

Being behind in completing audits increases the risk of not collecting reassessment dollars if producers sell and/or cease operations before the Ministry verifies the accuracy of the remitted amounts. Periodic changes to the law means both producers and Ministry audit staff must understand both existing and prior laws applicable to years not yet audited.

The Ministry needs to estimate overall staff time and costs to complete audits to help determine staffing requirements and whether the number of planned audits for the upcoming year is doable. In addition, it needs to update its audit manual; consistently document key audit decisions; complete quality reviews of audit files; and routinely monitor actual-to-planned audit staff time and costs.

To be effective, the Ministry's audits must be both timely and risk-based.

Revenue the Ministry budgets collecting in 2018–19:

- ~\$693 million from about 170 oil producers
- ~\$308 million from three potash producers operating 10 mines
- ~\$61 million from four uranium producers operating one mine
- \$54 million additional taxes levied because of Ministry audits in 2017–18

Chapter 6: Alerting the Public about Imminently Dangerous Events Using SaskAlert

Timely and accurate public alerts about emergencies warn residents and visitors to Saskatchewan in advance of dangerous events, which helps them to adequately prepare and/or react. The Ministry of Government Relations uses SaskAlert to issue public alerts, which is a part of the national alerting system, Alert Ready. The public receives alerts in real time via cell phones, radio, television and online.

Generally, the Ministry uses effective processes to alert the public about imminently dangerous events. Recommendations for improvements include maintaining a robust and enforceable written contract with the service provider that administers SaskAlert on a daily basis, and regularly reviewing user access to Alert Ready.

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Furthermore, the Ministry needs to actively monitor the training and support provided to participating municipalities and First Nations to issue alerts accurately and promptly. It must also ensure participants complete practice alerts as expected to reduce the risk of issuing inaccurate alerts when an emergency arises.

The audit found the Ministry is increasing program participation and public engagement by taking steps to address factors limiting participation (e.g., increasing awareness of the Program). Increased participant and public engagement can allow alerts to reach more communities, giving residents more time to ensure their safety.

SaskAlert uses two alert levels:

Critical: life and safety under immediate threat. Time is critical.

- SaskAlert issued **11 critical alerts** (e.g., missing vulnerable person) in 2018
- Six of 11 critical alerts issued from Environment Canada about weather events

Advisory: emergencies occurring or potential to occur that affect decisions people make to protect their safety.

- SaskAlert issued **359 advisory alerts** in 2018
- 260 of 359 advisory alerts issued from Environment Canada about weather events

About half of Saskatchewan's municipalities (353) and about five percent of provincial First Nations (3) participate in SaskAlert on a voluntary basis (March 2019)

Chapter 8: Northern Lights School Division No. 113—Purchasing Goods and Services

Chapter 9: Northlands College—Purchasing Goods and Services

Provincial Auditor of Saskatchewan, Judy Ferguson, reports the need for improvements in processes to buy goods and services of two educational institutions each operating in northern Saskatchewan—Northern Lights School Division No. 113, and Northlands College. Annually, Northern Lights purchases nearly \$26 million, and Northlands purchases about \$9 million of goods and services (2017–18).

Ferguson reports each institution needs to better align its purchasing requirements with good purchasing practices. This includes setting requirements for the use of single or sole source purchasing, requiring staff involved with purchases to declare real or perceived conflicts of interest, and recognizing the requirements of applicable external trade agreements (e.g., *Canadian Free Trade Agreement*, *New West Partnership Agreement*).

Ferguson notes Northern Lights has a few additional areas for improvement. These include developing guidance for handling all types of purchasing methods (e.g., request for quotes / tenders), consistently following its purchasing policy and purchase card guidelines, documenting supplier evaluations when tendering, and sufficiently separating incompatible purchasing duties like receipt of goods/services, and approval of related invoices for payment.

Buying goods and services in northern Saskatchewan can present challenges given the availability of fewer suppliers and, at times, logistics in transporting goods and services. Strong processes to purchase goods and services supports transparency, fairness, and achieving best value in purchasing activities.

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Chapter 39: Placing Minister’s Wards in Permanent Homes

Judy Ferguson, Provincial Auditor, reports that although the Ministry of Social Services is actively improving its processes in placing permanent wards in permanent homes, more work remains to register children for adoption faster.

Key improvements included prioritizing registration for children under five years old, hiring additional staff, and keeping case files current with documented explanations for delays (e.g., extended family has come forward initiating review, etc.). In addition, they included setting a target of registering 85% of eligible permanent wards registered on the adoption registry within 120 days of becoming a permanent ward.

Permanent wards may be registered for adoption. Permanent homes or ‘forever families’ may include placement with a child’s extended family, long-term foster families, or adoptive families. Homes must provide a safe and nurturing environment as determined by the Ministry.

The audit found the Ministry had not met its 120-day target in 2018. Audit work found, in 2018, 91% of children who were permanent wards for more than 120 days were not yet registered on the adoption list. In 2016–17, the Ministry registered 17% of permanent wards for adoption within 120 days.

Providing child protection and planning for children’s needs is complex. It requires collaborative work from child and family services, adoptions, and the provincial courts. Nevertheless, delays in placing children on the adoption registry may negatively affect the likelihood children find an adoptive home, especially for older children to find stable adoptive homes.

On December 31, 2018, the Ministry had **465 permanent wards** and **609 long-term wards** in its care.

In December 2012, the Ministry had **593 permanent wards** and **782 long-term wards** in its care.

When children remain in the Ministry’s care for **more than 18 cumulative months**, they may be deemed **long-term** or **permanent wards** of the Ministry based on court orders.

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The full Provincial Auditor’s 2019 Report – Volume 1 is available online at www.auditor.sk.ca.

Additional issues highlighted in the Provincial Auditor’s 2019 Report– Volume 1 include:

- ▶ Chapter 3: Mitigating vendor influence and conflicts of interest at eHealth
- ▶ Chapter 7: Monitoring opioid prescribing and dispensing practices
- ▶ Chapter 11: Monitoring fines from the Automated Speed Enforcement Program
- ▶ Chapter 12: Maintaining Saskatoon and surrounding area health care facilities
- ▶ Others from 45 chapters

Accompanying news releases give further details regarding these key topics.

For more information, please contact

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