



PROVINCIAL AUDITOR
of Saskatchewan

June 21, 2023

The Honourable R. Weekes
Speaker of the Legislative Assembly
of Saskatchewan
Room 129, Legislative Building
Regina, Saskatchewan
S4S 0B3

Dear Honourable R. Weekes:

I have the honour of submitting my *Annual Report on Operations For the Year Ended March 31, 2023*, to be laid before the Legislative Assembly in accordance with the provisions of section 14.1 of *The Provincial Auditor Act*. The information in this Report reflects known events up to June 19, 2023.

Respectfully submitted,

A handwritten signature in black ink that reads "Tara Clemett".

Tara Clemett, CPA, CA, CISA
Provincial Auditor

/dd

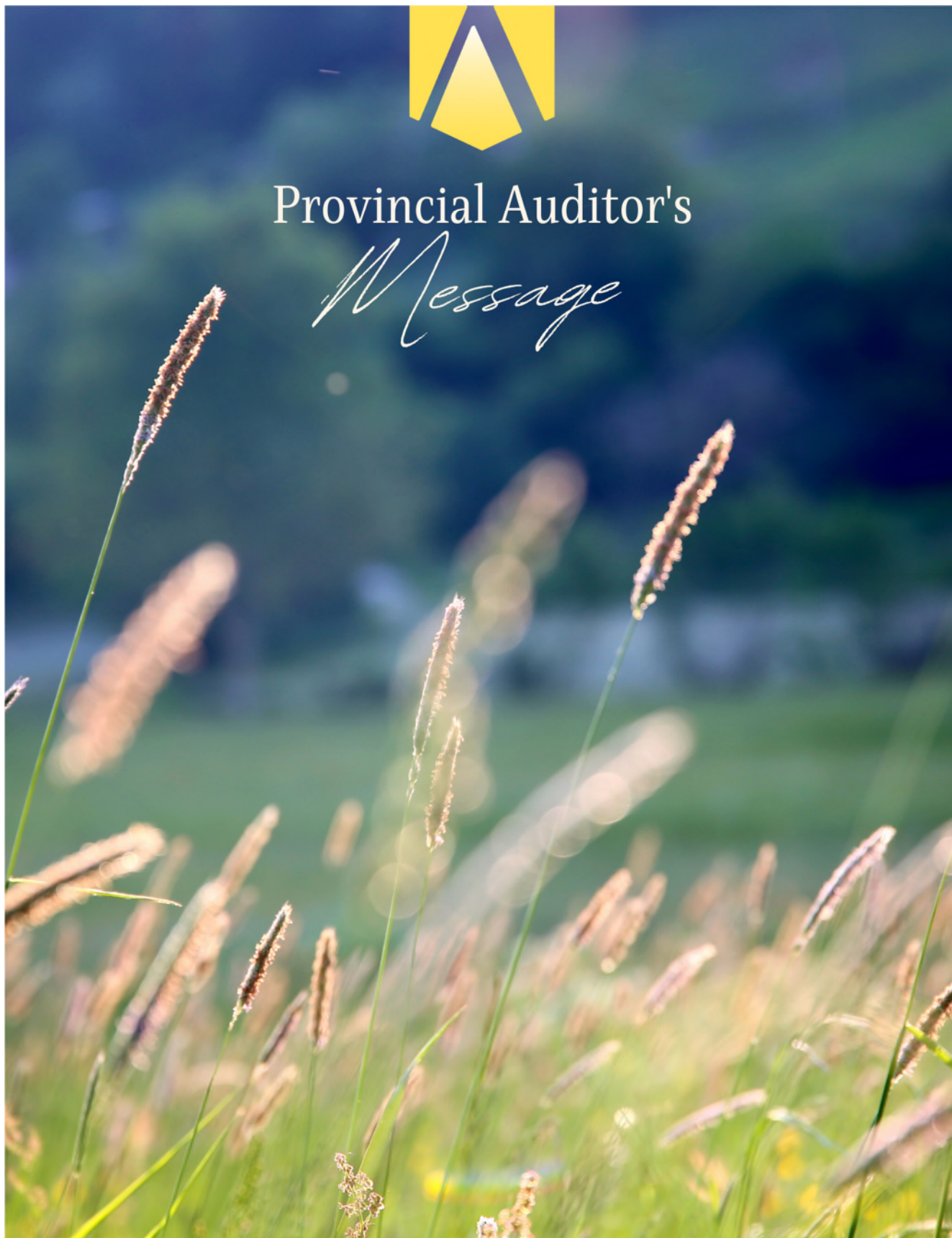


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Provincial Auditor's *Message*





Message from the Provincial Auditor

This Annual Report completes the accountability cycle that began when the Office tabled its *2023 Business and Financial Plan* in December 2021.

2023 was a challenging year for the Office. The Office achieved seven of its 12 performance targets in 2022–23.

We worked hard to meet the needs of legislators and the public for information about government programs and services. The Standing Committees on Public Accounts' and Crown and Central Agencies' high rate of agreement with our audit recommendations shows the recommendations we make reflect areas that are important to improve public sector management. Through our 2022 Report – Volumes 1 and 2, the Office gave legislators and the public the results of quality, relevant audits. These Reports contained the results of the annual integrated audits of over 260 different agencies, 11 performance audits, and 32 follow-up audits. The Government's implementation of audit recommendations also shows the Office's work contributed to better management in the public sector.

A key challenge for the Office continues to be the higher than anticipated turnover of qualified CPAs and performance auditors. The market for CPAs and those training to become professional accountants remains very competitive. Through increased hiring efforts this year, we were able to staff several positions that were vacant at the end of the prior year. As an Office, we continue to focus on varied recruitment, retention, and succession planning efforts to effectively manage staff departures and retirements.

Given the increase in the number of new staff hired throughout the year, the need for ongoing training, supervision, and coaching was critical to ensure the quality of our work remained high. We were not always able to provide agencies with their reports by agreed upon deadlines; however, key deadlines such as delivering our audit opinion on the Government's Summary Financial Statements were met. We continue to provide this audit opinion in June each year ahead of most Canadian legislative auditors. We could not have done this without the great support we received from auditees along with our professional and engaged staff. We also prioritized our work to make sure we provided legislators with timely audited financial information, as required by law, for the vast majority of government agencies we audit.

The Office always manages its finances carefully. The unqualified independent external audit reports on the key aspects of the Office's operations, finances, and controls gives legislators and the public confidence in the reliability of the Office's administration. This Annual Report also includes further details on the Office's operational and financial performance for the year ended March 31, 2023.

In closing, I appreciate the cooperation and support of legislators, government officials, and appointed auditors. In particular, I thank the Standing Committee on Public Accounts for its attention to and support of the Office's work. Its thorough public review of our Reports helps to ensure the work of the Office makes a difference.

Tara Clemett, CPA, CA, CISA
Provincial Auditor





*Understanding the Office
of the Provincial Auditor*



Purpose of the Office of the Provincial Auditor

As shown in **Exhibit 1**, the Office of the Provincial Auditor contributes to the Legislative Assembly's accountability process. The Office's work and reports affect public confidence in the Government. They provide legislators and the public with critical information on whether the Government issues reliable financial and other reports, uses effective processes to safeguard public resources (i.e., resources with which it is entrusted), and complies with governing authorities.

In addition, the Office:

- Supports and adheres to Canadian generally accepted assurance standards as published by the Chartered Professional Accountants of Canada (CPA Canada)
- Recommends improvements to the Government's management of public resources and compliance with authorities
- Encourages discussion and debate about public sector management and accountability issues
- Assists the Standing Committee on Public Accounts and the Standing Committee on Crown and Central Agencies in carrying out their mandates in holding the Government to account
- Develops professionals for public service

Accountability of the Office

The Office is accountable to the Legislative Assembly through the Standing Committee on Public Accounts (Public Accounts Committee, the Committee). Key accountability mechanisms in *The Provincial Auditor Act* require the Provincial Auditor to:

- Prepare and submit to the Committee key accountability documents—an annual business and financial plan, and an annual report on operations that includes audited financial statements¹
- Present to the Committee, for its review and approval, the Office's annual funding request and supplementary estimates (if any)
- Table with the Committee, for its information, the Office's human resources and financial management policies, and quarterly financial forecasts
- Use Canadian generally accepted assurance standards to carry out the Office's audits
- Be a member in good standing of the Institute of Chartered Professional Accountants of Saskatchewan, including maintaining firm and member licensing requirements for the provision of professional accounting services²

The Rules and Procedures of the Legislative Assembly of Saskatchewan require the Committee to review and report to the Assembly on the results of its review of the Provincial Auditor's reports. The Committee's reports include whether the Committee agrees with recommendations the Office makes in its reports.

For the parliamentary system of government to work properly, it must have the public's confidence. To merit this confidence, the Government's programs must be effective, open, and accountable to the public. One important responsibility of the Legislative Assembly is to hold the Government of Saskatchewan accountable for its management of public resources.

¹ When the Assembly is not in session, the Public Accounts Committee receives these reports upon their submission to the Speaker.

² *The Provincial Auditor Act* deems the Provincial Auditor a firm for the purposes of *The Accounting Profession Act*.



The Office's work and reports contribute to informed decision making in government. This, in turn, helps the Government carry out its responsibilities using sound management practices.

Exhibit 1—The Value and Benefits of a Legislative Audit Office



Gold: Value and benefits of a Legislative Audit Office
Gradient blue: Key services and products of a Legislative Audit Office
Adapted from a Canadian Legislative Auditors Working Group



Auditor Independence

Auditor independence is critical for a successful legislative audit regime. Auditor independence allows auditors to exercise objectivity—not to be compromised by bias, conflict of interest, or undue influence of others. Independence also enhances professional skepticism (i.e., appropriate challenge of management’s assertions).

The Provincial Auditor Act provides the legislative framework for the independence of the Office and its staff. The framework enables the Provincial Auditor, the Office, and its staff to be independent of the Government and be able to exercise that independence—that is, make decisions without being affected by influences that would compromise their judgment. For example, the Act:

- Creates an independent Officer of the Legislative Assembly called the Provincial Auditor with the responsibility to audit all government agencies and report the results directly to the Legislative Assembly.
- Ensures the Provincial Auditor is independent from elected and appointed officials including the Assembly’s committees and Boards.
- Requires an order of the Legislative Assembly based on a unanimous recommendation of the Public Accounts Committee to appoint the Provincial Auditor for an eight-year, non-renewable term. The Public Accounts Committee is an all-party committee, chaired by a member of the opposition, which does not include Cabinet ministers.
- Makes the Office’s employees part of the Legislative Branch of Government. They are neither part of the Executive Branch of Government nor members of the public service of Saskatchewan.
- Requires the Public Accounts Committee to review the Office’s annual *Business and Financial Plan* and recommend the Office’s annual funding to the Assembly.
- Gives the Provincial Auditor administrative independence—the power to administer, manage, and control the Office, its general business, as well as oversee and direct the Office’s staff. This includes the ability to decide which employees to hire and at what rate, and what audit work to do and how.

The Office has put into place additional safeguards to enable staff to act with integrity, and exercise objectivity and professional skepticism.

The Office’s Team

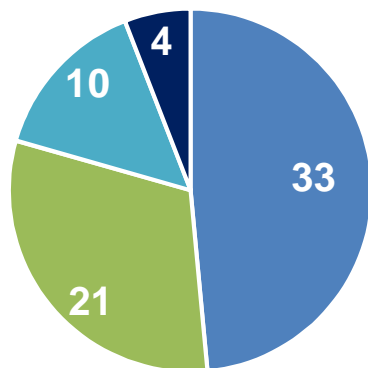
The Office’s employees are its most valuable resource in the delivery of quality and timely products and services to its stakeholders. To have the right balance of skills, knowledge, and expertise, the Office needs professional staff with a mix of financial and non-financial related skills.

Approximately one-third of the Office’s employees, in addition to being professional accountants, have other training or hold non-accounting designations (e.g., human resources, risk management, information systems audit, pension plan administration, internal audit, public administration).

Creating and maintaining an environment that encourages and rewards ongoing learning is crucial to the Office’s success. The Office supports employees in broadening their knowledge and skills through their participation and leadership roles on relevant provincial and national committees (such as professional accounting bodies and legislative audit forums). During 2023, nine employees were involved in 11 national and two provincial committees/Boards, including the Canadian Council of Legislative Auditors and Institute of Chartered Professional Accountants of Saskatchewan.



The Office trains professionals for public service (primarily professional accountants). During the year ended March 31, 2023, five employees left the Office to accept public sector positions. Their experience with the Office provides them with a strong foundation to contribute to improved management systems and practices at government agencies.



- Professional accountants
- Students training to become professional accountants
- Support staff
- Other professionals

As of March 31, 2023

TOTAL STAFF 68

The Office's Strategic Plan

The Office's strategic plan includes goals and priorities designed to result in the Office providing its stakeholders with relevant and reliable assurance and advice (see **Exhibit 2—2021–2024 Strategic Plan**).

The strategic plan includes our vision as an Office, key values integral to our work, and the goals we strive to achieve on an annual basis.



Exhibit 2—2021–2024 Strategic Plan



› VISION

A valued legislative audit office **advancing excellence** and **inspiring confidence** in the public sector.

› MISSION

Preserving independence, we **promote accountability** and **better management** of public resources.



› VALUES

INDEPENDENCE

Maintain objectivity

TRUST and INTEGRITY

Professional, honest, courteous, and fair

ACCOUNTABILITY

Responsible for our work and performance

LEADERSHIP

Lead by example, motivate others and promote teamwork

FLEXIBILITY

Foster a flexible and healthy work environment

LEARNING

Promote ongoing development and improvement

DIVERSITY OF THOUGHT

Respect varied experiences, knowledge and backgrounds





PROVINCIAL AUDITOR
of Saskatchewan

STRATEGIC PLAN

2021
2024

GOALS

1

FOCUS ON MOST RELEVANT AUDIT AREAS

Use Input from Stakeholders
Explain Key Audit Areas

2

ENGAGED WORKFORCE

Leadership Development
Recruit and Retain Qualified Staff
Foster a Culture Reflective of Values

3

QUALITY AUDITS AT REASONABLE COST

Improve Audit Quality
Meet Professional Standards
Manage Reasonable Budgets/Deadlines

4

INCREASE AWARENESS

Educate People about Our Work
Make Information More Accessible

TARGETS

ABOVE
93%

Government Acts on Our Recommendations

95%

PAC and CCAC Accept Our Recommendations

80%

Survey Respondents View Our Work as Valuable

80%

Employees Express Positive Engagement

MIN
6%

Working Hours Invested in Training and Development

UP TO
13%

Voluntary Employee Turnover

75%

Reporting Deadlines Met

70%

Audits Completed within Planned Costs

Positive External Reviews on Our Office's Work

Increasing Trend in Public Familiarity over Five-Year Period



Maintaining Effective Systems and Practices

Sound risk management, and effective systems and practices, are essential for the Office's management and use of public resources. As part of risk management, the Office identifies and assesses possible adverse consequences that it may experience from events or circumstances. The Office accepts some risks because it is not cost effective to have no risks. It uses established systems and practices to reduce risks to an acceptable level and implements strategies to manage residual risks.

The Office maintains strong systems and practices supported by policies and procedures so that:

- It provides quality services and products at a reasonable cost
- Its work is relevant—it assists in strengthening and advancing the Government's ability to achieve intended results
- The scope of our work covers all government agencies accountable to the Legislative Assembly and the people of Saskatchewan
- Stakeholders understand and value the Office's work

The following sections briefly describe the Office's key systems and practices for each of these areas. They include the results of the current year audits of the Office highlighted in yellow. The Office's external auditor audits the Office's operational and financial performance.³

Quality Work at a Reasonable Cost

Doing independent, reliable, and quality work at a reasonable cost is vital to the Office's success. These attributes are also essential for the Office's stakeholders to value our work. We must understand the challenges the Government faces, so our work helps to improve the performance of government programs.

The Office keeps abreast of changes to, and complies with, the accounting and auditing profession's generally accepted standards of practice as published by CPA Canada. The objective of these standards is to maintain and enhance the quality of audit work.

The Office's system of quality management includes establishing quality objectives, assessing risks to achieving those objectives, and implementing quality management processes responsive to those risks. The Office has documented and communicated to staff effective quality management policies and procedures. These address the following elements: quality risk assessment, governance and leadership responsibilities for quality within the Office, ethical requirements including independence, acceptance of specific assurance work, resources (human, technological, and intellectual), engagement performance, and quality monitoring.

The Office's quality system promotes quality as essential in audit work and helps ensure the Office and its staff comply with professional standards and legal requirements. This system also ensures the Office's audit reports are reliable. Furthermore, our internal documentation, training materials, and performance management processes not only make certain staff are aware of, and adhere to, the Office's quality policies and procedures, but also reinforce quality as essential in audit work.

The Office maintains objectivity and independence. The Office closely monitors potential threats to its independence and reports to the Assembly when it is concerned about such threats. To maintain objectivity and

³ The external auditor of the Office is appointed by the Lieutenant Governor in Council on the recommendation of the Public Accounts Committee pursuant to section 27 of *The Provincial Auditor Act*.



independence in our work, the Office asks staff to confirm annually, in writing, that they comply with its objectivity and independence standards. The Office also changes senior staff on significant audits at reasonable intervals.

Skilled legislative auditors are essential to quality audits. The Office maintains hiring, training, and performance evaluation policies. These help the Office attract and retain staff with the required knowledge and expertise, provide staff with the necessary knowledge, skills, and abilities to do their work, and provide compensation competitive with the Government. These also help the Office broaden staff skills in key sectors (e.g., health, education, and social services), IT, and general management. Where the Office does not have the knowledge and expertise needed for a specific audit, it contracts staff for such.

The Office plans for and manages staff turnover. Also, we monitor employees' views of the Office's working environment and make adjustments so we provide a positive and respectful working environment.

In addition, because the quality and cost of its work is directly related to its employees' productivity, the Office actively plans for the use of its employees' time and monitors their use of time. We compare planned to actual results, and explain and act on differences.

The **Schedule of Actual Time Spent on Tasks** compares the actual use of the Office's employees' time with planned use. The Office's external auditor reported in the **Independent Auditors' Report on the Schedule of Actual Time Spent on Tasks** that the information is reliable. The actual information for 2021, 2022, and 2023 is audited.

Established management practices promote effective use of resources. These practices include setting direction and performance targets, monitoring values, training staff, maintaining procedural manuals, delegating authority, processing transactions, and monitoring and reporting results.

In addition, we use standard methods for carrying out our work, continually adjusting methods to reflect best practice. To identify best practice, the Office continually compares its methods with other legislative auditors and private sector auditors. Its methods cover how it plans, executes, supervises, reviews, and reports its work. It monitors all of its work so that the work meets its standard methods. Also, it has well-defined procedures for working with private sector auditors who audit government agencies (appointed auditors).

Established monitoring and reporting processes help ensure reporting of our work by established deadlines and within the planned costs set out in the Office's annual business and financial plan. The Office tracks, monitors, and forecasts the cost of each audit. It explains and acts on differences between planned and actual costs. It also routinely compares its costs with private sector auditors' costs to audit government agencies.

The audited **Schedule of Actual Costs to Audit Government Agencies** compares the Office's actual costs to examine government agencies for their fiscal years ending in the period January 1, 2022 to December 31, 2022, with its planned costs. In the **Independent Auditors' Report on the Schedule of Actual Costs to Audit Government Agencies**, the Office's external auditor reported that the actual cost information is reliable.

Effective financial management systems and practices include using an appropriate code of conduct, written policies and procedures, and an organizational structure that segregates incompatible duties.

This Annual Report includes the reports of the Office's external auditor on the effectiveness of its financial management processes and compliance with the law. These types of assurances (audit reports) are important to legislators and the public.



The **Independent Auditors' Report on Effectiveness of Financial-Related Controls** indicates the Office's controls are effective. The **Independent Auditors' Report on Compliance with Authorities** indicates the Office complies with the provisions of *The Provincial Auditor Act*. These reports provide the Legislative Assembly with the assurance that the Office fulfills its responsibilities.

Relevant Work

The Office's strategic plan provides a foundation for developing the Office's annual business and financial plans provided to the Public Accounts Committee.

Planning processes seek external input to help direct our efforts toward relevant issues. These processes include identifying external forces, emerging trends, and risks facing the Government and the Office; and assessing their impact on the Office and its plans. How the Government manages its risks affects the nature and extent of the Office's work.

The Office uses surveys to assess the satisfaction of agencies it audits with its work. It also continuously seeks advice from stakeholders when it works with appointed auditors.

The Office uses a risk-based model to focus its work. It focuses its efforts on helping its stakeholders address the challenges and opportunities emerging from external forces and trends.

Reporting processes include reporting the Office's assurance and advice directly to the Legislative Assembly and the Government. Our reports contain the matters that, in the Office's view, are significant to the Assembly and the public.

Before submitting its reports to the Assembly, the Office prepares and discusses the results of each audit with the applicable agency. This includes meeting with agencies to confirm the findings and gain support for its recommendations. When deciding what to report, the Office considers whether the matter:

- Affects the Assembly's ability to control the financial activities of the Government or to hold the Government accountable for how it administers public money
- Involves improving how the Government administers public money or its compliance with legislative authorities
- Involves non-compliance with legislative authorities

At the end of each audit, the Office issues a final report to the Minister responsible, senior officials of the agency and, if applicable, the Chair of the agency's governing body (e.g., Board) with a copy to the Chair and Secretary of the Treasury Board and to the Provincial Comptroller.

Scope of Work

As part of its annual business and financial planning process, the Office prepares an annual work plan that covers all government agencies. Because the Legislative Assembly, Cabinet, and government agencies create or wind-up other government agencies, the Office monitors their actions and continually updates its list of government agencies. It estimates the costs of carrying out the work plan and asks the Assembly for resources to carry out the plan.

In addition, our annual planning process includes determining potential areas of focus for future performance work. We include a three-year performance work plan in our business and financial plan each year.





To carry out our work plan, we perform three types of audits.

Integrated audits are annual audits of agencies that examine:

- The effectiveness of their financial-related controls (e.g., processes to plan, evaluate, and coordinate financial activities) to safeguard public resources with which they are entrusted
- Their compliance with authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing
- The reliability of the financial statements (where applicable)

Performance audits take a more in-depth look at processes related to the management of public resources or compliance with legislative authorities. Performance audits span various topics and government sectors. In selecting which areas to audit, we attempt to identify topics with the greatest financial, social, health, or environmental impact on Saskatchewan.

Follow-up audits assess the sufficiency of actions taken to address recommendations made in our past performance audits, and those made by the Standing Committees on Public Accounts and on Crown and Central Agencies from their review of our Reports. Our Office systematically assesses the status of outstanding recommendations to determine whether agencies made recommended improvements.

We do our first follow-up either two or three years after the initial audit, and every two or three years thereafter until the agency either implements the recommendations or we identify them as no longer relevant.

The audited **Schedule of Actual Costs to Audit Government Agencies** compares the Office's actual costs to examine government agencies for their fiscal years ending in the period January 1, 2022 to December 31, 2022, with its planned costs. In the **Independent Auditors' Report on the Schedule of Actual Costs to Audit Government Agencies**, the Office's external auditor reported that the actual cost information is reliable.

Stakeholders Understand and Value Our Work

Gaining and keeping the trust of legislators and the public is essential to the viability of the Office. The Office must provide independent, relevant, and reliable information consistent with legislators' objectives. To do this, the Office works closely with the following legislative committees:

- **The Standing Committee on Public Accounts** helps the Assembly hold the Government accountable for its management of public resources. The Committee reviews, examines, and evaluates the activities of government ministries and Crown agencies. The Committee is required to review and report to the Assembly on the results of its review of the Public Accounts and of the reports of the Office. Because of its scrutiny role, the Committee functions as the audit committee for the Legislative Assembly and thus, for the public. In 2022–23, the Committee approved the Office's 2023–24 request for resources as set out in its *2024 Business and Financial Plan*, and met four times to review the Office's audit reports.
- **The Standing Committee on Crown and Central Agencies** helps the Legislative Assembly hold the Government accountable for its management of the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiary corporations, supply and services (e.g., Ministry of SaskBuilds and Procurement), central government agencies (e.g., Ministry of Finance), liquor, gaming, and all other



revenue-related agencies and entities. The Committee does this, in part, by reviewing chapters in the Office's reports, and the annual reports and financial statements of agencies within its subject area. It reports to the Assembly on the results of its review. These reports may contain recommendations resulting from the Office's audit work. In 2022–23, the Committee met once to review the Office's audit reports.

The Office prepares reliable plans and performance reports. The Office seeks and monitors the views of its stakeholders on its plans and performance. Each year, we provide the Assembly with our annual business and financial plan, and an annual report on operations. These documents convey vital information about the Office in that they set out what the Office is, its plans, the results of its work, and its performance. The Public Accounts Committee reviews and provides its advice on these documents.

We gain the support of legislators in order to provide the Office with sufficient resources. Each year, we use our business and financial plan, and annual report on operations to explain our request for and use of resources. To fulfill our statutory duties, the Office must have sufficient resources to employ competent people. It also must have enough resources to equip, support, and house its employees. Not having sufficient resources would result in the Office reducing the size of its staff, which in turn, would result in the Office not doing all of the work the law requires it to do. Hence, it would not fulfill its mandate.

We provide timely and reliable public reports to the Legislative Assembly. The Office uses processes to report its assurance and advice to the Legislative Assembly and its other stakeholders in a clear, accessible, and timely manner. It monitors legislators' and the Government's acceptance of its recommendations and routinely follows up on unimplemented recommendations. It makes its plans and reports readily accessible to legislators, the public, and government officials. It also monitors the use of its reports (e.g., by legislators, legislative committees, and the public).





Operating Performance



Management Discussion and Analysis

Background for Measuring the Office's Performance

As reflected in **Exhibit 1—The Value and Benefits of a Legislative Audit Office** and explained in its *2023 Business and Financial Plan*, the Office has the following three primary services and products—assurance (audit reports), advice (recommendations), and trained professionals for the public service. These provide value and benefits including improved public confidence in government and better performance in the delivery of government programs.

The Office provides assurance through its reports on the reliability of financial statements, compliance with authorities, and the effectiveness of management systems and practices on the Government, sectors of the Government, and on each government agency. The Office's advice is a by-product of its assurance work.

The Office provides assurance and advice to:

- Government officials through management letters setting out its conclusions, findings, and recommendations for improvement.
- The Legislative Assembly and the public through its public reports tabled in the Assembly. These reports summarize the results of its work at government agencies including recommendations to encourage improvements in the delivery of government programs and services.

2023 Operating Results by Strategic Goal

Introduction

This Section compares the Office's current year actual results to planned results (target) for each measure of success toward meeting its 2021–2024 strategic goals. This section should be read along with the audited **Schedule of Results for Key Performance Measures**.

Consistent with prior years, the Office's external auditor reported in the **Independent Auditors' Report on the Schedule of Results for Key Performance Measures** that the Office's performance information was relevant, reliable, and understandable.

The 2021–2024 four strategic goals are from the Office's Strategic Plan for the period from April 1, 2021 to March 31, 2024. See **Exhibit 2—2021–2024 Strategic Plan** for the Office's measures for each of its four strategic goals.

The complete *2021–2024 Strategic Plan* is available at auditor.sk.ca/about/20212024-strategic-plan.

Goal 1 – Focus on the most relevant audit areas

The *Provincial Auditor Act* makes the Office the auditor of all provincial government ministries and agencies. As an independent legislative audit office, the Office is uniquely positioned to carry out objective and unbiased audits independent of the Government.

The Office carries out various types of audits (e.g., integrated, performance, and follow-up) using Canadian professional assurance standards. The Act gives the Office the power to decide what work to do, how to carry it out, and when.





For the Office's work to be relevant, it must focus its efforts on areas of public interest, and on where it can add value to its clients, and other key stakeholders. The Office must consult with key stakeholders to understand their needs and perspectives, share its plans, and explain the impact and value of its work.

We measure our success in demonstrating focus on the most relevant audit areas using the following three measures.

1. Legislative Committees' Acceptance of Our Recommendations

Rationale and description of measure: The support of the Standing Committees on Public Accounts (PAC) and Crown and Central Agencies (CCAC) is critical to help to hold the Government accountable and help improve public sector management. Each committee decides whether they agree with the Office's recommendations in their review and consideration of the Office's reports.

The Committees' acceptance of the Office's recommendations is an indication of the Assembly's confidence in and satisfaction with the Office's work. The extent to which each Committee accepts recommendations demonstrates whether the Committee thinks the recommendations reflect areas that are important to improve public sector management and/or accountability.

The Office tracks the Committees' consideration of its recommendations over a five-year period using Committee decisions as reflected in the Committees' minutes (i.e., from April 2018 to March 2023 for the current reporting period).

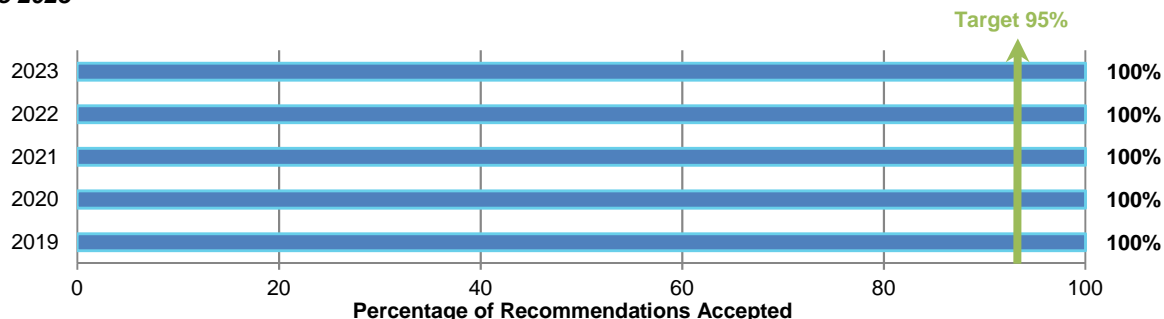
2023 Target: Committees accept **95%** of our recommendations

2023 Results: Committees accepted **100%** of our recommendations

PAC and CCAC collectively accepted, or partly accepted, 100% of the Office's recommendations that they considered. **Exhibit 3** shows that the Office achieved its target in each of the past 5 years.

From April 1, 2022 to March 31, 2023, PAC considered 82 recommendations from the Office's reports at four of its meetings. During the same period, CCAC considered seven recommendations from the Office's reports at one of their meetings.

Exhibit 3—Percentage of Recommendations Considered and Accepted by Legislative Committees from 2019 to 2023





2. Government Acts on Our Recommendations

Rationale and description of measure: The Office makes recommendations to help improve accountability and the Government’s delivery of programs. The extent to which the Government acts on recommendations demonstrates that the recommendations reflect areas that are important to improve public sector management and, in part, the impact of the Office’s work. The Office groups its recommendations into two types:

- **Type 1** recommendations are tracked over a five-year period (i.e., April 2018 to March 2023 for the current reporting period)
- **Type 2** recommendations are tracked over a 10-year period (i.e., April 2013 to March 2023 for the current reporting period)

Type 1 recommendations are those that are less complex, easier to carry out, and can be implemented in one year.

Type 2 recommendations are those that are more difficult to carry out and may take up to five years to implement.

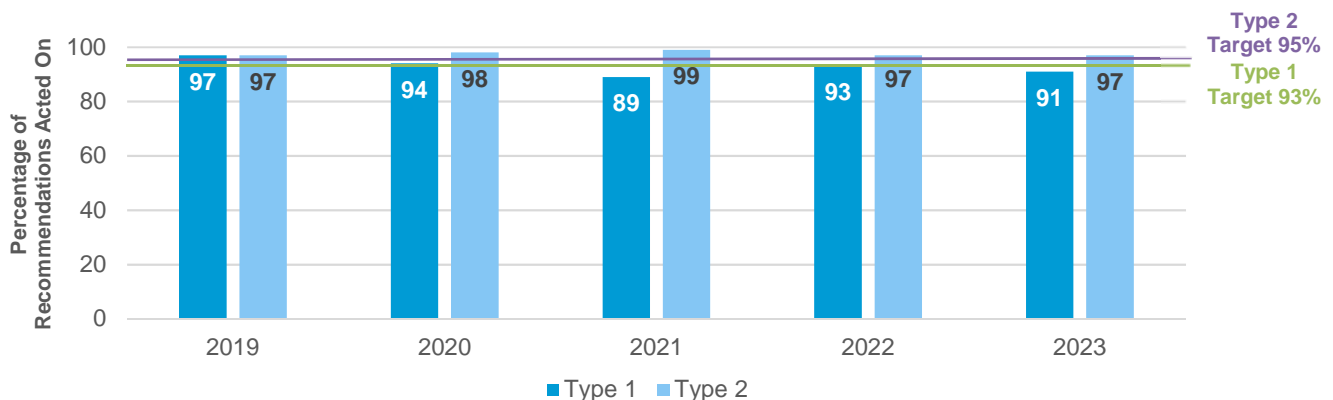
The Office determines and tracks the extent to which the Government implements each of its recommendations (determined through follow-up audits).

2023 Target: Government acts on **93% Type 1** and **95% Type 2** recommendations

2023 Results: Government acted on **91% of Type 1** and **97% Type 2** recommendations

Exhibit 4 shows the five-year trend for percentage of recommendations acted on by the Government. The results for 2023 are based on 143 Type 1 and 424 Type 2 recommendations.

Exhibit 4—Percentage of Recommendations Acted on by the Government from 2019 to 2023



3. Auditees’ View Our Work as Adding Value and are Satisfied with Our Work

Rationale and description of measure: For the Office to be successful in its vision and mission, auditees must view the Office’s work as relevant and valuable. The Office surveys the management and/or governing bodies of public sector ministries and agencies we audit to obtain feedback as to whether our work adds value and whether they are satisfied with our work. The Office tracks survey responses over a five-year period.

2023 Target: **80%** of survey respondents view our work as adding value and are satisfied with our work

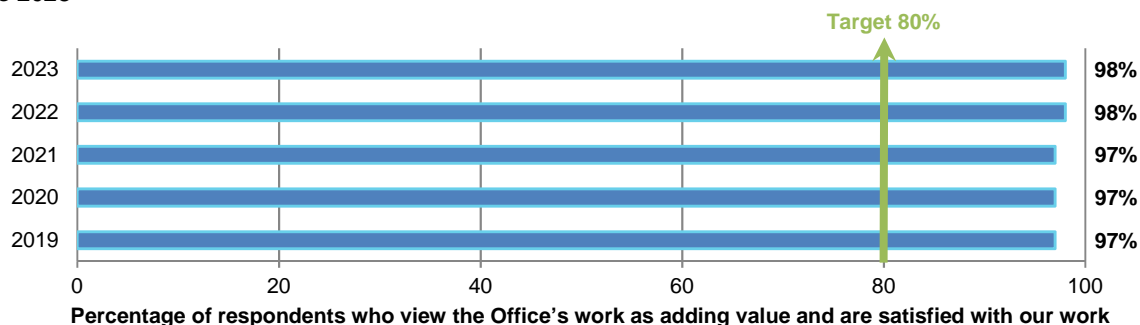
2023 Results: **98%** of survey respondents viewed our work as adding value and are satisfied with our work





For the five-year period tracked for 2023 results, 74% of agencies responded to the Office’s survey (185 survey responses out of 250 surveys sent) (2022 response rate: 73%).

Exhibit 5—Percentage of Auditees’ Viewing Our Work as Adding Value and are Satisfied with the Office’s Work from 2019 to 2023



Goal 2 – Sustain an engaged work force

The Office operates within an environment of constant change with ever shifting priorities. Recent key changes directly affecting the Office include new professional assurance and accounting standards for non-financial and financial work, the continued impact of the amalgamation of the professional accountancy profession on staff training and employment opportunities, a robust job market for professional and training accountants, and fiscal pressures across government.

The Office carries out both financial and non-financial audits. Approximately 20% of the Office’s work relates to non-financial audits. Besides training staff to become professional accountants and strategically contracting expertise for its performance audits, the Office must attract and retain staff with diverse skill sets (e.g., financial, IT, internal control systems, performance management, governance, risk management).

The Office’s staff are its most valuable resource because the quality and timeliness of the Office’s work depends on their knowledge, skills, and professionalism. The Office must make sure its staff have and maintain the necessary knowledge and skills; it must provide staff with a supportive work environment conducive to facilitating timely and quality work.

The Office measures its success in sustaining an engaged work force that contributes to the Office’s success using the following three measures.

1. Employee Turnover

Rationale and description of measure: The Office’s employees are its most valuable resource in the delivery of quality and timely products and services to its stakeholders. The Office tracks voluntary turnover as a percentage of its permanent positions.

The Office trains professionals for public service (primarily professional accountants). As a Chartered Professional Accountant (CPA) training office, not all staff will pursue a legislative audit career with the Office once they achieve their CPA. As a result, the Office expects, and plans for, some turnover each year.

Voluntary turnover is due to an employee-initiated departure and does not include retirements, leaves, deaths, or dismissals. Voluntary turnover to a maximum of 13% is realistic and manageable for the Office on an annual basis.



2023 Target: Maximum of **13%** of employees voluntarily leave the Office annually

2023 Results: **15%** of employees voluntarily left the Office

In 2023, nine employees voluntarily left the Office. This does not include four retirements that also occurred during the year [2022: 11 employees (18%) voluntarily left the Office; does not include one retirement].

2. Employee Engagement

Rationale and description of measure: A good working environment for employees assists with productivity and retention. Each year, the Office surveys employees on satisfaction with the Office's working environment and their level of engagement. The survey measures 11 key dimensions of employee engagement. Results are based on survey responses.

2023 Target: At least **80%** of employees express positive engagement in the Office

2023 Results: **87%** of employees expressed positive engagement in the Office

In 2023, 83% of staff responded to the Office's engagement survey (2022: 90% of staff responded; 83% expressed positive engagement in the Office).

3. Employee Training and Development

Rationale and description of measure: To maintain employee competencies and its status and abilities as a training office for legislative auditors, the Office must allocate sufficient resources for training and development activities. The Office tracks the number of working hours each employee spends on training and development activities in its time and project management system.

Working hours is the time available after deducting vacation leave, statutory holidays and sick leave.

2023 Target: **Minimum of 6%** of employee working hours spent on training and development

2023 Results: **7%** of employee working hours spent on training and development

See **Schedule of Actual Time Spent on Tasks** for further details.

Goal 3 – Deliver quality audits at a reasonable cost

The Office's advice, findings, and recommendations must be accurate, fair, timely, and understandable for them to be of value to legislators, the public, and those we audit.

The Office must keep its audit methodology current and aligned with professional standards. In addition, it must implement its methodology efficiently and economically. This includes accepting new ideas and change.

The Office measures its success in improving its delivery of quality audits at a reasonable cost using the following four measures.





1. Public Reports Submitted to the Assembly within Established Time Frames

Rationale and description of measure: Legislators and the public need to receive our audit work results within a reasonable time frame after its completion to use the information in holding the Government to account.

The Office schedules reporting to the Legislative Assembly regularly (e.g., biannually) on the completion of its reports and on the results of its work. The public receives audit results in our reports following completion. Consistent with *The Provincial Auditor Act*, the Office submits its reports to the Speaker for tabling in the Assembly, which become publicly available once tabled.

2023 Target: Public reports submitted to the Assembly within established time frames: **Volume 1 – first two weeks of June; Volume 2 – first two weeks of December**

2023 Results: The Office submitted its reports within the established time frames: **2022 Report – Volume 1 on June 7, 2022, and 2022 Report – Volume 2 on December 6, 2022**

2. Assurance Reports Issued to Government Agencies by Agreed Upon Dates

Rationale and description of measure: Government agencies need timely assurance to have confidence in the Office's findings and recommendations. The Office tracks the timeliness of its reports to government agencies as compared to established planned dates.

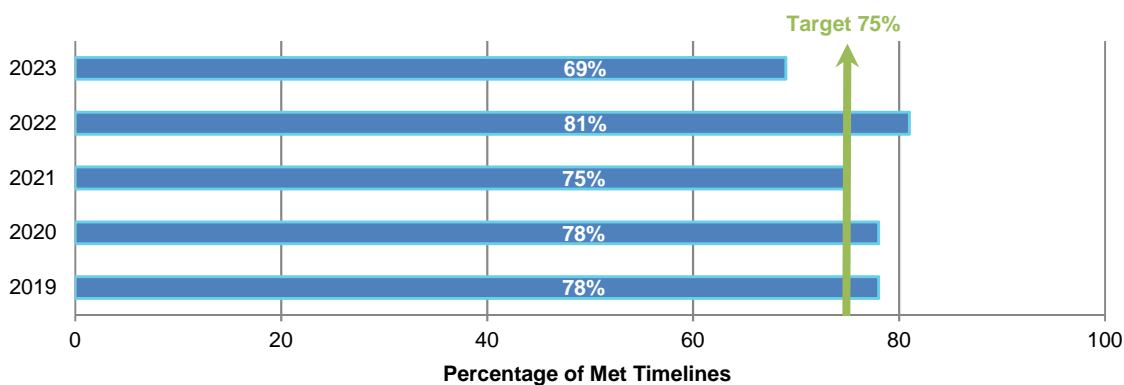
The Office establishes deadlines when planning each audit and sets out planned dates in audit plans discussed with and provided to government agencies. For financial statement audits, the Office sets planned dates consistent with statutory tabling deadlines.

2023 Target: 75% of assurance reports issued to government agencies by agreed upon dates

2023 Results: 69% of assurance reports were issued to government agencies by agreed upon dates

Exhibit 6 shows the Office provided most reports to government agencies by agreed upon dates over the past five years with a decline in 2023. The ability to meet deadlines during 2023 was impacted by higher than expected employee turnover for the past two years. The vast majority of government agencies were able to table their financial statements within the timeframe required by legislation.

Exhibit 6—Percentage of Reports Provided to Government Agencies by Agreed Upon Dates from 2019–2023





3. Audits Completed within Planned Costs

Rationale and description of measure: Providing relevant, reliable, and timely products and services at a reasonable cost helps the Office show it uses public resources wisely. The Office tracks the planned and actual costs to carry out each examination in its time and project management system.

The Office's *Annual Report on Operations* compares actual costs to examine agencies for that year to planned costs (as set out in the Office's annual *Business and Financial Plan*). It explains significant differences, if any.

2023 Target: 70% of audits completed within planned costs

2023 Results: 60% of audits were completed within planned costs

The Office was able to manage within its planned costs overall by leveraging cost savings at some agencies to offset cost increases at other agencies. It expects to complete its 2023 work plan to audit government agencies within its planned budget of \$8.834 million (actual: \$8.832). The footnotes to the **Schedule of Actual Costs to Audit Government Agencies** explain significant differences between planned and actual costs for government sectors/agencies.

4. External Parties Reviewing the Office Report Positive Results

Rationale and description of measure: Three external parties review the various aspects of the Office—CPA Saskatchewan, Canadian Council of Legislative Auditors (CCOLA), and an auditor independent of the Office.

- Because the Office is a licensed firm and training office under *The Accounting Profession Act*, CPA Saskatchewan periodically (at least once every four years) inspects the Office. CPA Saskatchewan assesses whether the Office has policies, practices, and procedures in place that enable it to provide public accounting services in accordance with the standards of the Canadian accounting profession. Positive results mean no reportable deficiencies that result in the requirement for re-inspection within one year.
- As a member of CCOLA, the Office voluntarily participates in the inter-jurisdictional peer review process of CCOLA. Every second year, we ask another legislative audit office to review a number of our audit files. This review determines whether the Office's audit work complied with generally accepted auditing standards published by CPA Canada (professional standards). Positive results are achieved when the reviewer reports compliance with the professional standards.
- The Assembly, through *The Provincial Auditor Act*, requires an annual audit of the Office by an auditor who is independent of the Office. The Act gives this auditor the same audit responsibilities as the Office. Positive results are when the auditor of the Office issues unqualified opinions (no significant reportable matters).

Annual audit: Each year, the independent external auditor of the Office provides the Assembly with an opinion on the following:

- The reliability of the Office's financial statements
- The Office's compliance with *The Provincial Auditor Act*
- The effectiveness of the Office's financial controls
- The reliability of the Office's key performance indicators

2023 Target: All external parties reviewing the Office **report positive results**

2023 Results: All external parties that reviewed the Office **reported positive results**





The 2022 CPA Saskatchewan practice inspection of the Office did not identify any reportable deficiencies that would result in the requirement for re-inspection within one year. There was no CPA Saskatchewan practice inspection in 2023.

As part of the CCOLA peer review process, the Office of the Auditor General of Ontario's review of two of the Office's financial audit files in March 2022 found the Office's work complied with professional assurance standards. There was no CCOLA peer review in 2023.

The external auditor of the Office reached unqualified opinions and had no significant matters to report to the Assembly. The Office's external auditor reports the following:

- The Office's 2022–23 financial statements are reliable, it complied with *The Provincial Auditor Act*, and it had effective financial controls as set out in the **Independent Auditors' Report on the Financial Statements**, the **Independent Auditors' Report on Compliance with Authorities**, and the **Independent Auditors' Report on Effectiveness of Financial-Related Controls**
- The Office's performance information is reliable as set out in the **Independent Auditors' Report on the Schedule of Results for Key Performance Measures**
- There are no significant matters to report to the Assembly as set out in the **Independent Auditors' Report on Significant Matters**

Goal 4 – Increase Awareness of the Office

Gaining and keeping the trust of legislators and the public is key to the Office being a credible and trusted advisor to legislators and the public.

The Office must be well positioned to communicate clearly its purpose, its independence, its work, and its accountability. This includes explaining how it manages potential or perceived threats to its independence. Concise and open communications will help ensure legislators, the public, and others have a clear and accurate understanding of its role and responsibilities.

The Office measures its success in increasing awareness of the role of the Office using the following measure.

1. Public Familiarity with the Office

Rationale and description of measure: To achieve the Office's vision and mission, it is important the public is aware of the Office's work and the role of the Provincial Auditor as an independent Officer of the Legislative Assembly.

The omnibus survey asks Saskatchewan residents how familiar they are with the Office of the Provincial Auditor.

To measure the public's awareness of the Office, each year, the Office participates in an online omnibus survey of Saskatchewan residents and tracks its results over a five-year period.

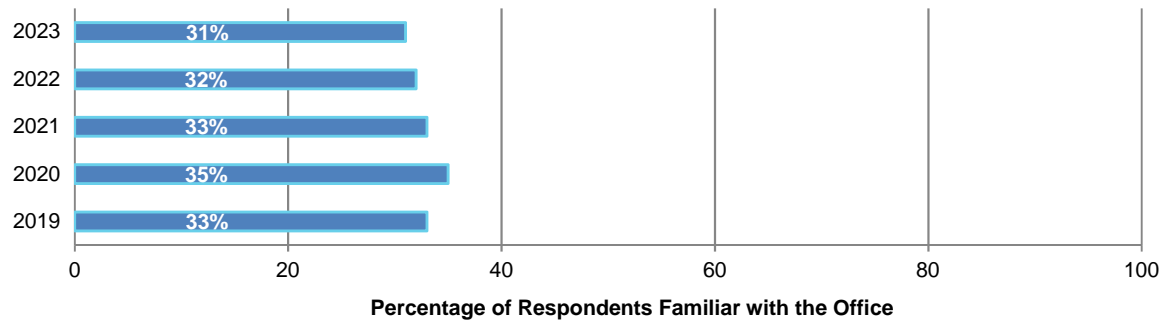
2023 Target: Positive trend over a five-year period in public familiarity with the Office

2023 Results: Declining trend over a five-year period in public familiarity with the Office

The results of the February 2023 survey indicate that 31% of respondents had some familiarity with the Office—a 1% decrease from the prior year (2022: 32%). In 2023, 801 residents of Saskatchewan responded to the online survey question (2022: 802 residents). **Exhibit 7** shows the level of public awareness of the Office has remained relatively consistent since 2019.



Exhibit 7—Public Familiarity with the Office from 2019 to 2023





Management's Representation on the Schedule of Results for Key Performance Measures and Schedule of Actual Time Spent on Tasks

The Office's management is responsible for the accompanying Schedule of Results for Key Performance Measures and Schedule of Actual Time Spent on Tasks (Schedules). Management prepared the Schedule of Results for Key Performance Measures in accordance with reporting principles as set out in the Schedule. Management prepared the Schedule of Actual Time Spent on Tasks in accordance with accounting principles as set out in the notes to the Schedule.

The Office maintains a comprehensive system of internal controls including an appropriate code of conduct, written policies and procedures, and an organization structure that segregates incompatible duties. It designed its system of controls to provide reasonable assurance that its transactions are recorded and executed in compliance with applicable legislation and authorities, its assets are properly safeguarded, and it maintains reliable statistical records.

Management is also responsible for the integrity of other information included in this *Annual Report on Operations*. The statistical information presented elsewhere in this *Annual Report on Operations* is consistent with that in the Schedules.

Virtus Group LLP audits the Office's Schedule of Results for Key Performance Measures and Schedule of Actual Time Spent on Tasks.

Virtus Group LLP reports to the Legislative Assembly that each of these Schedules are reliable. Each report of Virtus Group LLP states the scope of its audit and opinion. Each of these is included in this *Annual Report on Operations*.

Tara Clemett, CPA, CA, CISA
Provincial Auditor

Angèle Borys, CPA, CA, CPHR
Deputy Provincial Auditor and
Chief Operating Officer

June 19, 2023
Regina, Saskatchewan



Independent Auditors' Report on the Schedule of Results for Key Performance Measures

To the Members of the Legislative Assembly of Saskatchewan

We have undertaken a reasonable assurance engagement of the accompanying Schedule of Results for Key Performance Measures (the "Schedule") of the Office of the Provincial Auditor for the year ended March 31, 2023, which is prepared in accordance with reporting principles as set out in the Schedule.

Management's Responsibility

Management is responsible for the preparation and presentation of the Schedule in accordance and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on the Schedule based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3000 *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the Schedule is fairly stated, in all material respects.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material misstatement. Material misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of the users of the report. A reasonable assurance engagement involves performing procedures to obtain evidence about the Schedule. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of material misstatement in the Schedule, whether due to fraud or error, and involves obtaining evidence about the Schedule.

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Independence and Quality Management

We have complied with the ethical requirements of the Chartered Professional Accountants of Saskatchewan *Rules of Professional Conduct*, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentially and professional behaviour.

We apply the *Canadian Standard on Quality Management 1* issued by CPA Canada and accordingly, maintain a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion

In our opinion, the Schedule of Results for Key Performance Measures of the Office of the Provincial Auditor for the year ended March 31, 2023, is fairly stated in all material respects.

Virtus Group LLP

June 19, 2023
Regina, Saskatchewan

Chartered Professional Accountants





OFFICE OF THE PROVINCIAL AUDITOR SCHEDULE OF RESULTS FOR KEY PERFORMANCE MEASURES

For the Year Ended March 31, 2023

The Office uses performance measures and targets to measure its progress towards achieving its strategic goals and priorities. The following sets out the 2023 results as compared to targets for each measure. Measures are grouped under the related goal as set out in the *2021–2024 Strategic Plan*.

The Office prepared this performance information in accordance with the following reporting principles:

- The performance information is relevant. It is related to stated strategic goals and performance targets and enables an assessment of our progress toward achieving the goals and targets. It shows how the Office achieved the results and how it measured its progress in achieving its performance targets.
- The performance information is reliable. It is based on data that is accurate, complete, and available over a long period of time and at a reasonable cost. It is derived from data that is fair and unbiased and capable of being replicated by independent and knowledgeable observers.
- The performance information is understandable. It provides the level of detail needed to enable a proper understanding of performance and is limited to a key set of performance measures that are comparable over time and aggregated at appropriate and meaningful levels.

<i>Strategic Goals and Priorities</i>	<i>Performance Measures and Targets</i>	<i>2023 Actual Results</i>
Focus on the most relevant audit areas Priorities – Use input from key stakeholder groups to identify areas of focus – Explain areas of audit focus to key stakeholders	The Standing Committees on Public Accounts (PAC) and Crown and Central Agencies (CCAC) collectively accept 95% of our recommendations The results are based on recommendations considered by each Standing Committee during their meetings over the last five-year period (e.g., for 2023 – April 2018 to March 2023)	Target met 100% (2022 – 100%)
	The Government acts on 93% Type 1 and 95% Type 2 recommendations The Government acts on recommendations by implementing the recommendations. Type 1 recommendations are those that are less complex, and can be implemented in one year; these are tracked over a five-year period (e.g., for 2023 – April 2018 to March 2023) Type 2 recommendations are those that are more difficult to carry out and take up to five years to implement; these are tracked over a 10-year period (e.g., for 2023 – April 2013 to March 2023)	Target not met – Type 1 – 91% (2022 – 93%) Target met – Type 2 – 97% (2022 – 97%)



—Audited—

<i>Strategic Goals and Priorities</i>	<i>Performance Measures and Targets</i>	<i>2023 Actual Results</i>
<p>Focus on the most relevant audit areas (continued)</p>	<p>80% of auditee respondents to post-audit surveys view the Office’s work as adding value and are satisfied with our work</p> <p>Results are based on the responses to surveys sent to agencies during a five-year period (e.g., for 2023 – April 2018 to March 2023)</p>	<p>Target met</p> <p>98%</p> <p>74% of agencies responded to 250 surveys sent</p> <p>(2022 – 98%. 73% of agencies responded to 255 surveys sent)</p>
<p>Sustain an engaged work force</p> <p>Priorities</p> <ul style="list-style-type: none"> – Foster a culture reflective of our values – Develop leaders – Recruit and retain qualified employees 	<p>Maximum of 13% of employees voluntarily leave the office annually</p> <p>Voluntary turnover is due to an employee-initiated departure and does not include retirements, leaves, deaths or dismissals. Results are based on voluntary turnover as a percentage of permanent positions.</p>	<p>Target not met</p> <p>15%</p> <p>During 2023, 9 employees voluntarily left the Office.</p> <p>(2022 – 18%. 11 employees voluntarily left the Office)</p>
	<p>At least 80% of employees (survey respondents) express positive engagement in the Office</p> <p>Employees, through an annual survey, are asked to express their level of satisfaction with the Office’s working environment and their level of engagement. The survey measures 11 key dimensions of employee engagement. Results are based on survey responses.</p>	<p>Target met</p> <p>87%</p> <p>83% of employees responded to the survey</p> <p>(2022 – 83% employees expressed positive engagement in the Office. 90% of employees responded to the survey)</p>
	<p>Minimum of 6% of employee working hours spent on training and development</p>	<p>Target met</p> <p>7%</p> <p>Refer to Schedule of Actual Time Spent on Tasks</p> <p>(2022 – 6%)</p>
<p>Deliver quality audits at a reasonable cost</p> <p>Priorities</p> <ul style="list-style-type: none"> – Meet evolving professional standards – Continuously improve our work – Manage resources based on reasonable budgets and agreed upon deadlines 	<p>Public reports submitted to the Assembly within established time frames (Volume 1 – first two weeks of June; Volume 2 – first two weeks of December)</p>	<p>Target met</p> <p>2022 Report – Volume 1 tabled June 7, 2022, and 2022 Report – Volume 2 tabled December 6, 2022</p> <p>(2022: 2021 Report – Volume 1 tabled June 8, 2021, and 2021 Report – Volume 2 tabled December 8, 2021)</p>





Strategic Goals and Priorities	Performance Measures and Targets	2023 Actual Results
<p>Deliver quality audits at a reasonable cost (continued)</p>	<p>75% of assurance reports issued to Government agencies by agreed upon dates</p> <p>Results are based on whether the Office provided planned reports (e.g., management letters) to government agencies by agreed upon dates</p>	<p>Target not met</p> <p>69%</p> <p>(2022 – 81%)</p>
	<p>70% of audits completed within planned costs</p> <p>Results are based on whether the Office completed its work to examine each agency within the planned costs used to support the Office’s annual Business and Financial Plan</p>	<p>Target not met</p> <p>60%</p> <p>Refer to Schedule of Actual Costs to Audit Government Agencies for explanations of significant differences.</p> <p>(2022 – 70%)</p>
	<p>All external parties reviewing the Office report positive results</p> <p>CPA Saskatchewan periodically inspects the Office’s practice for compliance with professional standards</p> <p>The Office participates in the CCOLA Inter-Jurisdictional Peer Review Process every second year</p> <p>The external auditor of the Office provides audit opinions on the Office’s:</p> <ul style="list-style-type: none"> ➤ Financial statements ➤ Schedule of Actual Costs to Audit Government Agencies ➤ Schedule of Actual Time Spent on Tasks ➤ Schedule of Results for Key Performance Measures ➤ Effectiveness of its financial controls to safeguard public resources ➤ Compliance with authorities 	<p>Target met</p> <p>All external reviewers reported positive results</p> <p>The 2022 CPA Saskatchewan practice inspection did not identify any reportable deficiencies that would result in the requirement for re-inspection within one year. There was no CPA Saskatchewan practice inspection in 2023.</p> <p>The March 2022 CCOLA peer review reported that the Office’s work complied with professional assurance standards. There was no CCOLA peer review in 2023.</p> <p>The Office’s external auditor issued an unqualified opinion for each of the areas listed for the year ended March 31, 2023.</p> <p>(2022 – all external reviewers reported positive results)</p>
<p>Increase awareness of the Office</p> <p>Priorities</p> <ul style="list-style-type: none"> – Educate stakeholders about the value of our work – Broaden or improve access to our work 	<p>Positive trend over a five-year period in public familiarity with the Office</p> <p>Each year, the Office participates in an online omnibus survey of Saskatchewan residents that asks how familiar they are with the Office of the Provincial Auditor</p>	<p>Target not met</p> <p>A decreased percentage of respondents expressed familiarity with the Office</p> <p>31% of 801 respondents were somewhat or very familiar with the Office</p> <p>(2022 – 32%, 802 respondents) (2021 – 33%, 801 respondents) (2020 – 35%, 801 respondents) (2019 – 33%, 800 respondents)</p>



Independent Auditors' Report on the Schedule of Actual Time Spent on Tasks

To the Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the accompanying Schedule of Actual Time Spent on Tasks of the Office of the Provincial Auditor for the year ended March 31, 2023, which is prepared in accordance with the accounting principles as set out in the notes to the statistical information.

In our opinion, the accompanying Schedule presents fairly, in all material respects, the actual time spent on tasks of the Office of the Provincial Auditor for the year ended March 31, 2023, in accordance with the accounting principles set out in the notes to the schedule of statistical information.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statistical Information* section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the statistical information in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with the Governance for the Statistical Information

Management is responsible for the preparation and fair presentation of this statistical information in accordance with the accounting principles set out in the notes to the schedule, and for such internal control as management determines is necessary to enable the preparation of statistical information that is free from misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Office's reporting process.

Auditor's Responsibilities for the Audit of the Statistical Information

Our objectives are to obtain reasonable assurance about whether the statistical information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statistical information.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statistical information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure, and content of the statistical information, including the disclosures, and whether the statistical information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Vintus Group LLP

June 19, 2023

Regina, Saskatchewan

Chartered Professional Accountants





OFFICE OF THE PROVINCIAL AUDITOR SCHEDULE OF ACTUAL TIME SPENT ON TASKS

For the Year Ended March 31

<i>Employee time</i>	Actual			Planned	
	2021	2022	2023	2023	2024
Working hours	85%	86%	85%	85%	85%
Vacation leave and statutory holidays ¹	13%	12% ⁴	13%	13%	13%
Sick leave	2%	2%	2%	2%	2%
Total paid hours	100%	100%	100%	100%	100%
Working hours tasks					
Audits	72% ³	70%	68% ⁶	69%	69%
Support services	10%	11%	11%	11%	12%
Office administration	12%	13%	14% ⁶	13%	13%
Training	6% ³	6%	7% ⁶	7%	6% ⁹
Total work hours	100%	100%	100%	100%	100%
Total full-time equivalent positions ²	63	59 ⁵	62 ⁷	63 ⁸	63 ⁸

(See accompanying notes)

Explanations of statistical differences in the use of employee time.

- ¹ The Office provides vacation leave and statutory holidays similar to those provided to employees in the public service. Periodically, there is one additional statutory holiday (Good Friday) in the period or one less.
- ² Includes employees and contracted assistance.
- ³ Training-related travel time was reduced due to COVID-19 pandemic restrictions resulting in more time spent on audits.
- ⁴ Increased turnover of audit staff in 2022 resulted in the need to defer some staff vacation leave in order to meet audit deadlines.
- ⁵ 2022 FTE impacted by increased turnover of audit staff and tight market for CPAs and contracted audit assistance.
- ⁶ Less time spent on audits due to increase in hiring of new staff. More time spent on recruiting, training, and coaching activities.
- ⁷ This represents 60 full-time equivalent employees and 2 full-time equivalent contracted assistance.
- ⁸ The Office requires additional staff and work hours to meet CPA Canada's new quality management standards.
- ⁹ The Office expects reduced training-related travel time due to virtual training options available.



OFFICE OF THE PROVINCIAL AUDITOR NOTES TO THE SCHEDULE OF ACTUAL TIME SPENT ON TASKS

For the Year Ended March 31, 2023

1. Purpose

This schedule shows work tasks and the percentage of time spent on these tasks. The schedule shows actual percentages for the years ended March 31, 2021 to March 31, 2023, and planned percentages for these tasks for the years ended March 31, 2023 and 2024.

2. Definitions

Working hours – Time available after deducting vacation leave, statutory holidays, and sick leave.

Vacation leave and statutory holidays – Vacation leave is based on years of service. Employees also receive paid provincial statutory holidays similar to those provided in the public service.

Sick leave – Sick leave is based on approved leave taken prior to being eligible for long-term disability benefits.

Total paid hours – Total of working hours, vacation leave, statutory holidays, and sick leave. Employees must work a minimum of 1,950 hours per year to receive full pay.

Audit hours – Time spent on the audits set out in the **Schedule of Actual Costs to Audit Government Agencies**. Audit hours do not include the time spent on support services, office administration, and training.

Support services – Time spent on accounting, IT network maintenance and support, and other administrative support.

Office administration – Time spent on human resource activities, quality reviews, internal committees and working groups, office-wide and division planning activities, and time that does not fall within any other working hours task category.

Training – Time spent on staff development, courses, and seminars. The time includes both employee attendance and travel time, and instructor time when employees instruct courses.

Full-time equivalent positions – Total paid hours divided by 1,950 hours.

3. Time Allocation Policies

Employees and contract staff are required to record actual time spent on each task to the nearest quarter hour. Staff supervisors approve all time recorded. The Office uses the staff time information to pay employees and contract staff, and monitor productivity. The Office also uses this information to determine and monitor the costs to audit government agencies.

4. Planned Time

The percentages of planned time set out in the Schedule are those presented to the Standing Committee on Public Accounts in the **Schedule of Planned Time Spent on Tasks** in the Office's *Business and Financial Plans* for the related fiscal year.





Financial Performance



Financial Discussion and Analysis

Introduction

The following financial discussion and analysis should be read with our audited **Financial Statements** and our audited **Schedule of Actual Costs to Audit Government Agencies**.

The financial discussion and analysis provides reasons for significant differences between our actual expenses as compared to budget and to the prior year. Our audited schedule of actual costs to audit government agencies compares our actual to planned costs, and provides reasons for key differences.

<i>Operating Expense</i>	Difference	Difference
	Between 2023 Actual and 2023 Budget	Between 2023 Actual and 2022 Actual
	(000's)	
Salaries	\$ (107)	\$ 133
Employee benefits	26	72
Facilities and equipment	29	38
Administration	(26)	62
Agent and advisory services	28	208
Training and development	(5)	14
Total operating expense	\$ (55)	\$ 527

Comparison of 2023 Results to Planned (Budget)

For the 2023 fiscal year, the Legislative Assembly approved an appropriation (vote 28) for the Office of \$8,834 thousand and a contingency appropriation of \$588 thousand for a total appropriation of \$9,422 thousand.

Total 2023 operating expenses of \$8,752 thousand were \$55 thousand less than planned as set out our 2023 *Business and Financial Plan* (Plan). The key reasons for the difference are as follows:

- **Decrease in salaries of \$107 thousand** – A robust market for professional accountants resulted in higher than anticipated turnover and fewer new hires than planned. Actual 2023 FTE salaried positions was 60 as compared to budgeted 61 FTEs.
- **Increase in facilities and equipment of \$29 thousand** – Primarily due to upgrades for IT equipment (e.g., laptops, servers, firewall, and monitors).
- **Increase in agent and advisory services of \$28 thousand** – Mainly due to the increased use of audit advisors and recruiting services. These increases were somewhat offset by a decrease in legal services.
- **Increase in employee benefits of \$26 thousand** – Primarily due to unanticipated rate increases for employee benefits (i.e., Canada Pension Plan, Employment Insurance, and Public Employees Dental Plan).





- **Decrease in administration of \$26 thousand** – Due to fewer audit travel costs than anticipated and savings associated with the Provincial Auditor’s decision not to lease a vehicle.

Comparison of 2023 Results to Prior Year

Total 2023 operating expenses of \$8,752 thousand were \$527 thousand more than the prior year. The key reasons for the difference are as follows:

- **Increase in agent and advisory services of \$208 thousand** – Mainly due to increased use of contracted staff, audit advisors, and recruiting services.
- **Increase in salaries of \$133 thousand** – Mainly due to a 2% economic adjustment effective April 1, 2022. Actual FTE salaried positions was 60 as compared to 58 in 2022.
- **Increase in employee benefits of \$72 thousand** – Due to rate increases for employee benefits in 2023 (i.e., Canada Pension Plan, Employment Insurance, Public Employees Dental Plan, and Extended Health Care Plan). Also, increase in pension plan contributions for temporary staff and staff returning from temporary leaves.
- **Increase in administration of \$62 thousand** – Mainly due to increased travel costs in 2023 as COVID-19 pandemic restrictions were lifted.
- **Increase in facilities and equipment of \$38 thousand** – Primarily due to upgrades for IT equipment (e.g., laptops, servers, firewall, and monitors).

The transfer to the General Revenue Fund of \$651 thousand includes the return of unused appropriations and other revenue as required by *The Provincial Auditor Act*.

Comparison of 2023 Costs to Audit Government Agencies to Planned

In 2023, the Office was involved in the audits of over 260 agencies for a total cost of \$8,832 thousand as compared to planned costs of \$8,834 thousand. Footnotes to the audited **Schedule of Actual Costs to Audit Government Agencies** explain differences between 2023 actual costs and planned costs greater than \$80 thousand.

The Office’s costs to audit government agencies is directly influenced by the types and amounts of revenues and expenses of the Government, the number of government agencies, the quality of the Government’s and its agencies’ records, the cooperation the Office receives, and the nature and extent of changes in professional standards.

List of Payees

Consistent with the Legislative Assembly’s expectation that all government agencies provide a list of persons who received money, the **Additional Information** section of this Report includes a list of persons who provided goods and services over \$50 thousand to the Office.



Management's Responsibility for the Financial Statements and Schedule of Actual Costs to Audit Government Agencies

The Office's management is responsible for the accompanying financial statements and Schedule of Actual Costs to Audit Government Agencies. Management prepared the financial statements in accordance with Canadian public sector accounting standards issued by the Public Sector Accounting Board, and the Schedule of Actual Costs to Audit Government Agencies in accordance with accounting principles as set out in the notes to the Schedule.

The Office maintains a comprehensive system of internal controls including an appropriate code of conduct, written policies and procedures, and an organizational structure that segregates incompatible duties. It designed its system of controls to provide reasonable assurance that its transactions are recorded and executed in compliance with applicable legislation and authorities, its assets are properly safeguarded, and it maintains reliable financial records.

Management is also responsible for the integrity of other information included in this *Annual Report on Operations*. The financial information presented elsewhere in this *Annual Report on Operations* is consistent with that in the financial statements and the schedule of financial information.

Virtus Group LLP audits the Office's financial statements and Schedule of Actual Costs to Audit Government Agencies. Virtus Group LLP also audits the effectiveness of the Office's controls over safeguarding public resources, and its compliance with applicable legislative authorities.

Virtus Group LLP reports to the Legislative Assembly that the Office's financial statements and Schedule of Actual Costs to Audit Government Agencies are both reliable, the Office's financial-related controls are functioning effectively, and the Office complied with applicable legislative authorities. Each report of Virtus Group LLP states the scope of its audit and opinion. Each of these is included in this *Annual Report on Operations*.

Tara Clemett, CPA, CA, CISA
Provincial Auditor

Angèle Borys, CPA, CA, CPHR
Deputy Provincial Auditor and
Chief Operating Officer

June 19, 2023
Regina, Saskatchewan





Independent Auditors' Report on the Financial Statements

To the Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Office of the Provincial Auditor, which comprise the statement of financial position as at March 31, 2023, and the statements of operations, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Office of the Provincial Auditor as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.



Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Virtus Group LLP

June 19, 2023
Regina, Saskatchewan

Chartered Professional Accountants





› **Statement 1**

**OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF FINANCIAL POSITION**

**As at March 31
(thousands of dollars)**

	2023	2022
<i>Financial Assets</i>		
Cash (Note 3)	\$ 803	\$ 1,111
Accounts receivable	13	12
	816	1,123
<i>Liabilities</i>		
Accounts payable	84	49
Accrued vacation pay	108	125
Due to the General Revenue Fund	624	949
	816	1,123
Net debt (Statement 3)	-	-
<i>Non-Financial Assets</i>		
Tangible capital assets (Note 4)	70	25
Prepaid expenses	84	85
	154	110
Accumulated surplus (Statement 2)	\$ 154	\$ 110

(See accompanying notes)



› **Statement 2**

**OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF OPERATIONS**

**For the Year Ended March 31
(thousands of dollars)**

	2023		2022
	Budget (Note 5)	Actual	Actual
Revenue			
General Revenue Fund			
Appropriation	\$ 8,834	\$ 8,828	\$ 8,628
Contingency Appropriation	588	588	524
Other	-	31	-
Total revenue	9,422	9,447	9,152
Expense			
Salaries	5,904	5,797	5,664
Employee benefits (Note 6)	1,149	1,175	1,103
Facilities and equipment	775	804	766
Administration	376	350	288
Agent and advisory services	448	476	268
Training and development	155	150	136
Total operating expense	8,807	8,752	8,225
Transfer to General Revenue Fund (Note 7)	588	651	949
Total expense	9,395	9,403	9,174
Annual surplus (deficit)	\$ 27	44	(22)
Accumulated surplus, beginning of year		110	132
Accumulated surplus, end of year (Statement 1)		\$ 154	\$ 110

(See accompanying notes)



› **Statement 3**

**OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF CHANGE IN NET DEBT**

**For the Year Ended March 31
(thousands of dollars)**

	2023		2022
	Budget	Actual	Actual
Annual surplus (deficit) (Statement 2)	\$ 27	\$ 44	\$ (22)
Acquisition of tangible capital assets	(56)	(79)	(11)
Amortization of tangible capital assets	29	34	21
	(27)	(45)	10
Acquisition of prepaid expenses	-	(84)	(85)
Use of prepaid expenses	-	85	97
	-	1	12
(Increase) decrease in net debt	-	-	-
Net debt, beginning of year	-	-	-
Net debt, end of year (Statement 1)	\$ -	\$ -	\$ -

(See accompanying notes)



› **Statement 4**

**OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF CASH FLOWS**

**For the Year Ended March 31
(thousands of dollars)**

	2023	2022
<i>Operating Activities</i>		
Cash received from:		
General Revenue Fund		
Appropriation	\$ 8,828	\$ 8,622
Contingency appropriation	588	524
Other	27	-
	9,443	9,146
Cash paid for:		
Salaries	5,792	5,620
Supplies and other	3,880	3,102
	9,672	8,722
Cash (used in) provided by operating activities	(229)	424
<i>Capital Activities</i>		
Cash used to acquire tangible capital assets	(79)	(11)
Cash used in capital activities	(79)	(11)
(Decrease) increase in cash	(308)	413
Cash, beginning of year	1,111	698
Cash, end of year (Note 3)	\$ 803	\$ 1,111

(See accompanying notes)



OFFICE OF THE PROVINCIAL AUDITOR NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended March 31, 2023

1. General Information

The Provincial Auditor Act establishes the Office of the Provincial Auditor as part of the Legislative Branch of Government independent of the Executive Branch of the Government of Saskatchewan. The Office:

- Examines the administration of government programs and activities carried out by government ministries, health and education institutions, commissions, Boards, and Crown corporations (e.g., the Executive Branch)
- Reports the results of examinations to the Legislative Assembly and the public
- Helps the Standing Committees on Public Accounts and Crown and Central Agencies in their review of the Provincial Auditor's reports, the Public Accounts, and other reports

2. Summary of Accounting Policies

The Office uses Canadian public sector accounting standards to prepare its financial statements. A statement of remeasurement gains and losses has not been presented in these financial statements because all financial instruments are measured at amortized cost. The following accounting policies are considered to be significant.

(a) Revenue

The appropriations from the General Revenue Fund are recorded when authorized by the Legislative Assembly.

Other revenue consists of bank interest that is recorded when earned.

(b) Transfer to General Revenue Fund

The Provincial Auditor Act requires that all other revenue received by the Office be deposited to the General Revenue Fund. The Act also requires the Office return any unspent appropriations, as determined using the expenditure basis of accounting, to the General Revenue Fund.

(c) Tangible Capital Assets

Tangible capital assets are reported at cost less accumulated amortization. Amortization is recorded on a straight-line basis at rates based on estimated useful lives of the tangible capital assets as follows:

Computer hardware	3 years
Computer software	3 years
Furniture (desks, file cabinets)	10 years
Other furniture	5 years
Other equipment	3 years



(d) Financial Instruments

The Office's financial instruments include accounts receivable, accounts payable, accrued vacation pay, and due to the General Revenue Fund. All financial instruments are carried at amortized cost, which approximates fair value due to their immediate or short-term maturity. These instruments have no significant exposure to interest rate, credit, or liquidity risks.

3. Cash

Cash consists of interest-bearing money on deposit with the bank. The interest rate ranged from 0.20% to 4.20% during the year (2022: 0% to 0.20%).

4. Tangible Capital Assets

The recognition and measurement of tangible capital assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Office.

	2023 (000's)			2022 (000's)
	Hardware & Software	Furniture & Equipment	Total	Total
Opening costs	\$ 482	\$ 385	\$ 867	\$ 869
Additions during the year	61	18	79	11
Disposals during the year	(23)	(5)	(28)	(13)
Closing cost	520	398	918	867
Opening accumulated amortization	475	367	842	834
Annual amortization	25	9	34	21
Disposals	(23)	(5)	(28)	(13)
Closing accumulated amortization	477	371	848	842
Net book value	\$ 43	\$ 27	\$ 70	\$ 25

Annual amortization is included in facilities and equipment expense in the Statement of Operations.

5. Budget

The budget shown in the Statement of Operations is presented using the expense basis of accounting.

Under *The Provincial Auditor Act*, the Standing Committee on Public Accounts is charged with the review and approval of the Office's funding request (appropriation and contingency appropriation).





On January 12, 2022, the Standing Committee on Public Accounts approved the Office's funding request of \$9,422 thousand that was prepared using the expenditure basis of accounting.

The 2023 Budget and Actual using the expenditure basis of accounting are as follows:

	2023 (000's)	
	Budget	Actual
Revenue		
General Revenue Fund		
Appropriation	\$ 8,834	\$ 8,828
Contingency Appropriation	588	588
Other	-	31
Total revenue	9,422	9,447
Expenditure		
Salaries	5,904	5,797
Employee benefits	1,149	1,179
Facilities and equipment	802	846
Administration	376	350
Agent and advisory services	448	479
Training and development	155	145
Total operating expenditure	8,834	8,796
Transfer to General Revenue Fund (Note 7)	588	651
Total expenditure	9,422	9,447
Excess of revenue over expenditure	\$ -	\$ -

6. Employee Benefits

The Office participates in a defined contribution pension plan: *The Public Employees Pension Plan*. The Office's financial obligation to the plan is limited to contributions of 8.6% of employees' salaries for current service. The Office's annual pension expense for 2023 of \$510 thousand (2022: \$494 thousand) is included in employee benefits.

The Office also participates in *The Public Employees Disability Income Plan*. The Office's financial obligation to the plan is limited to contributions of 2.14% of employees' salaries for current service. The Office's annual expense for 2023 of \$114 thousand (2022: \$115 thousand) is included in employee benefits.



7. Transfer to General Revenue Fund

The \$651 thousand transfer (2022: \$949 thousand) includes the Office's unspent appropriations of \$620 thousand and other revenue (i.e., bank interest) of \$31 thousand.

8. Contractual Obligations

In 2022, the Office entered into a 7-year lease commencing April 1, 2022, for its accommodations. Annual lease payments are \$546 thousand before escalation adjustments.

For the following fiscal years, the Office is also committed to make future annual payments for equipment operating leases of:

2024	\$ 76 thousand
2025	\$ 44 thousand





Independent Auditors' Report on the Schedule of Actual Costs to Audit Government Agencies

To the Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the accompanying Schedule of Actual Costs to Audit Government Agencies of the Office of the Provincial Auditor for the period as described in Note 1, which is prepared in accordance with accounting principles as set out in the notes to the schedule of financial information.

In our opinion, the accompanying Schedule presents fairly, in all material respects, the actual costs to audit government agencies of the Office of the Provincial Auditor for the period described in Note 1, in accordance with the accounting principles set out in the notes to the schedule of financial information.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Information* section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Information

Management is responsible for the preparation and fair presentation of the financial information in accordance with accounting principles set out in the notes to the schedule, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Office's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Vintus Group LLP

June 19, 2023
Regina, Saskatchewan

Chartered Professional Accountants



OFFICE OF THE PROVINCIAL AUDITOR
SCHEDULE OF ACTUAL COSTS TO AUDIT GOVERNMENT AGENCIES

For the Year Ended March 31 (thousands of dollars)	2023		2022	
	Planned Costs	Actual Costs	Actual Costs	Actual Costs
Government Sector/Agency				
Advanced Education	\$ 991	\$ 879 ¹	\$ 733	
Agriculture	169	133	142	
Corrections, Policing and Public Safety	321	390	174	
Education	579	465 ²	824	
Energy and Resources	237	229	240	
Environment	293	202 ³	121	
Executive Council	17	17	21	
Finance	943	955	936	
Firearms Secretariat	---	19	---	
Government Relations	210	170	270	
Health	1,443	1,162 ⁴	1,263	
Highways	212	285	163	
Immigration and Career Training	245	213	183	
Justice and Attorney General	402	435	588	
Labour Relations and Workplace Safety	29	31	33	
Legislative Assembly	120	137	151	
Parks, Culture and Sport	342	376	309	
Public Service Commission	90	76	193	
Saskatchewan Liquor and Gaming Authority	259	215	301	
SaskBuilds and Procurement	218	225	222	
Social Services	288	335	297	
Trade and Export Development	20	18	20	
Workers' Compensation Board	41	129 ⁵	202	
Crown Investments Corporation of Saskatchewan	46	44	44	
Saskatchewan Gaming Corporation	16	16	99	
Saskatchewan Government Insurance	167	171	84	
Saskatchewan Opportunities Corporation	13	10	9	
Saskatchewan Power Corporation	170	50 ⁶	75	
Saskatchewan Telecommunications Holding Corporation	142	68	59	




**For the Year Ended March 31
(thousands of dollars)**
Government Sector/Agency

	2023			2022		
	Planned Costs		Actual Costs		Actual Costs	
Saskatchewan Water Corporation	15		11		19	
SaskEnergy Incorporated	41		37		42	
Government-Wide and Sectoral Work	262		92	⁷	86	
Legislative Committees and Public Reports	493		399	⁸	396	
	\$ 8,834		\$ 7,994		\$ 8,299	
Estimated costs to complete audits not complete at March 31, 2023 (Note 3)	-		838		2	
TOTAL COSTS (Note 4)	\$ 8,834		\$ 8,832		\$ 8,301	

(See accompanying notes)

Explanation of differences between 2023 actual costs and planned costs greater than \$80 thousand (in thousands of dollars):

- ¹ **Advanced Education** – In 2023, the Office's actual costs to March 31 combined with estimated costs to complete of \$132 (e.g., university pension and benefit plans with December year ends) were \$20 more than planned.
- ² **Education** – In 2023, the Office's actual costs to March 31 combined with estimated costs to complete of \$46 were \$68 less than planned primarily because of fewer significant issues requiring research and majority of meetings attended virtually, reducing travel time and costs for school division audit work.
- ³ **Environment** – In 2023 the Office's actual costs to March 31 were \$91 less than planned. The Office deferred its planned project to assess the Ministry's processes to reduce carbon emissions. These resources were transferred to conduct work at WCB (refer to footnote 5). In addition, costs to audit The Saskatchewan Technology Fund were lower than planned given minimal activity in the Fund in 2023.
- ⁴ **Health** – In 2023, the Office's actual costs to March 31 combined with estimated costs to complete of \$255 (e.g., deferral of some SHA and eHealth Saskatchewan performance work) were \$26 less than planned. Increases in costs for performance work (e.g., specialist wait times, procuring cancer drugs) were offset by cost savings for the Saskatchewan Health Authority audit due to the deferral of the implementation of a centralized financial and human resources system.
- ⁵ **Workers' Compensation Board** – In 2023, the Office's actual costs to March 31 combined with estimated costs to complete of \$6 were \$94 more than planned. In 2023, the Office transferred resources to assess WCB's processes to monitor safety associations' use of funding for injury prevention and workplace safety (refer to footnote 3).
- ⁶ **Saskatchewan Power Corporation** – In 2023, the Office's actual costs to March 31 combined with estimated costs to complete of \$94 (e.g., deferred clean energy performance work) were \$26 less than planned.
- ⁷ **Government-Wide and Sectoral Work** – In 2023, the Office's actual costs to March 31 combined with estimated costs to complete of \$70 were \$100 less than planned because of fewer complex matters requiring research than originally anticipated. Resources from this category were reallocated to specific performance audits as approved by the Provincial Auditor upon completion of detailed audit plans.
- ⁸ **Legislative Committees and Public Reports** – In 2023, the Office's actual costs to March 31 were \$94 less than planned as Legislative Committees met less frequently to discuss our work. In addition, costs to publish our 2023 reports decreased as a result of reduced printing costs and less reportable issues and therefore chapters related to annual integrated audits.



OFFICE OF THE PROVINCIAL AUDITOR NOTES TO THE SCHEDULE OF ACTUAL COSTS TO AUDIT GOVERNMENT AGENCIES

For the Year Ended March 31, 2023

1. Purpose

This schedule shows the Office's actual costs incurred up to March 31, 2023, and estimated costs to complete the audits of the various Government agencies as compared to the prior year. The results of the Office's 2023 work is reported in its *2022 Report – Volume 2* and *2023 Report – Volume 1* reports tabled in the Legislative Assembly and is available on the Office's website. Also, each year, the Office sets out its Annual Work Plan in its *Business and Financial Plan – Schedule of Planned Costs to Audit Government Agencies* (Annual Work Plan).

2. Cost Allocation Policies

Government agencies have various fiscal year-ends (e.g., March 31, June 30, August 31, and December 31). Due to the nature of auditing, audit activity related to an agency occurs before and after its fiscal year-end. As such, while most do, not all audits start and finish within the Office's fiscal year. As a result, the Office's total annual operating expenditure is allocated to pay for portions of more than one Annual Work Plan.

Total Operating Expenditure is the total operating expenditure as reported in the audited financial statements for the related fiscal year. It reflects total costs incurred to March 31 in that fiscal year.

Each year, the Office allocates its total operating expenditure to the audit categories set out in its Annual Work Plan. It uses hours reported for each audit in approved employee time sheets as the basis of its allocation. It applies direct costs to their relevant audit agency and year. It determines cost-per-hour based on employees' pay and benefits and a portion of other costs (e.g., facilities and equipment, administration, training and development) allocated based on the planned time spent on audits (audit hours). Cost-per-hour is adjusted periodically to reflect changing employee and office-wide circumstances.

Planned costs for 2023 were originally presented to the Standing Committee on Public Accounts in the *2023 Business and Financial Plan*.

Actual Costs per government agency shown on the schedule are the sum of actual direct costs related to relevant audits plus the product of actual time (hours) spent by employees multiplied by cost-per-hour.

3. Additional Cost Information

At March 31, 2023, the Office estimated total costs to complete its 2023 Annual Work Plan would be \$8,832 thousand. The estimated total costs include \$838 thousand to complete audits not done at March 31. At March 31, 2023, the estimated costs to complete the 2022 Annual Work Plan were \$2 thousand.





Actual	2023	2022
Average Cost-Per-Hour	\$ 124.42	\$ 117.33
Direct Costs (in thousands)	\$ 194	\$ 103

Average cost-per-hour is the total operating expenditure for the year less direct costs divided by total hours for all employees for the year. Direct costs are costs other than salaries that are directly related to specific audits (e.g., travel, experts).

4. Source of Funds

The following provides the amount of operating expenditure by fiscal year used to pay for auditing government agencies.

Fiscal Year Costs Incurred	2023 Actual Costs	2022 Actual Costs
	(000's)	
2024 (estimate)	\$ 838	\$ 2
2023	6,053	467
2022	1,941	5,744
2021	-	2,088
Total Actual Costs to Audit Government Agencies	\$ 8,832	\$ 8,301



Independent Auditors' Report on Effectiveness of Financial-Related Controls

To the Members of the Legislative Assembly of Saskatchewan

We have undertaken a reasonable assurance engagement of the Office of the Provincial Auditor's operating effectiveness of internal controls as of March 31, 2023, to express of an opinion as to the effectiveness of its internal controls related to the following objectives.

- To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial statements.
- To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

CPA Canada defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

The Office of the Provincial Auditor's management is responsible for effective internal controls related to the objectives described above. Our responsibility is to express an opinion on the effectiveness of internal controls, based on our audit.

We used the control framework included in COSO's *Internal Control-Integrated Framework* to make our judgments about the effectiveness of the Office of the Provincial Auditor's internal controls. We did not audit certain aspects of internal controls concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

We conducted our reasonable assurance engagement in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001, *Direct Engagements*. This standard requires that we plan and perform this engagement to obtain reasonable assurance as to the effectiveness of the Office of the Provincial Auditor's internal controls related to the objectives stated above. The nature, timing and extent of procedures performed depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error, and involves obtaining evidence about the effectiveness of internal controls. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks, and examining, on a test basis, evidence relating to control.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material misstatement when it exists.

Our audit on the effectiveness of the Office of the Provincial Auditor's internal controls related to the above objectives does not constitute an audit of internal control over financial reporting performed in conjunction with an audit of financial statements in *CPA Canada Handbook – Assurance Section 5925 An Audit of Internal Control over Financial Reporting that is Integrated with an Audit of Financial Statements*.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgment in decision-making, human error, collusion to circumvent control activities and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance and not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, subject to the limitations noted above, the Office of the Provincial Auditor's internal controls were operating effectively, in all material respects, to meet the objectives stated above as of March 31, 2023 based on COSO's *Internal Control-Integrated Framework*.

This report is provided solely for the purposes of assisting the Provincial Auditor in discharging her responsibilities and for preparing her annual report to the Legislative Assembly of Saskatchewan and should not be used for any other purpose. Any use that a third party makes of information contained in this report, or any reliance or decisions based on such information, is the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on information contained in this report.

We have complied with the ethical requirements of the Chartered Professional Accountants of Saskatchewan *Rules of Professional Conduct*, founded on fundamental principles of integrity, objectivity, professional competency and due care, confidentiality and professional behaviour.

We apply the *Canadian Standard on Quality Management 1* issued by CPA Canada and, accordingly, maintain a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Virtus Group LLP

Chartered Professional Accountants

June 19, 2023
Regina, Saskatchewan





Independent Auditors' Report on Compliance with Authorities

To the Members of the Legislative Assembly of Saskatchewan

We have undertaken a reasonable assurance engagement of the Office of the Provincial Auditor's compliance with the provisions of *The Provincial Auditor Act* pertaining to its financial reporting, safeguarding of assets, spending, revenue raising, borrowing, and investment activities during the year ended March 31, 2023.

Compliance with the provisions of the stated legislative and related authorities is the responsibility of management of the Office of the Provincial Auditor. Management is also responsible for such internal control as management determines necessary to enable the Office of the Provincial Auditor's compliance with the specified requirements.

Our responsibility is to express an opinion on this compliance based on our audit.

We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3531 *Direct Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance whether the Office of the Provincial Auditor complied with the criteria established by the legislation and related authorities referred to above, in all significant respects. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of risks of significant non-compliance, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material misstatement when it exists.

We believe the evidence is sufficient and appropriate to provide a basis of our opinion.

In our opinion, for the year ended March 31, 2023, the Office of the Provincial Auditor has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities.

We do not provide a legal opinion on the Office of the Provincial Auditor's compliance with the aforementioned legislative and related authorities.

This report is provided solely for the purpose of assisting the Provincial Auditor in discharging her responsibilities and for preparing her annual report to the Legislative Assembly of Saskatchewan and should not be used for any other purposes. Any use that a third party makes of information contained in this report, or any reliance or decisions based on such information, is the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on information contained in this report.

We have complied with the ethical requirements of the Chartered Professional Accountants of Saskatchewan *Rules of Professional Conduct*, founded on fundamental principles of integrity, objectivity, professional competency and due care, confidentiality and professional behaviour.

We apply the *Canadian Standard on Quality Management 1* issued by CPA Canada and, accordingly, maintain a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Vintus Group LLP

June 19, 2023
Regina, Saskatchewan

Chartered Professional Accountants



Independent Auditors' Report on Significant Matters

To the Members of the Legislative Assembly of Saskatchewan

Re: Audit of the Office of the Provincial Auditor for the year ended March 31, 2023

We have completed the above noted audit and have issued our reports on the financial statements, internal controls and legislative compliance dated June 19, 2023.

In accordance with *The Provincial Auditor Act*, our responsibilities to report to the members of the legislative assembly also appear to include:

To report matters that, in our judgment, are significant (exceptions/deficiencies), if any, which may impact the annual financial statements and related controls.

This report is based only on matters assessed and relied upon for purposes of our audit opinions on the Office's financial statements, internal controls and legislative compliance. This form of report is referred to as a derivative report, i.e., it is derived from the process, procedures, and findings related to the audit.

Based on the above noted reporting requirements, we provide the following observations:

Governance and Management Control

- No reportable matters identified.

Systems Control

- No reportable matters identified.

Financial Statement Presentation and Disclosure

- No reportable matters identified.

Other Matters

- No reportable matters identified.

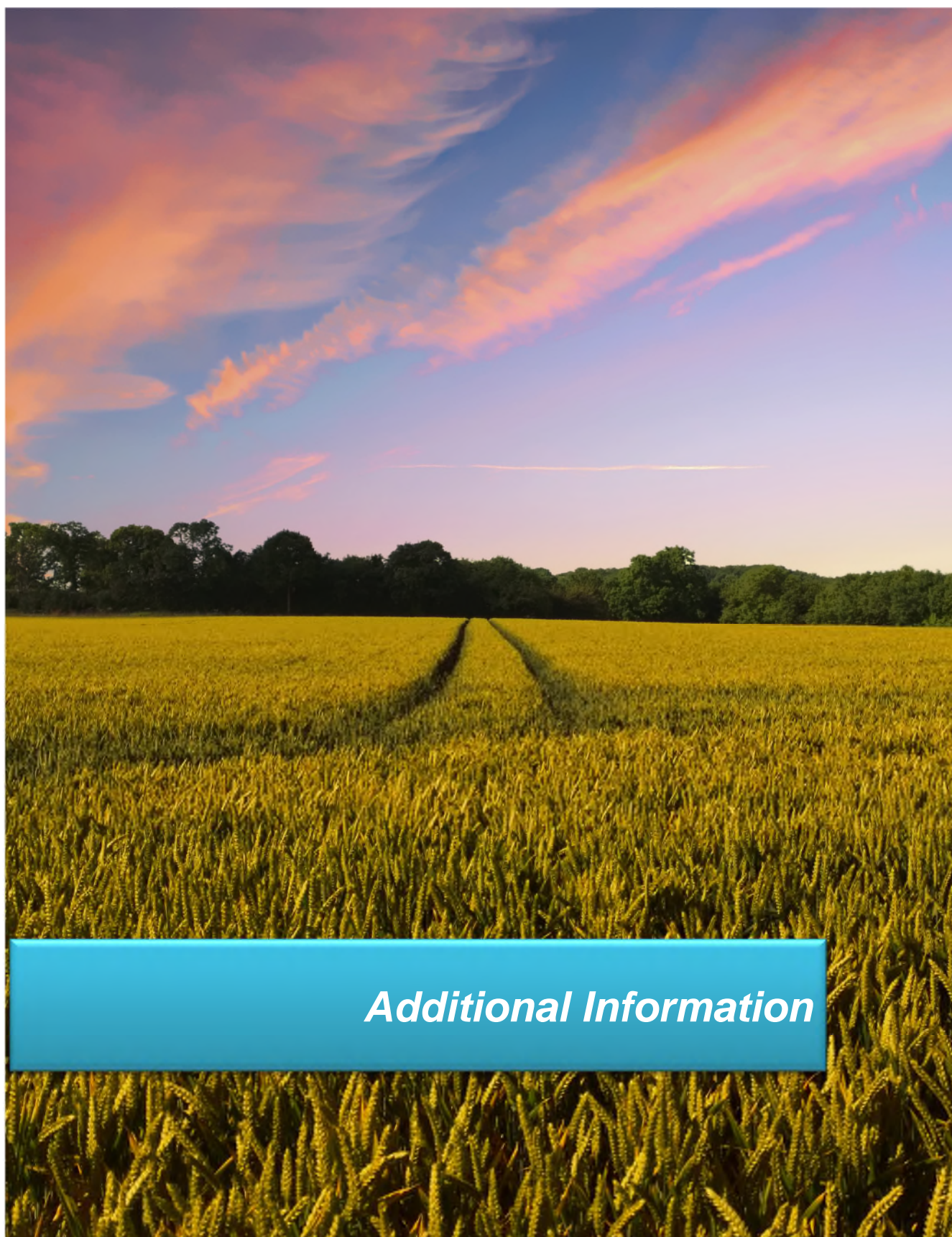
Detailed findings and observations with respect to internal controls, and/or financial statement presentation and disclosure are discussed with the Office's management during the course of and completion of our work.

Virtus Group LLP

June 19, 2023
Regina, Saskatchewan

Chartered Professional Accountants





Additional Information



List of Payees

Salaries

List of employees earning \$50,000 or more and their earnings (e.g., salary, vacation pay, flexible benefit account) for the year ended March 31, 2023.

Amer, Mohammed	\$ 68,750	McNaughton, Jordan	\$ 91,422
Anaka, Tea	55,086	Merriman, Mason	91,293
Awala, Eworitsemogha (Peter)	57,003	Nabi, Belal	59,306
Berenik, Kathleen	60,940	Ojaide, Maro	88,766
Borys, Angèle	190,628	O'Quinn, Carolyn	195,003
Clemett, Tara	233,983	Pituley, Jonathan	136,028
Deis, Kelly	113,037	Reimer, Dane	119,128
Dickin, Deann	100,878	Ring, Maygen	64,140
Dressler, Nicole	136,028	Robertson, Jennifer	136,028
Drotar, Charlene	161,628	Schwab, Victor	166,128
East, Carey (Zac)	77,262	Serink, April	88,150
Fischer, Dean	101,915	Shaw, Jason	171,188
Forbes, Kayla	93,938	Spitzke, Jordan	90,959
Heebner, Melanie	155,688	St. John, Trevor	186,583
Iles, Amanda	120,321	Tahir, Rahat	96,046
Kim, Jeanie	61,083	Tahir, Sahar	59,072
Kucher, Tara	89,911	Talebizarinkamar, Rouzbeh	69,635
Lam, Betty	67,366	Tam, Selina	53,051
Lazurko, Lesia	62,485	Tomlin, Heather	100,878
L'Heureux, Desirée	129,198	Volk, Rosemarie	72,613
Lindenbach, Michelle	136,028	Wandy, Jason	176,363
Lowe, Kimberley	161,628	Warraich, Saad	91,293
Matyjanka, Angel	53,139	Wog, Kevin	102,878

Benefits

List of pension and benefit payments of the Office of the Provincial Auditor for \$50,000 or more for the year ended March 31, 2023.

Public Employees Dental Plan	\$ 69,564
Public Employees Disability Income Plan	114,262
Public Employees Pension Plan	509,919
Receiver General for Canada – Canada Pension Plan	206,895
Receiver General for Canada – Employment Insurance	68,069
Saskatchewan Blue Cross	85,843
Workers' Compensation Board	56,037





Goods and Services

List of persons or organizations that provided goods and services to the Office of the Provincial Auditor for \$50,000 or more for the year ended March 31, 2023.

CPA Western School of Business	\$ 50,449
Crowe MacKay LLP	75,615
Deloitte Management Services LLP	52,901
Kimco Enterprises Inc. (Chateau Tower)	532,630
Powerland Computers Ltd.	166,145

Public Reports Tabled

The Office submitted the following reports for tabling in the Legislative Assembly in 2022–23:

➤ Audit-related:

- *2022 Report – Volume 1* (June 2022)
- *2022 Report – Volume 2* (December 2022)

➤ Administrative:

- *Annual Report on Operations For the Year Ended March 31, 2022* (June 2022)
- *Business and Financial Plan For the Year Ended March 31, 2024* (November 2022)

The Reports are publicly available on the Office's website—www.auditor.sk.ca as soon as they are tabled.



Glossary of Terms

Agency – an entity of Government accountable for public money

Auditee – management of public sector ministries and agencies audited by the Office

CCOLA – the Canadian Council of Legislative Auditors is an organization devoted to sharing information and supporting the continued development of auditing methodology, practices, and professional development in legislative auditing. CCOLA's membership consists of the provincial Auditors General or Provincial Auditors of the Canadian provinces and the federal Auditor General

CPA Canada – Chartered Professional Accountants Canada represents Canada's Chartered Professional Accountant profession both nationally and internationally

Crown and Central Agencies Committee (CCAC) – the Standing Committee on Crown and Central Agencies considers matters relating to the Crown Investments Corporation of Saskatchewan and its subsidiaries, central government agencies, liquor, gaming, and all other revenue related agencies and entities

Mission – the fundamental purpose or reason for being, what it does, for what purpose, and who its clients are

Performance Measure – an indicator of success that marks progress towards goals and is fundamental to measuring alignment to the organization's vision, mission, and values

Public Accounts Committee (PAC) – the Standing Committee on Public Accounts scrutinizes the fiscal management, administration, and stewardship of public assets by the Government of Saskatchewan

Strategic Goal – statement that establishes time bound 'stretch' that, if achieved, would advance the organization towards its vision

Strategic Priority – a change condition necessary to achieve the organization's goal that requires investment (i.e., people, time, money, other resources)

Target – a clear and measurable definition of success that signals what is important, tells what is expected (e.g., how much by when), and helps focus attention

Vision – a description of the preferred state written as an aspirational statement

