

Business and Financial Plan
For the Year Ended March 31, 2005

As Presented to the
Standing Committee on Public Accounts

November 2003



Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V7

Telephone: (306) 787-6398
Fax: (306) 787-6383

E-mail: info@auditor.sk.ca
Website: <http://www.auditor.sk.ca/>

**This Report and previous Reports are
available on the Internet at
<http://www.auditor.sk.ca/>**

Vision

We envision effective, open, and accountable government.

Mission

We serve the people of Saskatchewan through the Legislative Assembly by fostering excellence in public sector management and accountability.



Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V7

Phone: (306) 787-6366
Fax: (306) 787-6383
Web site: www.auditor.sk.ca
Internet e-mail: fwendel@auditor.sk.ca

SASKATCHEWAN

November 28, 2003

The Honourable P. Myron Kowalsky
Speaker of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour of submitting my *Business and Financial Plan for the Year Ended March 31, 2005*, to be laid before the Legislative Assembly in accordance with the provisions of Section 14.1 of *The Provincial Auditor Act*.

Respectfully yours,

Fred Wendel, CMA, CA
Provincial Auditor

/dd

Our Business and Financial Plan

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Glossary

Estimate – Future-oriented financial information prepared using actual results where available and assumptions all of which reflect the entity’s planned course of action for the period covered given management’s judgement as to the most probable set of economic conditions.

Forecast – Future-oriented financial information prepared using assumptions that reflect the entity’s planned courses of action for the period given management’s judgement as to the most probable set of economic conditions (CICA Handbook).

Projection – Future-oriented financial information prepared using assumptions that reflect the entity’s planned courses of action for the period given management’s judgement as to the most probable set of economic conditions, together with one or more hypotheses that are assumptions which are consistent with the purpose of the information but are not necessarily the most probable in management’s judgement (CICA Handbook).

2004-2005 Funding Request

Funding request

Our Office asks the Standing Committee on Public Accounts to recommend to the Legislative Assembly an appropriation for the operation of the Office of \$5.498 million for 2004-05 and a contingency appropriation of \$355 thousand. These appropriations will enable our Office to fulfill our statutory duties under the Act.

As required by *The Provincial Auditor Act*, we present our estimates, supported by our business and financial plan, to the Standing Committee on Public Accounts. In Appendix I, we set out the estimates of expenditures for 2004-05 in the format the Legislative Assembly expects. These estimates include an amount for unforeseen expenditures as expected by the Act.

Appropriation

Our funding request is a \$93,000 (1.7%) increase over our 2004 appropriation. A number of factors affect costs for our Office. For 2005, the key factors are: the number of government agencies, the employment market for auditors, increased risks related to security, and changing professional standards.

The Provincial Auditor Act requires us to audit all government agencies. Each year, our business and financial plan includes the estimated impact on audit costs of the creation or windup of agencies. In 2004, the Government reorganized and created several new agencies. The estimated net increase on audit costs is \$32,000 (see pages 41 to 42 for details).

The job market for professional auditors and auditors training to become professionals continues to be strong. To maintain our ability to recruit and retain employees, our Office must offer reasonable salaries and benefits based on market conditions within both the public and private sectors. The Government gave its employees salary increases of 2.5% effective July 1, 2003 along with improved benefits. We gave our employees a 2.5% general increase on July 1, 2003. We also matched the improvement in benefits provided to other public sector employees. For July 1, 2004, we have also included a 1% general salary increase. This will increase our salary and benefit costs \$60,000.

Our Office uses information technology to help us work effectively and communicate with our stakeholders using the internet. Using information technology also presents risks to security, i.e., risks related to integrity,

availability, confidentiality, and privacy of data. Like other agencies using web-based information technology, our security risks have increased sharply during 2004. For 2005, we forecast it will require an additional \$16,000 to keep our information technology secure.

A number of events, most notably Enron, have prompted changes to Canadian generally accepted assurance standards. Those standards require improved communications with management and with those having oversight responsibility for financial reporting processes of agencies (e.g., audit committees). They also clarify the auditor's responsibility for consideration of fraud and error. To respond to changed standards, appointed auditors have received fee increases from government agencies. Like the appointed auditors, these standards affect our work. We have assessed the affect of these changes on our work plan. They increase our costs \$25,000.

The extra work, increased salary and benefit costs, increased risks to security, and changing standards increase our costs \$133,000. We plan to absorb \$40,000 of these costs by continuing to find better ways to do our work.

For example, our business and financial plans for the years 2002 to 2005 show increased costs to our Office caused by new agencies the Government created in each of those years. Those plans show that we would require approximately three more employees than we had in 2001 just to audit the new agencies.

For 2005, we plan to maintain our workforce at 57 positions. For the last ten years, our Office has gradually reduced its planned workforce from 62 to 57 employees.

We explain the many other factors that affect our funding request in this business and financial plan.

Contingency appropriation

The Legislature amended *The Provincial Auditor Act* on June 28, 2001. The amended Act changes how we finance our operations. Previously, we maintained net financial assets equal to approximately one month's salary and benefit expenses. We used this money to finance short-term revenue shortfalls caused by responding to unplanned work, pressure to improve the timeliness of our work, and unplanned salary and benefit increases. This practice enhanced our independence by providing the resources necessary to manage effectively unforeseen circumstances.

The amended Act requires the Provincial Auditor to return all unspent money at the end of the year to the General Revenue Fund. This practice is known as "lapsing appropriations". To enable the Provincial Auditor to retain the independence to manage effectively, the Standing Committee on Public Accounts recommended that the amended Act provide for the Provincial Auditor to obtain an extra appropriation each year. The amended Act provides for a contingency appropriation for unforeseen expenses.

Our funding request includes a contingency appropriation of \$355,000. This contingency appropriation approximates our previous net financial asset target of one month's salary and benefits.

Independent assurance on our funding request

When the Board of Internal Economy considered our 1999 Business and Financial Plan, the Board asked us to suggest ways the Board could obtain independent advice to help it assess our future requests for resources. We suggested that the auditor Cabinet hired to audit our Office should provide assurance to the Board that our funding request (financial forecast) is reasonable to carry out our operating plan (i.e., our goals and objectives).

For the sixth year, we include our audited financial forecast. The auditor's report appears on page 29. The auditor reports that our financial forecast is consistent with and reasonable in relation to our operating plan.

We also include our financial forecast prepared on the expense basis of accounting. This financial forecast will enable a comparison to our actual financial results when we publish our annual report on operations. Our annual report on operations began using the expense basis of accounting for the year ended March 31, 2000.

Introduction

The Legislative Assembly sets out the accountability process for our Office in the *Provincial Auditor Act*. This process requires the Provincial Auditor to submit two key reports to the Assembly: an annual business and financial plan; and an annual report on operations.

The report on operations must include a summary of the Office's operations and audited financial statements for the preceding year. The Legislative Assembly received our *Annual Report on Operations For the Year Ended March 31, 2003* on June 10, 2003. The Report contains information to help Members assess our effectiveness. We describe our performance in achieving our goals and objectives. We compare what we told the Assembly we planned to do in our 2003 Business and Financial Plan with what we actually did.

The accountability process also requires the Provincial Auditor to submit a business and financial plan to the Assembly each year. The business and financial plan must include the Office's planned operations and its planned revenues and expenses for the year.

Our 2005 Business and Financial Plan includes our goals and objectives, strategies and action plans, and our indicators of success. It also includes our audited financial forecast and a schedule of planned and actual costs to audit government agencies. Because salaries and benefits account for nearly 80% of our spending, we include a schedule showing our actual and planned use of employees' time for five years.

As required by law, we present our business and financial plan directly to the Assembly. This way, Members of the Legislative Assembly can review our plans before we appear at the Standing Committee on Public Accounts. This process allows Members the opportunity to advise the Committee on the relevance of our planned work.

We prepare our business and financial plans using sound reporting principles. We based the principles on the public reporting principles developed by the CCAF-FCVI Inc. and set out in its publication called *Reporting Principles – Taking Public Performance Reporting to a New Level*. CCAF is a public-private partnership that “is a source of support, leading edge research and capacity for members of governing bodies, executive management, auditors, and assurance providers.”

The CCAF's publication is the result of a multi-year project on public performance reporting, which involved extensive research and consultation with government managers, auditors, and legislators throughout Canada. Exhibit 1 provides an outline of these principles.

Exhibit 1—Reporting principles for effective planning information

- 1. Focus on the few critical aspects of performance**
 - ◆ focus selectively and meaningfully on a small number of things
 - ◆ centre on core objectives and commitments
- 2. Look forward as well as back**
 - ◆ set out the goals and how activities contribute to the goals
 - ◆ track achievements against expectations
- 3. Explain key risk considerations**
 - ◆ identify the key risks
 - ◆ explain the influence of risk on choices and directions and relate achievements to levels of risk accepted
- 4. Explain key capacity considerations**
 - ◆ discuss capacity factors that affect the ability to meet expectations
 - ◆ describe plans to align expectations and capacity
- 5. Explain other factors critical to performance**
 - ◆ explain general factors such as changes in the economic, social, or demographic environment that affect results
 - ◆ discuss specific factors such as standards of conduct, ethics, and values; or performance of other organizations that influence performance
 - ◆ describe unintended impacts of activities
- 6. Integrate financial and non-financial information**
 - ◆ explain the link between activities and desired results
 - ◆ show spending on key strategies and explain how changes in spending affect results
- 7. Provide comparative information**
 - ◆ provide comparative information about past performance and about the performance of similar organizations when relevant, reliable and consistent information is reasonably available
- 8. Present credible information fairly interpreted**
 - ◆ present information as credible as reasonably possible
 - ◆ explain management's involvement, judgement, and basis for interpretation of performance
 - ◆ information is consistent, fair, relevant, reliable, and understandable
- 9. Disclose the basis for reporting**
 - ◆ explain the basis for selecting the few critical aspects of performance on which to focus
 - ◆ describe changes in the way performance is measured or presented
 - ◆ set out the basis on which those responsible for the report hold confidence in the reliability of the information being reported

Context

Independence

The Provincial Auditor Act creates an independent Officer of the Legislative Assembly called the Provincial Auditor. The Act gives the Provincial Auditor the responsibility to audit all government agencies and report the results of the audits to the Legislative Assembly.

The Act ensures that the Provincial Auditor is independent from elected and appointed officials including the Assembly's committees and boards. The Standing Committee on Public Accounts, an all-party committee that does not include cabinet ministers, unanimously recommends the Provincial Auditor for appointment by the Legislative Assembly for a 10-year term. The Act sets the Provincial Auditor's salary and benefits. A resolution of the Legislative Assembly is required to remove the Provincial Auditor from office. The Standing Committee on Public Accounts recommends the amount of resources for the Provincial Auditor's Office. The Provincial Auditor decides which employees to hire, what audit work needs to be done, and how the work is carried out. Also, the Office's policies require all employees to confirm annually whether they have any relationships with the Government that could be perceived to affect their independence and objectivity.

Who we serve

The Office of the Provincial Auditor helps the Legislative Assembly hold the Government accountable for how it manages public resources. Our Office examines the Government's management of public resources and reports its findings to the Assembly.

What we do

Our vision

We envision effective, open, and accountable government.

Our mission

We serve the people of Saskatchewan through the Legislative Assembly by fostering excellence in public sector management and accountability.

Our mission shapes what we do and how we respond to key economic, political, social, and technological forces affecting those we serve.

How we carry out our mission

To fulfill our mission, we examine and provide independent assurance (audit reports) on the Government's management of and accountability practices for the public resources entrusted to it. We support and adhere to the accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants. In particular, we provide the following services:

- We advise the Legislative Assembly on:
 - the reliability of the Government's public performance reports;
 - the Government's compliance with legislative authorities; and
 - the adequacy of the Government's management of public resources.
- We encourage discussion and debate about public sector management and accountability issues.
- We assist the Standing Committees on Public Accounts and Crown Corporations.
- We develop professionals for public service.

Our reports

We report our assurance and advice to the Assembly and the Government. At the end of each audit, we report our assurance and advice to government officials. We provide assurance by way of reports on financial statements, compliance with authorities, and the adequacy of management systems and practices. We provide advice and assurance by way of letters to management setting out our conclusions, findings, and recommendations for improvement.

We also provide assurance and advice to the Legislative Assembly and the public in our annual reports to the Assembly. These reports summarize our work at government agencies. The reports provide assurance and advice on the whole Government, sectors of the Government, and on each government agency's financial statements, the agency's compliance with authorities, and the adequacy of the agency's management systems and practices.

We decide what matters to report in the context of the following questions:

- Does the matter affect the Assembly's ability to control the financial activities of the Government?
- Does the matter affect the Assembly's ability to hold the Government accountable for how it administers public money?
- Does the matter involve improving how the Government administers public money?
- Does the matter involve non-compliance with legislative authorities?

When an agency's financial statements, compliance with authorities, and processes to safeguard public resources are satisfactory, we also report that information to the Government and to the Legislative Assembly.

Our key outputs and expected outcomes

Exhibit 2 shows the outputs and expected outcomes of our work. We have three primary outputs. These are assurance (audit reports), advice (recommendations), and trained professionals for public service.

As shown in Exhibit 2, our assurance and advice result in two final outcomes. These outcomes are improved public confidence in government and improved performance in the delivery of government programs.

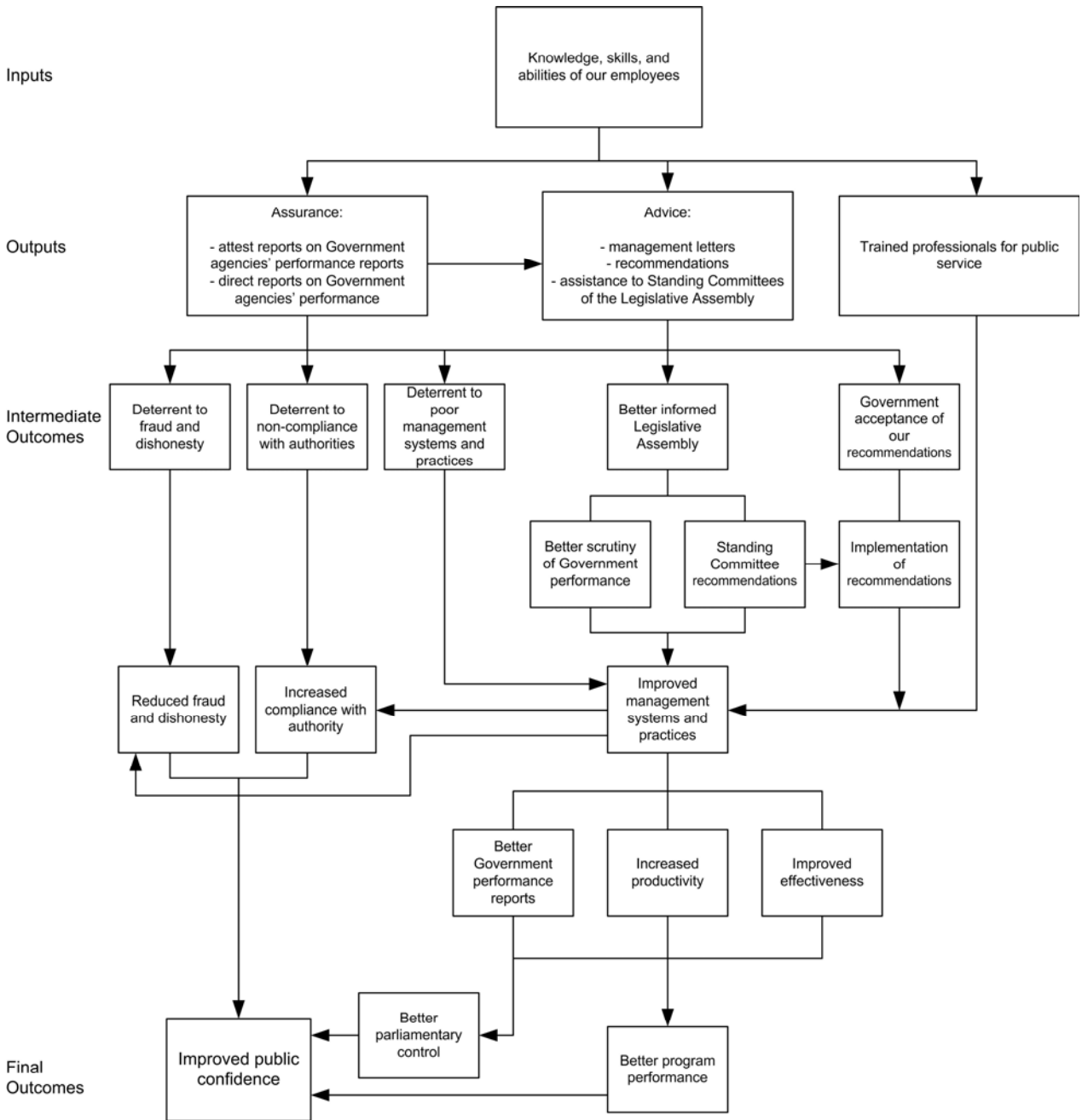
For our parliamentary system of government to work properly, the system must enjoy public confidence. To merit this confidence, government programs must be effective and the Government must be open and accountable.

Our work and reports directly affect public confidence in the Government. They provide the public with confidence that the Government's public performance reports are reliable, it uses adequate processes to safeguard public resources, and it has complied with governing authorities.

One important responsibility of the Legislative Assembly is to hold the Government accountable for its management of public resources. By providing relevant, reliable, and timely reports, we help the Assembly to carry out this responsibility.

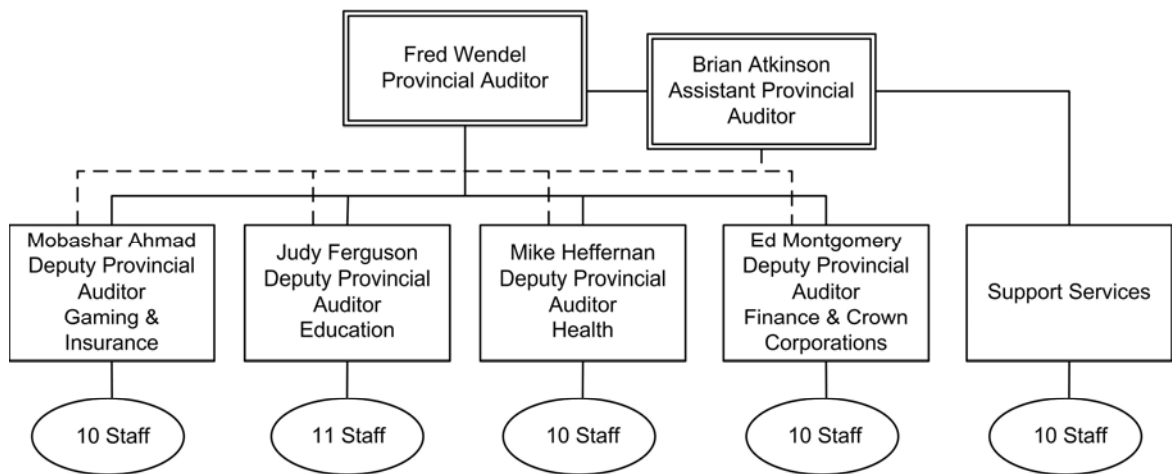
Our work and reports call for public accountability for government operations and sound management. They contribute to informed decision making in government and business-like processes. In turn, this helps the Government carry out its responsibility to use sound management practices.

Exhibit 2—What We Do and the Impact of Our Work



Our organization

The following diagram shows our planned organization for 2004-2005.



Our Gaming and Insurance Division's responsibilities include examining the Government's gaming, insurance, pension, and resource management programs. The Government earns over \$1 billion annually from non-renewable resources. Also, the Government's pension liabilities total over \$7 billion. Pension and insurance liabilities require our staff to acquire special knowledge to understand the methods used by actuaries and the accounting practices in these industries. Gaming operations (casinos) and resource management also require our staff to acquire special knowledge to understand the unique risks in this industry.

Our Education Division's responsibilities include examining the Government's education, skills training, labour, municipal, aboriginal, and infrastructure programs. The learning sector (e.g., kindergarten to grade 12, universities, SIAST, and regional colleges) spends over \$1.9 billion annually. In addition, the Government has over \$10 billion invested in infrastructure.

Our Health Division's responsibilities include examining the Government's health, justice, and welfare programs. Total public spending on health for the year ended March 31, 2003 was \$2.6 billion. In addition, the Division coordinates our work to encourage the Government's efforts in moving to a public accountability system focussed on results.

Our Finance and Crown Corporations Division's responsibilities include examining the Government's programs carried out through the Department of Finance and Crown Investments Corporation of Saskatchewan. These programs

are complex and affect almost all aspects of government. The Division is also responsible for our government-wide information technology audits.

Our Support Services Division's responsibilities include administration, human resources, research, methodology, training, secretarial, clerical, and information technology.

During 2005, our Office expects to employ 57 people. At October 31, 2003, 29 of our employees are professional accountants. Sixteen are training to become professional accountants.

We have the services of a health professional, a lawyer, and a librarian. The skills, experience, and perspectives of these professionals continue to be particularly valuable as we continue to examine broader and more in-depth issues.

Our employees are our most valuable resource because "what we do" depends on their knowledge and skills. Creating and maintaining an environment that encourages ongoing learning is crucial to our success.

Our competencies

Our knowledge, skills, and abilities affect what we do for the public, the Legislative Assembly, and the Government. We apply the following special competencies and experience to our work and reports:

- objectivity, because of our full independence from the Executive Government;
- thorough knowledge of the:
 - complex structure and systems the Government uses to manage public resources;
 - structure of legislative authorities governing the activities of government agencies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing;
 - audit of information systems; and
- accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants;

- working knowledge of the issues facing government agencies operating in many and diverse types of businesses including education, health, insurance, protection of people and property, pension and benefit plans, energy, telecommunications, gaming, transportation, renewable resources, non-renewable resources, human resources, construction, and financial services; and
- a business view derived from rigorous professional training that we blend with our practical knowledge of public administration.

Risk management

Sound risk management is essential for us to help the Legislative Assembly hold the Government accountable for its management of public resources. To manage risk, we must identify, assess, and reduce possible adverse consequences the Office may experience from events or circumstances.

We routinely identify and assess our risks. We have established processes to reduce to an acceptable level the likelihood that our risks will have adverse consequences on our ability to carry out our duties under *The Provincial Auditor Act*. We accept some degree of risk because it is not cost effective to eliminate all risks.

In our 2003 Annual Report on Operations, our auditor reported that our Office had adequate processes to safeguard public resources entrusted to it by the Assembly. We have not made significant changes to our systems and practices since that audit. Each year we include our auditor's report on our systems and practices in our annual report on operations.

The following are our key risks.

Our stakeholders do not support our goals and objectives. For the Office to remain viable, legislators, the public, and government officials (our stakeholders) should support our goals and objectives. Pursuing our goals and objectives must result in relevant assurance (audit reports) and advice for our stakeholders. We have established processes so that we set goals and objectives that will result in relevant assurance and advice for our stakeholders.

The Government does not act on our recommendations. Doing independent, reliable, and relevant work at a reasonable cost is vital to our Office's success. These attributes are also essential for our stakeholders to value our advice. We must understand the challenges that the Government faces. Also, our advice

must help improve program performance. We have established processes so that our assurance and advice is independent, relevant, reliable, and cost effective.

We do not adequately understand or respond to the challenges and risks faced by our stakeholders. If our assurance and advice is to be reliable, we must understand the challenges and risks faced by the Government. How the Government manages its risks affects the nature and extent of work we must do to report to the Assembly.

We must also understand the challenges and risks faced by legislators and the public if our assurance and advice is to be relevant. To be relevant, our assurance and advice should result in better parliamentary control over government activities and better program performance. We have established processes to set goals and objectives that enable us to understand the challenges and risks faced by our stakeholders.

The Standing Committees on Public Accounts and Crown Corporations are unable to fulfill their responsibilities. Our Office must provide assurance and advice that is consistent with their objectives.

The Public Accounts Committee is the audit committee for the Legislative Assembly. The Committee is a key agent of change for improving the Government's management of public resources. The Committee's mandate is to help the Legislative Assembly hold the Government accountable for its spending of taxpayers' money and its stewardship over public resources. The Committee reviews and evaluates the activities of government departments and Crown agencies. The Committee works with the Provincial Auditor to carry out the Committee's mandate.

The Crown Corporations Committee also has an important role in helping the Legislative Assembly hold the Government accountable for its management of public resources. The Crown Corporations Committee focuses its review on agencies that generate revenues from sources other than the General Revenue Fund. It inquires about issues of current concern, future objectives, and past performance. Beginning in 2001, the Assembly referred the parts of the Provincial Auditor's reports that relate to the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries to the Committee for review. During those reviews, the Committee works with the Provincial Auditor to carry out the Committee's mandate.

We have established processes to provide independent, relevant, and reliable information that is consistent with the Committees' objectives.

We lose or stakeholders perceive that we have lost our independence. *The Provincial Auditor Act* makes our Office responsible to examine all public resources managed by the Government and the Legislative Assembly (e.g., Board of Internal Economy). The Act makes our Office independent of appointed and elected officials so that we can administer the Act without the risk of intimidation.

We carefully guard our independence and report to the Assembly when we are concerned about our independence. Also, we have established processes to maintain objectivity and independence in our work for the Legislative Assembly.

We provide inappropriate or incorrect assurance and advice. Stakeholders must trust and value our assurance (audit reports) and advice. Gaining and keeping their trust is essential for the viability of the Office. We have established processes to ensure that our work is reliable.

We do not have the required competencies and resources. The quality of our work is dependent on the knowledge, skills, and abilities of our employees. We have training programs to enable our employees to acquire the competencies we discuss on page 15.

To discharge our statutory duties, we need sufficient resources to employ the required competent people. We also need sufficient resources to equip, support, and house our employees. We need the support of legislators to obtain the required resources. To gain this support, we have established processes to ensure that our work is relevant to legislators and reliable. Also, we publish a business and financial plan and an annual report on operations to build legislators' support for our request for resources.

We do not manage our resources effectively. Our management practices must promote the effective use of our resources. We have established processes to keep the risk of not doing so at a minimum. Our major input cost to provide our services is salaries and benefits. Salaries and benefits account for nearly 80% of our spending. We carefully monitor the use of staff time. Page 44 shows the actual and planned use of employees' time for five years.

What We Plan To Do

Our goals and objectives

We have three goals:

- Foster well-managed Government
- Encourage meaningful reporting by Government
- Manage our business effectively

Exhibit 3 sets out our goals and objectives. On pages 49 to 67, we set out a summary of our strategic plan for 2004 to 2007 including our goals, objectives, general strategies, and action plans.

Exhibit 3—Our Goals and Objectives

Goal 1 – Foster well-managed Government

Objectives:

- 1.1 Our stakeholders value our assurance and advice to strengthen the Government's accountability to the Assembly.
- 1.2 Our stakeholders value our assurance and advice to strengthen the Government's processes to achieve intended results.

Goal 2 – Encourage meaningful reporting by Government

Objectives:

- 2.1 The Government provides an overall plan and results to the Assembly.
- 2.2 Government agencies report their plans and results to the Assembly.
- 2.3 The Assembly receives our timely assurance on the Government's reports on plans and results (financial and non-financial information).

Goal 3 – Manage our business effectively

Objectives:

- 3.1 Our stakeholders understand and value what we do.
- 3.2 We are leaders in key areas of legislative auditing.
- 3.3 We continuously improve our work.
- 3.4 We maintain a positive and healthy work environment.

Our guiding principles

Our Office is committed to earning the respect and confidence of legislators, the public, government officials, and our professional colleagues. Our guiding principles help us meet this objective. The following principles guide us:

Accountability – We actively take responsibility for achieving positive results and explaining our actions.

Balance – We support the balance between work, home, and community responsibilities.

Independence – We maintain objectivity in all our work.

Innovation – We seek better ways to achieve results by fostering continuous learning.

Integrity – We work in a professional, honest, courteous, and equitable manner.

Leadership – We support strong leadership and teamwork with clear and open communication.

Factors affecting our work plan

Our work plan for 2005 enables us to fulfill our duties under *The Provincial Auditor Act*. The Act sets out the agencies we must examine.

We set out our detailed work plan for 2005 at pages 35 to 40. It shows the costs to audit and report on government agencies for our fiscal year ended March 31, 2005 and comparative information. The work plan reflects our goals and guiding principles. It also reflects known information about the following factors at October 31, 2003:

- the 2004 level of government revenues and spending;
- the number of government agencies in 2004;
- the quality of the Government's records, systems, and practices;
- the Government's use of appointed auditors;
- professional standards;
- the co-operation we expect to receive from government officials and appointed auditors when we do our work; and
- the public's expectations.

At October 31, 2003, the Government manages 272 agencies. Many of these agencies use appointed auditors.

It is the Government's decision to use appointed auditors. The Government has stated that it uses appointed auditors so the Saskatchewan public accounting industry can develop and retain local expertise. The Government is accountable for the costs of using appointed auditors and, therefore, our financial plan does not reflect these costs. However, our detailed work plans reflect the known use of appointed auditors because it affects our costs and the way we carry out our work. The use of appointed auditors reduces our costs but increases the total cost of auditing to taxpayers. It costs more to audit when there are two auditors.

When the Government appoints a second auditor, we follow the recommendations of the *Task Force on Roles, Responsibilities, and Duties of Auditors* (the document is available on our web site). Following these recommendations will ensure that we serve the Assembly efficiently.

Forces and trends affecting our work plan

Forces and trends also affect our work plans. Five major forces and trends affect our stakeholders (i.e., legislators, the public, and government officials). They also shape our work.

Advancing technology – making possible new ways of communicating and providing services, quicker and often at less cost, but requiring attention to security and loss of privacy.

Changing demographics – a growing Aboriginal population, an aging population, and the depopulation of rural Saskatchewan.

Economic constraints – increasing demand for government services and continued demand for lower taxes.

Globalization – an increasingly integrated and interdependent world with strong international competition.

Pressure on the environment – the sustainability of our environment balanced with the need for economic activity.

These forces and trends have increased the public's expectations. For example, current technology gives the public more accessible information and knowledge about services and taxes in other jurisdictions. Changes in demographics will

result in increased demands for services (e.g., health care). The Government's ability to manage scarce public resources and meet the public's increased expectations impacts public attitude.

In Saskatchewan, these forces and trends are straining public resources and are causing stakeholders to re-examine the role of the Government, that is, how it organizes and delivers services and ensures adequate participation in decision making.

Our focus

We plan to focus our efforts on helping our stakeholders address the challenges emerging from these forces and trends as well as several more specific issues. In particular, we will encourage the Government to address the following challenges:

- Report on how it manages the risks related to advancing technology, changing demographics, economic constraints, globalization, and pressure on the environment;
- Report on how it manages the risks related to the public's valuable infrastructure for effective service delivery including information technology;
- Strengthen its management of and accountability for intergovernmental and interagency programs;
- Improve the quality of information provided to legislators on the plans and performance of the overall Government and each of its agencies including Crown corporations; and
- Use sound human resource plans to support an effective public sector work force.

Indicators of Success

We gauge our success by monitoring seven general indicators. These indicators relate to key outcomes that we plan to achieve through accomplishing our goals and objectives.

1. Our stakeholders value our assurance and advice. (goal 1, objectives 1 & 2)

- The Government acts on 80% of those recommendations that are more than one year old and do not involve major changes.
- The Government acts on 80% of those recommendations that are more than five years old and involve major changes.
- The Standing Committees on Public Accounts and Crown Corporations accept 90% of our recommendations that they consider.

2. The Government and its agencies report their plans and results to the Assembly. (goal 2, objectives 1 & 2)

- The Government publicly reports its overall business and financial plan for the 2004-05 fiscal year.
- By 2007, 70% of significant government agencies publicly report their financial and operating results compared to their targets including information on their key risks and how they manage those risks.

3. The Assembly receives our timely assurance on the Government's reports on plans and results (financial and non-financial). (goal 2, objectives 1, 2, & 3)

- By 2007, 50% of significant government agencies include our audit reports on control and legislative compliance in their public reports.
- By 2007, 50% of those significant government agencies that receive our audit reports on the reliability of their key non-financial performance information include those reports in their public reports.
- Our work is reported by established deadlines and within the planned costs set out in our Business & Financial Plan.

4. Our stakeholders understand and value what we do. (goal 3, objective 1)

- The Government acts on 80% of those recommendations that are more than one year old and do not involve major changes.

- The Government acts on 80% of those recommendations that are more than five years old and involve major changes.
- The Standing Committees on Public Accounts and Crown Corporations accept 90% of our recommendations that they consider.
- Our work is reported by established deadlines and within the planned costs set out in our Business & Financial Plan.
- Post audit questionnaires indicate a positive trend in satisfaction with our work.
- Our auditor reports publicly and positively on our performance (e.g., our financial statements, our compliance with *The Provincial Auditor Act*, the adequacy of our management systems and practices, and the reliability of one of our key non-financial performance indicators per year).

5. We are leaders in key areas of legislative auditing. (goal 3, objective 2)

- By 2007, 50% of significant government agencies include our audit reports on control and legislative compliance in their public reports.
- Our auditor reports publicly and positively on our performance (e.g., our financial statements, our compliance with The Provincial Auditor Act, the adequacy of our management systems and practices, and the reliability of one of our key non-financial performance indicators per year).

6. We continuously improve our work. (goal 3, objective 3)

- Our staff resources are used as set out in our Business and Financial Plan.
- Post audit questionnaires indicate a positive trend in satisfaction with our work.
- Our pass rates for students in professional accounting programs exceed national averages each year.
- Positive reports on our work from the Institute of Chartered Accountants of Saskatchewan.
- Our work is reported by established deadlines and within the planned costs set out in our Business & Financial Plan.
- The Standing Committees on Public Accounts and Crown Corporations accept 90% of our recommendations that they consider.

7. We maintain a positive healthy work environment. (goal 3, objective 4)

- Our corporate culture surveys indicate a positive trend in our working environment.

Historical comparison of the costs of our work plans

Table 1 is a summary of costs to carry out our detailed work plans. The Table shows a five-year summary comparison of costs to discharge our duties under *The Provincial Auditor Act*.

Table 1

(in \$ millions)

Work Plan Costs				
Our Costs to Audit Each Government Agency for Our Fiscal Years Ended March 31				
2002 Actual	2003 Actual	2004 Planned	2005 Planned	2006 Planned
\$4.729	\$5.015	\$5.405	\$5.498	\$5.498

(Details on pages 35 to 40)

(Details to be
determined in
2004)

The cost to carry out our work plan shows differences between years. Our annual reports on operations for 2002 and 2003 contain detailed explanations about our planned and actual costs. The primary factors for increased costs between 2002 and 2003 were new government agencies created and salary pressures in the public and private sector for professional auditors.

Our funding request on page 5 explains the differences between our 2004 and 2005 planned costs to audit government agencies.

On pages 35 to 40, we compare our detailed work plans for the years 2002 to 2005. We explain differences between years on these pages.

The 2006 work plan costs in Table 1 reflect our performance target for 2005. We plan to absorb inflationary increases except for general salary and benefit increases that the Government gives to public servants. This cost projection also assumes that the number of government agencies, the quality of their management systems and practices, the use of appointed auditors, and total Government revenues and expenses will remain constant.

Impact of alternative funding levels

If we do not obtain sufficient revenue from the Standing Committee on Public Accounts, we will have to reduce our staff. We will then not be able to carry out our work plan.

We use a risk-based model to set priorities and allocate resources for our work plan. The model uses criteria to guide us in assessing the impact of each audit on our overall ability to serve the Legislative Assembly.

Our decisions reflect that we must provide assurance on the Government's financial statements. We must also provide assurance on the adequacy of the Government's management of public resources and its compliance with the law. If we are unable to obtain sufficient revenue, we will provide less service by not auditing certain agencies in the following sequence:

- revolving and other special purpose funds;
- agricultural marketing boards and commissions; and
- certain CIC related Crown corporations.

When we do not examine Government agencies, the Assembly does not receive our assurances on the Government's financial statements, its compliance with governing authorities, and the adequacy of its management of public resources.

If necessary, we will report to the Legislative Assembly which Government agencies we were unable to audit. When this is necessary, we are concerned with the impact this message has on public confidence in our system of Government.

Supporting Reports and Schedules

Management's Responsibility for the Financial Forecast

The accompanying financial forecast consisting of a statement of revenues and expenditures included in the Business and Financial Plan for the Office of the Provincial Auditor for the year ending March 31, 2005 is the responsibility of management of the Office. Management has prepared the financial forecast in accordance with generally accepted accounting principles in Canada. The financial information presented elsewhere in this Business and Financial Plan is consistent with that in the financial forecast.

To ensure the integrity and objectivity of the financial data, management maintains an appropriate code of conduct, a comprehensive system of internal controls including written policies and procedures, and an organizational structure that segregates duties. These measures provide reasonable assurance that the most probable set of economic conditions are reflected in the assumptions the Office developed to prepare the financial forecast. These measures also provide reasonable assurance that the assumptions are suitably supported and consistent with the goals and plans developed by the Office, and provide a reasonable basis for the forecast.

The financial forecast was audited by the firm of Virtus Group LLP, Chartered Accountants and Business Advisors. Their report to the Standing Committee on Public Accounts stating the scope of their examination and opinion on the financial forecast appears on page 29.

November 19, 2003
Regina, Saskatchewan

Fred Wendel, CMA, CA
Provincial Auditor

AUDITOR'S REPORT ON FINANCIAL FORECAST

To the Standing Committee on Public Accounts:

The accompanying financial forecast of the Office of the Provincial Auditor consisting of a Statement of Revenues and Expenditures for the year ending March 31, 2005 has been prepared by management using assumptions with an effective date of October 31, 2003. We have examined the support provided by management for the assumptions, and the preparation and presentation of this forecast. Our examination was made in accordance with the applicable Auditing Guideline issued by The Canadian Institute of Chartered Accountants. We have no responsibility to update this report for events and circumstances occurring after the date of our report.

In our opinion:

- as at the date of this report, the assumptions developed by management are suitably supported and consistent with the plans of the Office, and provide a reasonable basis for the forecast;
- this forecast reflects such assumptions; and
- the financial forecast complies with the presentation and disclosure standards for forecasts established by The Canadian Institute of Chartered Accountants.

Since this forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variances may be material. Accordingly, we express no opinion as to whether this forecast will be achieved.

November 19, 2003
Regina, Saskatchewan

CHARTERED ACCOUNTANTS

Statement of Revenues and Expenditures For the Years Ended March 31

	2002 Actual	2003 Actual	2004 Estimate	2005 Forecast (Note 4)	2006 Projection
(\$ Thousands)					
REVENUE:					
General Revenue Fund					
- Appropriation	\$ 5,136	\$ 5,379	\$ 5,405	\$ 5,498	\$ 5,498
- Contingency Appropriation	-	348	350	355	355
Fees and other	56	35	27	24	24
Total Revenue	5,192	5,762	5,782	5,877	5,877
EXPENDITURE:					
Salaries (see page 43) (Note 5)	3,159	3,410	3,654	3,713	3,713
Person years					
2002 Actual	- 52				
2003 Actual	- 58				
2004 Estimate	- 57				
2005 Forecast	- 57				
2006 Projection	- 57				
Administration	562	565	555	567	567
Employee benefits	413	496	536	545	545
Rent of space	275	350	359	363	363
Agent and advisory services (Note 5)	390	373	188	161	161
Training and development (Note 6)	126	158	151	149	149
Total operating expenditure (Note 7)	4,925	5,352	5,443	5,498	5,498
Transfer to GRF (Note 8)					
- Return of Appropriation	509	375	312	355	355
- Fees and other	53	35	27	24	24
Total transfer to GRF	562	410	339	379	379
Total expenditure	5,487	5,762	5,782	5,877	5,877
Excess of revenue over expenditure (expenditure over revenue)	(295)	-	-	-	-
Net financial assets, beginning of year (Note 8)	295	-	-	-	-
Net financial assets, end of year (Note 8)	\$ -	\$ -	\$ -	\$ -	\$ -

(see accompanying notes on pages 31 to 33)

Notes to the Statement of Revenues and Expenditures For the Year Ended March 31, 2005

1. General Information

The financial information presented covers five years. The information for 2002 and 2003 comes from the Office's audited financial statements included in the Office's annual reports on operations for those years. Virtus Group LLP, Chartered Accountants and Business Advisors audited the Office's 2002 and 2003 financial statements. The information for the 2004 estimate and the 2006 projection is not audited.

2. Summary of Accounting Policies

The Office used accounting principles recommended by The Canadian Institute of Chartered Accountants to prepare this financial information. The Office considers the following accounting principles to be significant:

(a) Basis of Accounting

The financial information is prepared on the expenditure basis of accounting. Expenditures are the cost of goods and services acquired in the year whether or not the Office has made payment.

(b) Revenue

The Office records the appropriation from the General Revenue Fund when it is receivable.

The Office recognizes fee revenue based on the percentage of work completed for those government agencies that have signed contracts to pay fees or have otherwise agreed to pay the fees.

(c) Tangible Capital Assets

Tangible capital assets are charged to expenditure when purchased rather than when consumed.

3. Financial Information is a Forecast

The financial information presented for 2005 is a forecast, and accordingly actual results will vary and the variations may be material. The Office will report actual results compared to planned results for 2004 and 2005 in the Office's 2004 and 2005 Annual Reports on Operations. The Office provides its annual report on operations to the Legislative Assembly.

4. Assumptions

The Office prepared the financial information for the year ended March 31, 2005 using the assumptions presented in these notes to the financial information. The assumptions reflect the Office's planned course of action for this period as set out on pages 49 to 67. The Office based the assumptions on management's judgement of the most probable set of economic conditions for this period based on known information at October 31, 2003. The significant assumptions are:

- ◆ *Revenue current year's appropriation* is the amount of money the Office needs from the General Revenue Fund to finance operations. The Office returns any amounts not required during the year to the General Revenue Fund at year-end.
- ◆ *Revenue contingency appropriation* is the amount of money from the General Revenue Fund required for unforeseen expenses. The Office returns any amounts not required during the year to the General Revenue Fund at year-end.

- ◆ *Fees and other* includes fees charged to other agencies for ancillary services and other income. The Office deposits all revenues to the General Revenue Fund.
- ◆ *Salaries* are based on 57 full-time equivalents at an average salary cost of \$65,140 (see page 43).
- ◆ Average salary cost is determined using best estimates of expected pay for current and new employees based on past trends and expected economic conditions. The average increase to salaries includes the 2.5% July 1, 2003 economic adjustment the Government provided to other public sector workers. For July 1, 2004, we have also included a 1% general salary increase. Average salary cost also reflects the effect on our salary costs of five professional accountants leaving the Office and hiring five new staff.
- ◆ The 57 person years reflects the number of persons necessary to obtain 62,000 audit hours to audit the agencies set out on pages 36 to 37. The 62,000 audit hours takes into account known information at October 31, 2003 about the state of the government's systems and practices, the number of government agencies, and the Government's use of appointed auditors. The Office based the number of persons necessary to achieve 62,000 audit hours on the planned use of employee time set out on pages 44 to 45.
- ◆ *Employee benefits* include the costs of the following benefits: Canada pension plan, employment insurance, workers' compensation, public employees pension plan, public employees dental plan, public employees disability income plan, public employees group life plan, and public employees extended health plan. The costs reflect current rates charged for these benefits including the increases to benefits the Government provided to other public sector workers effective July 1, 2003.
- ◆ *Administration* reflects management's best estimates based on past trends and current economic conditions for costs such as: travel to audits, computer hardware and software purchases and maintenance, professional fees and dues, telephone, printing, and office supplies.
- ◆ *Rent of space and office equipment* is nearly all for office space and is based on a new ten-year lease that commenced April 1, 2002.
- ◆ *Agent and advisory services* represents management's best estimates for legal costs, the cost of auditing the Office, and other contractual services. In 2002 and 2003, due to staff turnover, maternity and other leaves of absence, and the need to continue to advance deadlines resulting from amendments to *The Tabling of Documents Act, 1991*, it was necessary to contract additional resources. However, as the Office planned our staffing levels to be at 57 full-time equivalent positions during 2005, our contracting requirements for 2005 will be significantly less than in 2002 and 2003.
- ◆ *Training and development* costs are the Office's out-of-pocket costs to train staff to become professional accountants, keep the knowledge and skills of current professional accountants up-to-date, and gain knowledge in specialized areas. The Office based the costs on past trends and office policies. (See pages 46 to 47.)

5. Agent and Advisory

In 2002 and 2003, the Office contracted staff to assist in meeting the new deadlines resulting from changes to *The Tabling of Documents Act, 1991*. The Office also required the extra contract staff as several staff were on maternity and other leaves of absence during 2002 and 2003.

6. Training and Development

In 2002, due to established priorities, the Office did not carry out part of its annual management training program. In 2003, the Office was able to carry out its annual management training program. The Office plans to carry out this program in future years.

7. Total operating expenditure

The Office's actual spending for the seven months ended October 31, 2003 was \$3.065 million (unaudited).

8. Transfer to General Revenue Fund

The Provincial Auditor Amendment Act, 2001 requires the Office to deposit all fees and other revenues to the General Revenue Fund. In addition, the Act requires the Office to return any excess appropriations to the General Revenue Fund. The Office anticipates that it will deposit \$27,000 of fees and \$312,000 of our contingency appropriation to the General Revenue Fund for March 31, 2004.

In the past, the Office maintained net financial assets equal to approximately one month's salary and benefit expenses. This practice allowed our Office to manage unforeseen circumstances effectively. To enable the Provincial Auditor to retain the independence to manage effectively, the Public Accounts Committee recommended that the amended Act should provide for the Provincial Auditor to obtain an extra appropriation each year. The amended Act provides for a contingency appropriation to replace the Office's net financial assets.

Statement of Revenue and Expenses For the Years Ended March 31

	2002 Actual	2003 Actual	2004 Estimate	2005 Forecast	2006 Projection
	(\$ Thousands)				
REVENUE:					
General Revenue Fund					
- Current Year's Appropriation	\$ 5,136	\$ 5,379	\$ 5,405	\$ 5,498	\$ 5,498
- Contingency Appropriation	-	348	350	355	355
Fees and other	56	35	27	24	24
Total Revenue	5,192	5,762	5,782	5,877	5,877
EXPENSES:					
Salaries	3,159	3,410	3,654	3,713	3,713
Administration	535	556	569	579	572
Employee benefits	413	485	536	545	545
Rent of space	275	350	359	363	363
Agent and advisory services	390	373	188	161	161
Training and development	126	151	151	149	149
Total operating expense	4,898	5,325	5,457	5,510	5,503
Transfer to GRF					
- Return of unused Appropriation	509	375	312	355	355
- Fees and other	53	35	27	24	24
Total transfer to GRF	562	410	339	379	379
Total expense	5,460	5,735	5,796	5,889	5,882
Annual surplus (deficit)	(268)	27	(14)	(12)	(5)
Net assets, beginning of year	411	143	170	156	144
Net assets, end of year	\$ 143	\$ 170	\$ 156	\$ 144	\$ 139

This statement is included for informational purposes. This statement uses the expense basis of accounting. We include this statement because we report our actual results in our annual report on operations on the expense basis of accounting.

Schedule of Actual and Planned Costs to Audit Government Agencies as at March 31

The following schedule shows our actual costs to audit government agencies for our fiscal years ended March 31, 2002 and March 31, 2003. The schedule also shows our planned costs to audit government agencies for our fiscal years ended March 31, 2004 and March 31, 2005.

The "nature of each examination" is described in section 11 of *The Provincial Auditor Act*, which states:

- 11(1) *The Provincial Auditor is the auditor of the accounts of the government of Saskatchewan and shall examine all accounts related to public money and any accounts not related to public money that he is required by an Act to examine, and shall determine whether, in his opinion:*
- (a) the accounts have been faithfully and properly kept;*
 - (b) public money has been fully accounted for and properly disposed of, and the rules and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;*
 - (c) public money expended has been applied to the purposes for which it was appropriated by the Legislature and the expenditures have adequate statutory authority; and*
 - (d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money.*

The information for 2002 and 2003 comes from the Schedule of Actual Costs to audit Government Agencies included in our 2002 and 2003 Annual Reports on Operations. Virtus Group LLP, Chartered Accountants and Business Advisors audited those schedules. Also, those schedules provide a comparison of our planned and actual costs to audit agencies for those years and an explanation for significant differences.

Schedule of Actual and Planned Costs to Audit Government Agencies as at March 31

Department or Agency	2002 Actual	2003 Actual	2004 ** Planned	2005 Planned
(\$ Thousands)				
Department of Agriculture, Food and Rural Revitalization	\$ 276	\$ 260	\$ 279	\$ 273
Department of Community Resources and Employment	172	178	254 (7)	194 (1)
Department of Corrections and Public Safety	-	-	29	28
Department of Culture, Youth and Recreation	2	20	121 (8)	123
Department of Economic and Co-operative Development	29	47	-	-
Department of Education	137	160	-	-
Department of Energy and Mines	63	88	-	-
Department of Environment	163	149	175	203
Department of Finance	505	562 (18)	661 (9)	686
Department of Government Relations and Aboriginal Affairs	-	-	118	130
Department of Health	570	566	584	585
Department of Highways and Transportation	62	103 (19)	158 (10)	101 (2)
Department of Industry and Resources	-	-	66	148 (3)
Department of Intergovernmental and Aboriginal Affairs	21	21	-	-
Department of Justice	150	184	169	224 (4)
Department of Labour	61	45	65	30
Department of Learning	-	-	676	713
Department of Municipal Affairs and Housing	195	190	-	-
Department of Post-Secondary Education and Skills Training	552	491 (20)	-	-
Crown Investments Corporation of Saskatchewan	56	56	92	144 (5)
Executive Council	19	18	18	24
Information Services Corporation of Saskatchewan	8	81 (21)	47	12
Legislative Assembly	41	46	45	46

Department or Agency	2002 Actual	2003 Actual	2004 ** Planned	2005 Planned
	(\$ Thousands)			
Municipal Financing Corporation of Saskatchewan	\$ 3	\$ 2	\$ 2	\$ 2
Public Service Commission	7	7	9	10
Rural Revitalization Office	-	7	-	-
Saskatchewan Development Fund Corporation	4	4	6	7
Saskatchewan Gaming Corporation	99	70	119 (11)	90
Saskatchewan Government Growth Fund Management Corporation	34	18	20	20
Saskatchewan Government Insurance Corporation	44	48 (22)	117 (12)	102
Saskatchewan Liquor and Gaming Authority	300	301	245 (13)	264
Saskatchewan Municipal Board	3	2	3	-
Saskatchewan Opportunities Corporation	7	9	6	7
Saskatchewan Power Corporation	35	143 (23)	96 (14)	101
Saskatchewan Property Management Corporation	14	14	13	49
Saskatchewan Research Council	73	55	73	73
Saskatchewan Safety Council	18	13	17	17
Saskatchewan Telecommunications Holding Corporation	57	54	95 (15)	68
Saskatchewan Transportation Company	8	7	9	8
Saskatchewan Water Corporation	23	17	15	15
SaskEnergy Incorporated	29	39	82 (16)	60
Women's Secretariat	4	4	-	-
Workers' Compensation Board	57	26	82 (17)	38
Government-Wide, Sectoral, and Special Issue Audits	446	423	390	450 (6)
Legislative Committees and Annual Report	382	487 (24)	449	453
TOTAL	4,729	5,015	5,405	5,498
Average cost per audit hour*	\$ 77.41	\$ 79.91	\$ 84.05	\$ 86.47

* The average cost per audit hour is the total expenditure for the year from page 30, less direct costs, divided by the total audit hours for all employees for the year (see page 44). The increase in the average cost per hour is primarily due to increasing salaries and benefits which are based on the economic adjustments to salaries and benefits given to public servants (see page 43).

** The government reorganized in 2003. For the list of agencies created and wound up, see pages 48 to 51 of our Business and Financial Plan for the Year Ended March 31, 2004.

Explanations for Differences Greater Than \$40,000 Between Years

2005 Planned Costs

- (1) **Department of Community Resources and Employment** – Our 2005 planned costs are \$60,000 less than our 2004 planned costs. For 2004, we planned to examine the Department's processes to help social assistance recipients to get off welfare increasing our costs by approximately \$60,000.
- (2) **Department of Highways and Transportation** – Our 2005 planned costs are less than our 2004 planned costs by \$57,000. For 2004, we planned to examine the risks faced by the Department as well as the Department's processes for succession planning increasing our costs \$46,000. In addition, for 2005 we expect our costs to audit the Highways Revolving Fund to decrease by \$11,000 due to improved systems and practices at Highways Revolving Fund.
- (3) **Department of Industry and Resources** – Our 2005 planned costs are \$82,000 more than our 2004 planned costs. For 2005, we plan to examine the Department's planning processes. This increases our costs by approximately \$27,000. Also for 2005, we plan to audit the Information Technology Office and the Office of Northern Affairs as separate entities. This increases our costs by \$53,000.
- (4) **Department of Justice** – Our 2005 planned costs are more than our 2004 planned costs by \$55,000. For 2005, we plan to examine the Department's processes to ensure the privacy of personal information increasing our costs by \$60,000.
- (5) **Crown Investments Corporation of Saskatchewan (CIC)** – Our 2005 planned costs are more than our 2004 planned costs by \$52,000. For 2005, we plan to review the Balanced Scorecard performance measurement reports in CIC Crowns and compare them to performance reports by Crowns in other jurisdictions increasing our costs by \$35,000. In addition, our planned costs for 2005 increase by \$15,000 to audit new agencies.
- (6) **Government Wide, Sectoral, and Special Issue Work** – Our 2005 planned costs are \$60,000 more than our 2004 planned costs. For 2005, we plan to report on the state of the Government's overall accountability to the Assembly compared with other Canadian jurisdictions. This increases our costs by \$22,000. Also for 2005, we plan to report the key elements of sound information technology practices. This increases our costs by \$44,000.

2004 Planned Costs

- (7) **Department of Community Resources and Employment** – Our 2004 planned costs are more than our 2003 actual costs by \$76,000. For 2004, we planned to examine the Department's processes to help social assistance recipients to get off welfare increasing our costs \$60,000. Also for 2004, the Saskatchewan Housing Corporation was transferred to the Department from the disestablished Department of Municipal Affairs and Housing. This increased our costs to audit the Department by \$15,000.
- (8) **Department of Culture, Youth and Recreation** – Our 2004 planned costs are \$101,000 more than our 2003 actual costs. This increase is due to the government reorganization on April 1, 2002. The Department of Culture, Youth and Recreation is now responsible for eight agencies that the disestablished Department of Municipal Affairs and Housing was previously responsible.
- (9) **Department of Finance** – Our 2004 planned costs are more than our 2003 actual costs to March 31, 2003 by \$99,000. To complete our 2003 work costs a further \$22,000. For 2004 our planned costs increased by \$33,000 to audit new agencies. In addition, we planned to examine the best practices followed by the Superintendent of Pensions in Canada for regulating pension plans and to follow up on past recommendations regarding pension governance. This increased our costs by \$16,000. Also for 2004, the audit of the Municipal Employees Pension Commission was transferred to the Department from the disestablished Department of Municipal Affairs and Housing. This increased our costs to audit the Department by \$10,000. Also for 2003, our actual costs were lower than planned due to fewer significant issues on the Public Accounts audits.

- (10) **Department of Highways and Transportation** – Our 2004 planned costs are \$55,000 more than our 2003 actual costs. For 2004, we planned to examine the risks faced by the Department as well as the Department's processes for succession planning increasing our costs by \$46,000.
- (11) **Saskatchewan Gaming Corporation** – Our 2004 planned costs are more than our 2003 actual costs by \$49,000. For 2004, our planned costs increased \$18,000 to audit operations of a new casino in Moose Jaw. Also, we planned to follow up on the Corporation's progress to implement our recommendations for gaming integrity increasing our planned costs by \$30,000 for 2004.
- (12) **Saskatchewan Government Insurance Corporation** – Our 2004 planned costs are \$69,000 more than our 2003 actual costs to March 31, 2003. To complete our 2003 work costs a further \$40,000.
- (13) **Saskatchewan Liquor and Gaming Authority** – Our 2004 planned costs are less than our 2003 actual costs by \$56,000. The audit plan for 2004 was based on an expectation that Saskatchewan Liquor and Gaming Authority and Saskatchewan Indian Gaming Authority Inc. have adequate practices to manage public money.
- (14) **Saskatchewan Power Corporation (SaskPower)** – Our 2004 planned costs are \$47,000 less than our 2003 actual costs. In 2003, our costs to audit SaskPower's processes to achieve benefits from its new integrated computer system was \$85,000. In 2004, we planned to spend \$45,000 to audit these processes, resulting in a reduction of \$40,000.
- (15) **Saskatchewan Telecommunications Holding Corporation (SaskTel)** – Our 2004 planned costs are more than our 2003 actual costs by \$41,000. For 2004, our audit of SaskTel's processes to govern its subsidiaries increased our costs by \$32,000. Also, our costs for 2004 increased by \$6,000 due to the addition of two new subsidiaries.
- (16) **SaskEnergy Incorporated** – Our 2004 planned costs are \$43,000 more than our 2003 actual costs. For 2004, we planned to audit the development of SaskEnergy's new management information system, *OneWorld*. This increased our costs by \$40,000.
- (17) **Workers' Compensation Board** – Our 2004 planned costs are more than our 2003 actual costs to March 31, 2003 by \$56,000. To complete our 2003 work cost a further \$11,000. For 2004, we planned to examine the Workers' Compensation Board's processes for claims adjusting. This increased our costs for 2004 by \$45,000.

2003 Actual Costs

- (18) **Department of Finance** – Our 2003 actual costs are more than our 2002 actual costs by \$57,000. Actual costs for 2003 include \$74,000 to audit the Department's processes to implement phase 1 of its project to replace its centralized financial and human resources system.
- (19) **Department of Highways and Transportation** – Our 2003 actual costs are \$41,000 more than our 2002 actual costs. Our audits of the Department and its funds had been falling behind due to staff and system changes at the Department and delays in preparing its funds' financial statements. To catch up, we did the 2000 and 2001 audits for the Department at the same time in 2002. This resulted in a saving of \$30,000 for 2002. Our actual costs for 2003 also include \$14,000 to prepare financial statements for the Department.
- (20) **Department of Post-Secondary Education and Skills Training** – Our 2003 actual costs to March 31, 2003 are less than our 2002 actual costs by \$61,000. To complete our 2003 work costs a further \$65,000. As a result, our 2003 total actual costs are \$4,000 more than our 2002 actual costs.
- (21) **Information Services Corporation of Saskatchewan (ISC)** – Our 2003 actual costs are \$73,000 more than our 2002 actual costs. In 2003, we spent additional time dealing with some unanticipated accounting and auditing issues. This increased our costs by \$13,000. Also, the Standing Committee on Crown Corporations (CCC) asked our Office to amend ISC's audit plan to provide reports to CCC on the costs, financing, and benefits of the new land titles system. This increased our 2003 costs by \$61,000.

- (22) **Saskatchewan Government Insurance Corporation (SGI)** – To complete our work for 2003 costs a further \$40,000. Our 2003 actual costs are \$10,000 higher because of the acquisition of two insurance companies. Also, we planned to work with SGI's management to identify risks that SGI needs to manage well to be successful. This decision increased our costs by \$30,000..
- (23) **Saskatchewan Power Corporation** – Our 2003 actual costs are more than our 2002 actual costs by \$108,000. Our costs to audit SaskPower's processes to achieve benefits from its new integrated computer system increased our actual costs for 2003 by \$85,000. Also for 2003, we audited SaskPower's new subsidiary NorthPoint Energy Solutions Inc. and increasing investments by SaskPower International Inc. This increased our costs by \$14,000.
- (24) **Legislative Committees and Public Reports** – Our 2003 actual costs are \$105,000 more than our 2002 actual costs. In November 2001, the Standing Committee on Public Accounts (PAC) considered our recommendation that the Government publish a financial plan for the entire Government. PAC agreed to defer its decision until it received a presentation from our Office and the Department of Finance on how other governments had approached this issue. This information is in our 2002 Fall Report – Volume 1. This work increased our costs by \$48,000. Also, the Standing Committee on Crown Corporations (CCC) requested our office and Crown Investments Corporation of Saskatchewan (CIC) to review how the Provincial Auditor's recommended process for disclosing payee information should apply to CIC Crown corporations and their related entities. This report was tabled in February 2003. This work increased our costs by \$29,000.

Government Agencies Created in 2003-2004

The following agencies were created during 2003-2004 and result in more work for us in 2004-2005. As a result, we request additional resources in 2004-2005 to do these audits:

Department of Agriculture, Food and Rural Revitalization		
Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund	<u>\$ 8,900</u>	\$ 8,900
Department of Health		
Saskatchewan Association of Health Organizations (SAHO)	8,400	
SAHO Disability Income Plan - CUPE Fund	1,800	
SAHO Disability Income Plan - SEIU Fund	1,800	
SAHO Disability Income Plan - General Fund	1,800	
SAHO Disability Income Plan - SUN Fund	1,800	
SAHO Dental Plan Fund	1,800	
Saskatchewan Healthcare Employees Pension Plan	<u>2,700</u>	20,100
Department of Industry and Resources		
Information Technology Office	24,100	
Office of Northern Affairs	<u>29,100</u>	53,200
Department of Learning		
Prince of Wales Scholarship Fund	<u>2,100</u>	2,100
Crown Investments Corporation of Saskatchewan		
CIC Fuels Inc.	100	
CIC PCF Investments	4,300	
CIC Swine Genetics Holding Inc.	3,400	
CIC Swine Genetics Inc.	3,200	
CIC Swine Genetics NL B.V.	3,200	
CIC WTC Investments	<u>4,300</u>	18,500
SaskEnergy Incorporated		
Heritage Gas Limited	<u>1,700</u>	<u>1,700</u>
		<u><u>104,500</u></u>

We submit our request for resources in November of a year (2003) for the next April to March fiscal (2004-2005) year. Our request is for the purpose of auditing government agencies for their years ended in the period January 1, 2004 to December 31, 2004. We base our request on information known to October 31, 2003. We will reflect information received after that date in our next request for resources.

Government Agencies Wound Up in 2003-2004

The following agencies were wound up during 2003-2004 and result in less work for us in 2004-2005. As a result, we do not request resources in 2004-2005 to do these audits:

Department of Agriculture, Food and Rural Revitalization Agri-Food Equity Fund	<u>\$ 22,800</u>	\$ 22,800
Department of Finance Members of the Legislative Assembly Superannuation Fund SP Two Properties Ltd.	13,500 <u>100</u>	13,600
Department of Health Health Services Utilization and Research Commission Uranium City Hospital, Board of Governors	9,900 <u>16,800</u>	26,700
Crown Investments Corporaiton of Saskatchewan CIC Genex Swine Group Inc.	<u>3,400</u>	3,400
Saskatchewan Municipal Board	<u>3,400</u>	3,400
Saskatchewan Telecommunications Holding Corporation Ag Dealer Ltd., The	<u>2,300</u>	<u>2,300</u>
		<u><u>72,200</u></u>

We submit our request for resources in November of a year (2003) for the next April to March fiscal (2004-2005) year. Our request is for the purpose of auditing government agencies for their years ended in the period January 1, 2004 to December 31, 2004. We base our request on information known to October 31, 2003. We will reflect information received after that date in our next request for resources.

Forecast and Actual Full Time Equivalent Positions and Average Salaries

Information on full time equivalent positions and salary levels

Fiscal Year Ended	Full Time Equivalent Positions		Average Salaries ¹	
	Forecast	Actual ²	Forecast	Actual ²
1990	51	51	\$ 45,500	\$ 43,500
1991	52	50	44,400	43,100
1992	60	59	44,500	44,900
1993	64	58	48,800	49,000
1994	69	61	48,100	47,000
1995	66	62	48,200	49,200
1996	63	62	48,700	50,360
1997	63	63	48,400	48,773
1998	62	62	48,700	50,358
1999	61	61	50,000	52,377
2000	60	59	52,200	53,932 ³
2001	59	58	56,220	57,210
2002	59	52 ⁴	58,980	60,750 ⁴
2003	59	55	62,085	62,000
2004	57	57 ⁵	63,965	64,105 ⁵
2005	57		65,140	

¹ Our average salaries have increased from 1990 to 2005 primarily due to the Provincial Auditor's staff receiving similar economic adjustments as those the Government provided to public servants. We set out below the economic adjustments the Government provided to public servants. These economic adjustments alone would cause our average salary at March 31, 1990 to increase from \$43,500 per year to \$58,460 by March 31, 2005. The rest of the increase, to \$65,140 for 2005, was caused by our need to respond to market pressures in 2001. The economy provided more opportunities for new university graduates causing increased starting salaries. We increased our starting salaries six percent for 2001. This decision impacted salaries for all staff training to become professional accountants. Also, the economy created more opportunities and higher salaries for recently qualified professional accountants. We note the Government responded to this market pressure and provided a special increase to the salaries of professional auditors ranging from 5% to 12%. We also responded to these market pressures in 2001.

July 1, 1989	4%	July 1, 1997	1%	July 1, 2001	3%
July 1, 1990	4%	July 1, 1998	3%	July 1, 2002	2.5%
July 1, 1991	4%	July 1, 1999	2%	July 1, 2003	2.5%
July 1, 1994	2%	July 1, 2000	2%		

² Actual full-time equivalent positions and average salaries on this page represent the information for our employees only.

³ Average salaries at March 31, 2000 after adjustment for a \$81,000 decrease in accrued vacation pay.

⁴ A number of staff were on maternity and other leaves this year. We replaced these staff by contracting staff from accounting firms. This changed the usual composition of our normal average salary.

⁵ Estimated number of full-time equivalent positions and average salaries at October 31, 2003.

Schedule of Actual and Planned Time Employees Spend on Tasks For the Years Ended March 31

Employee time	Actual			Planned	
	2001	2002	2003	2004	2005
Working hours	84%	85%	86%	85%	84%
Vacation leave and statutory holidays	13%	13%	12% ¹	13%	14% ¹
Sick leave	3% ²	2%	2%	2%	2%
Total paid hours	100%	100%	100%	100%	100%
Working hours tasks					
Audits ³	63%	65%	66%	66%	66%
Support services	14%	14%	13%	12%	12%
Office administration	15%	14%	14%	13%	13%
Training ⁴	8%	7%	7%	9%	9%
Total work hours	100%	100%	100%	100%	100%
Total full time equivalent positions	58	55	58	57	57

(see accompanying notes to the schedule on page 45)

¹ Our vacation leave and statutory holidays are similar to those provided to employees in the public service. 2003 reflects one less statutory holiday (Easter) for the period. 2005 reflects one additional statutory holiday (Easter) for the period.

² In 2001, one employee had a lengthy illness.

³ In 2002 and 2003, we increased our time spent on audits in order to advance our work to meet the new *Tabling of Documents Act, 1991* deadlines. We plan to continue this trend in 2004 and 2005.

⁴ In 2004 and 2005, we plan to return to our previous allocation for staff training of 9%. We are able to do this by allocating less time for office administration and support services. In 2003, we completed our strategic planning process for the next four years. This makes our planned reduction for office administration and support services feasible.

Notes to the Schedule of Actual and Planned Time Employees Spend on Tasks For the Years Ended March 31

1. Purpose

This schedule shows employee tasks and the percentage of time employees spend on these tasks. The schedule shows actual percentages for the years ended March 31, 2001 to March 31, 2003. The schedule also shows planned percentages for these tasks for the years ended March 31, 2004 and 2005.

The information for 2001, 2002, and 2003 comes from the Schedule of Actual Time Employees Spend on Tasks included in our Annual Reports on Operations for those years. The 2001, 2002, and 2003 schedules were audited by Virtus Group LLP, Chartered Accountants and Business Advisors.

2. Definitions

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

Vacation leave and statutory holidays - Employees receive paid vacation leave. Leave is based on years of service. Employees also receive 11 paid statutory holidays.

Sick leave - Employees receive paid sick leave. The amount of paid leave is based on years of service.

Total paid hours - This is the total of working hours, vacation leave and statutory holidays, and sick leave. Employees must account for a minimum of 1950 total paid hours per year to receive full pay.

Audit hours - This is the time employees spend on the audits set out in the Detailed Work Plan on page 35. Audit hours do not include the time spent on support services, office administration, and training.

Support services - This is the time employees spend on accounting, computer maintenance and support, and other administrative support.

Office administration - This is time employees spend on human resource activities, internal committees and working groups, office-wide and group planning activities, and time that does not fall within any other working hours task category.

Training - This is time employees spend on staff development courses and seminars. The time includes both employee attendance time and instructor time when our employees instruct our internal courses.

Full-time equivalent positions - This represents the total paid months divided by twelve months.

3. Time Allocation Policies

Employees are required to record on time sheets actual time spent on each task to the nearest quarter hour. The employees' supervisors approve the employees' time sheets. The Office records the time shown on the time sheets. The Office uses the information derived from the time sheets to pay employees and to monitor employees' performance. The Office also uses this information to determine the actual costs to audit government agencies.

Training Schedule

Information on the cost of training. The schedule shows the staff hours, staff salary cost and out-of-pocket costs.

Fiscal Year	Forecast			Actual		
	Hours ^{1,2}	Salary Cost	Out-of-Pocket Cost	Hours ^{1,2}	Salary Cost	Out-of-Pocket Cost
1995-96	8,968	\$199,416	\$150,010	8,814	\$184,271	\$132,914
1996-97	8,659	174,629	149,575	8,808	177,071	122,257
1997-98	8,100	162,600	145,500	8,639	188,444	136,155
1998-99	8,947 ³	170,665 ³	151,540 ³	8,023 ⁴	188,320 ⁴	148,531 ⁴
1999-00	8,720	205,791	149,000	7,946 ⁵	175,144 ⁵	116,310 ⁵
2000-01	9,043	206,582	149,000	8,191 ⁶	197,399 ⁶	141,392 ⁶
2001-02	8,213 ⁷	208,509 ⁷	149,000 ⁷	5,943 ⁸	156,416 ⁸	126,425 ⁸
2002-03	7,410 ⁹	210,508	149,000	6,030 ⁶	165,341 ⁶	150,724 ¹⁰
2003-04	7,919 ¹¹	213,567	149,000	7,012 ¹²	202,169 ¹²	150,618 ¹²
2004-05	7,424	208,797	149,000			

¹ We are a training office for people to become Chartered Accountants (CAs). We pay salaries about \$9,000 per year less than the starting salary for a Business Auditor hired through the Public Service Commission. Our training costs for CA students (attending the new CA School of Business) are about \$5,500 per year. It takes three years to become a CA. Accordingly, we save about \$3,500 per year whenever we can use a student to do the required work.

² We continue to update our training survey that was initiated from a request of the Board of Internal Economy. In 2003, we did a survey of the legislative auditors across Canada and three of the largest auditing firms in Regina. To date, we have received responses from six of the legislative auditors and two of the auditing firms. We plan to update our results in 2004 once the remaining responses are received. Following are the preliminary results of the survey based on 2003 training policies:

Type of training	Legislative Auditors Average 2003	Auditing Firms Average 2003	Provincial Auditor Saskatchewan 2003	Provincial Auditor Saskatchewan Forecast 2005
Training new staff to become professionals	8 days	6 days	11 days	11 days
Keeping our existing professional staff current	8 days	7 days	6 days	6 days
Specialized training (e.g., computers, pensions, tax, etc.)	12 days	17 days	13 days	13 days

³ In 1998-99, our planned costs reflected our decision to hire two trainees who will do the Master of Professional Accounting Program (MPAcc) at the University of Saskatchewan. This decision would increase training costs by \$8,710. Our recruiting for that year did not result in the hiring of students willing to pursue MPAcc.

- ⁴ Our training hours decreased due to not having MPAcc student time. However, we increased our IT training for support staff due to the loss of a key staff member. The salary cost of this training is higher than savings from the decreased student training.
- ⁵ Our hours and costs decreased due to established priorities. We did not carry out part of our annual management training program.
- ⁶ Our hours decreased as we spent less time on our in-house training courses than originally planned for the year.
- ⁷ Our forecast included an increase in the training for our specialists and a decrease in the number of students preparing for final exams in their professional accounting program. The salary cost of the specialist training is higher than the savings from the decreased student training.
- ⁸ Our hours and costs decreased because we deferred some of our senior management training program in 2002 as a result of changing priorities for advancing audit deadlines.
- ⁹ Our forecast includes a decrease in the hours necessary for training our students. The format of the new CA School of Business does not require the students to have as much paid leave as was required by the training program of The Institute of Chartered Accountants of Saskatchewan.
- ¹⁰ Our out-of-pocket costs increased due to an increase in the use of external instructors for the 2003 in-house training program.
- ¹¹ Our forecast includes an increase in hours necessary for the paid leave of our CA School of Business students. We will have several students completing their final year of the program as well as new students beginning the program in 2004. In 2003, none of our students were in the final year of the CA School of Business program which significantly decreased our paid leave hours for students.
- ¹² Estimate at October 31, 2003.

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Summary of Our 2004 – 2007 Strategic Plan

Our goals and objectives

We have three goals. These are:

- ◆ foster well-managed government;
- ◆ encourage meaningful reporting by government; and
- ◆ manage our business effectively.

Pages 50 to 67 set out our goals and objectives for the period April 1, 2003 to March 31, 2007 for pursuing our mission. We also set out our strategies and action plans to manage the risks that might prevent us from achieving our objectives.

Pages 66 to 67 include a glossary of terms and abbreviations used in our strategic plan.

The indicators we use to measure our success in achieving our goals and objectives and our performance targets for these indicators are set out on pages 23 to 24.

Goals	Objectives	General strategies
1. Foster well-managed Government	1. Our stakeholders value our assurance and advice to strengthen the Government's accountability to the Assembly.	1. Work with supervising agencies on their processes that foster accountability to the Assembly. <hr/> 2. Encourage legislators to put in law sound accountability requirements for the Government. <hr/> 3. Advise legislators of the state of the Government's accountability to the Assembly. <hr/>

Action plans

1. Keep informed of and share changes in accountability processes in other jurisdictions.
2. Work with Finance and Executive Council to build capacity for results-based management.
3. Work with the Crown Investments Corporation of Saskatchewan (CIC) to further the successful implementation of the balanced score card system.
4. Work with Finance, CIC, and Executive Council to explain the importance of our assurance on key performance reports (plans and results).
5. Encourage the use of the key elements of sound planning and reporting for the overall Government and for significant government agencies.
6. Encourage supervising agencies to consider the impact on accountability to the Legislative Assembly when approving changes in key accountability arrangements.

-
1. Advise legislators of the state of legislated accountability in other Canadian jurisdictions.
 2. Promote the value of legislating sound accountability requirements (i.e., to ensure requirements are sustainable).
 3. Work with Finance, CIC and Executive Council to identify any barriers to requiring sound accountability by law.

-
1. Report on accountability arrangements that present the Government with significant risks (e.g., school boards, non-government agencies, public private partnerships, Canadian Blood Services).
 2. Advise legislators of the impact of changes in key accountability arrangements to ensure they provide appropriate accountability to the Assembly.
 3. Share with government officials the criteria for assessing accountability arrangements.
 4. Assess the adequacy of accountability in key agreements.
 5. Provide input to the CICA on public sector accounting and auditing issues, and explain the impact to legislators, as needed.
 6. By 2005, report to legislators on the state of the Government's overall accountability to the Assembly compared with other Canadian jurisdictions.
-

Goals	Objectives	General strategies
1. Foster well-managed Government	2. Our stakeholders value our assurance and advice to strengthen the Government's processes to achieve intended results.	1. Evaluate the Government's processes to achieve planned results including its risk management. <hr/> 2. Assess the adequacy of the Government's processes to manage its human resources and infrastructure including information technology. <hr/> 3. Work with supervising agencies to promote the use of good processes to achieve intended results. <hr/> 4. Advise legislators of the challenges in managing the key forces and trends affecting the Government. <hr/>

Action plans

1. Examine the financial controls of government agencies.
 2. Examine compliance with authorities by government agencies.
 3. Examine the processes used by the overall Government and significant government agencies to manage key risks including delivery of services by other parties (e.g., school boards, non-government agencies).
-
1. In 2004, report the key elements of a sound human resource plan.
 2. During 2004 - 2007, ensure significant government agencies have the key elements of a sound human resource plan.
 3. In 2005 - 2007, for 8 significant government agencies that have the elements of sound human resource plans, examine those plans to ensure they have adequate succession plans.
 4. In 2005 - 2007, each operating group will report on the adequacy of agencies' management of significant infrastructure (e.g., health facilities, highways, energy distribution systems).
 5. By 2005, report the key elements of sound information technology practices including governance, architecture, security, availability, privacy, and information management.
 6. In 2005 - 2007, report on how well government agencies manage information technology systems and projects (financial and non-financial) using the key elements.
-
1. Offer advice to supervising agencies on appropriate processes to control the management of public resources.
 2. Encourage supervising agencies to set out clearly their control expectations to the government agencies they supervise. (e.g. Health, CIC)
 3. Encourage supervising agencies to ensure their control expectations are carried out by the government agencies they supervise.
-
1. Report on the financial condition of the Government to help explain the economic constraints faced by the Government.
 2. During 2004 – 2007 we will report on the key challenges faced by the Government:
 - In ensuring a professional public service for effective service delivery.
 - Resulting from the growing young Aboriginal population.
 - In ensuring a healthy and sustainable environment.
 - Resulting from the aging population.
 - To our tax base resulting from the key forces and trends.
 - In managing the changing infrastructure needs resulting from rural depopulation.
-

Goals	Objectives	General strategies
2. Encourage meaningful reporting by Government	1. The Government provides an overall plan and results to the Assembly.	1. Encourage key officials to provide an overall government business and financial plan and results to the Assembly.
		2. Report publicly the benefits of providing overall government plans and results to the Assembly.
	2. Government agencies report their plans and results to the Assembly.	1. Assess key performance reports of significant government agencies and sectors.
		2. Share the best practices of performance reports of other jurisdictions with government agencies and the Assembly.
		3. Support government agencies to build capacity for reporting plans and results to the Assembly.
		4. Encourage the Government to prepare departmental financial statements and provide them to the Assembly.

Action plans

1. Promote alternative financial plan models to Executive Council, CIC, and Finance to encourage them to report publicly a financial plan for the overall Government.
2. Meet with key officials to discuss the benefits of providing the Assembly with business and financial plans and results.
3. Encourage government agencies to provide the Assembly with their business and financial plans and results to build capacity to publish an overall plan.

-
1. Report a model of an overall business plan and continue to report model financial plans including what is happening in other jurisdictions.
 2. Report on the status of inter-jurisdictional comparisons of performance reporting, and on benefits and risks of an overall public business and financial plan.
 3. Advise opinion leaders of the benefits of performance reports (e.g., boards of directors, community groups, journalists, CCOLA, Legislative Committees).

-
1. Assess annual reports of all significant government agencies against key elements each year.
 2. Assess business and financial plans of significant government agencies against the key elements every second year.
 3. Assess plans and results of sectors, within a year of the plans and results becoming public.

-
1. Keep informed of what is happening in other jurisdictions (e.g., see CCOLA survey on website).
 2. Share best practices with the primary authors of the performance reports (e.g., Deputy Ministers, communication staff).
 3. Discuss best practices annually with supervising agencies responsible for providing guidance on performance reports (e.g., Finance, CIC, Executive Council, Health).

-
1. Encourage government agencies to develop the capacity to collect and analyze reliable performance information.
 2. Identify and discuss any barriers to reporting plans and results with senior officials.
 3. Identify and support the champions for reporting plans and results.
 4. Identify and recognize the leaders in our reports.

-
1. Ensure adequate information systems exist to report on plans and results.
 2. Discuss with government officials and legislators the benefits of departmental financial statements.
 3. Keep informed of what is happening in other jurisdictions and share with government officials and legislators.
-

Goals	Objectives	General strategies
2. Encourage meaningful reporting by Government	2. Government agencies report their plans and results to the Assembly.	5. Encourage government agencies to report to the Assembly how they manage their key risks to achieve their intended results.
		6. Encourage government agencies to include our internal control and legislative compliance opinions in their annual reports.
	3. The Assembly receives our timely assurance on the Government's reports on plans and results (financial and non-financial information).	1. Provide timely assurance on government agencies' financial reports.
		2. Inform Legislators of the benefits of providing assurance on government agencies' performance reports.
		3. Provide timely assurance on government agencies' performance reports for non-financial information.

Action plans

1. Publicly recognize the leaders who report their management of key risks.
 2. Report the key risks of significant government agencies where they have not publicly reported their risks.
 3. Encourage legislative committees to ask government agencies how they are managing their key risks.
 4. Report control weaknesses in the context of major risks.
 5. Inform legislators and government officials of the importance of publicly explaining their management of key risks.
-
1. Identify government agencies currently reporting internal control and legislative compliance opinions.
 2. Discuss with government officials and legislators the benefits of including opinions on control and compliance in annual reports.
 3. Monitor reporting of internal control and legislative compliance opinions in other jurisdictions.
 4. Encourage government agencies to include their assessment of the effectiveness of their controls in their annual report.
-
1. Examine the reliability of the financial statements of the overall government and of all government agencies.
 2. Deliver our reports on the results of our work to government officials within the agreed upon time frame.
 3. Deliver timely public reports on the results of our work to the Legislative Assembly.
-
1. Report on the benefits of providing assurance on government agencies' performance reports.
 2. During the entry/exit meeting with significant government agencies, encourage them to include an assurance report from our Office on their performance information.
-
1. Examine the reliability of key non-financial indicators included in the performance reports of government agencies.
 2. Deliver our reports on the results of our work to government officials in the agreed upon time frame.
 3. Deliver timely public reports on the results of our work to the Legislative Assembly.
-

Goals	Objectives	General strategies
3. Manage our business effectively	1. Our stakeholders understand and value what we do.	1. Ensure we have the resources and access to the competencies necessary to respond to the risks faced by our stakeholders.
		2. Provide relevant, reliable, and timely service at a reasonable cost.
		3. Maintain support for our recommendations.

Action plans

1. Seek and monitor the views of our stakeholders on our plans and performance.
2. Prepare our resource proposals based on how we plan to respond to our risks and the risks faced by our stakeholders.
3. Clearly explain our resource proposals to PAC.
4. Maintain a competency-based framework for human resource management.
5. Maintain a sound human resource plan (including succession plan) that sets out required competencies and development plans.
6. Hire, train, and contract as expected in our human resource plan.
7. Use external experts as needed.
8. Use employee development plans and performance assessments to ensure we possess and maintain the necessary competencies.
9. Stimulate and support innovation.

-
1. Use a risk-based model to determine our work priorities.
 2. Discuss audit requirements with government agencies at entry/exit meetings and document agreed upon requirements in our audit planning memoranda.
 3. Complete audit work according to the audit planning memoranda. If necessary, explain any significant changes to the plan.
 4. Complete our work according to professional standards.
 5. Obtain feedback on our performance from government agencies using Post Audit Questionnaires.
 6. Monitor our planned and actual costs and manage the impact of any significant differences.
 7. Maintain and monitor information about costs of similar service providers to benchmark our costs.
 8. Pay our staff based on market conditions.

-
1. Ensure our reports clearly explain deficiencies, consequences, and resulting recommendations.
 2. Make clear presentations to boards, management, PAC, CCC, and the public.
 3. Monitor acceptance of our recommendations.
 4. Consider costs and benefits when making recommendations and set out recommendations in the context of key risks.
-

Goals	Objectives	General strategies
3. Manage our business effectively	1. Our stakeholders understand and value what we do.	4. Communicate in a clear, accessible, and timely manner.
		5. Maintain our independence and objectivity.
	2. We are leaders in key areas of legislative auditing.	1. Maintain our leadership in the areas of auditing financial reporting, accountability, and compliance with related authorities.
		2. Continue to develop our leadership in risk management.
		3. Develop and maintain special knowledge in the many diverse and complex businesses the Government manages.

Action plans

1. Share written key communication policies with staff.
2. Make our reports accessible to our stakeholders.
3. Clearly explain our work and findings.
4. Strengthen our presentation skills.
5. Prepare an overall executive summary for lengthy public reports.
6. Review current practice regarding timing and content of our public reports.
7. Monitor content of our public website to ensure information is current and relevant.
8. Inform members of key legislative committees about the products and services that we deliver.
9. Prepare and distribute to our stakeholders a summary pamphlet outlining our role and the products and services that we deliver.

-
1. Promote the basic principles for legislative auditors (e.g., refer to CCOLA document).
 2. Explain our independence to our stakeholders.
 3. Identify and respond to initiatives that might affect our independence.
 4. Make staff aware of our need to be and appear to be independent (through objectivity policies).
 5. Develop and implement a policy for the rotation of key personnel on audits.

-
1. Maintain and enhance our internal training program using CCOLA resources when appropriate.
 2. Allocate resources for external development opportunities.
 3. Participate on provincial and national committees (e.g. CCOLA, CICA, ICAS).
 4. Keep our practices current by using our Practice Review Committee.
 5. Use quality control processes to maintain consistent practices.

-
1. Continue to develop our internal training program using CCOLA resources when appropriate.
 2. Allocate resources for external development opportunities.
 3. Monitor external organizations for risk management practices (e.g. Conference Board of Canada, CCAF, CICA).

-
1. Assess the relevance of our specialities.
 2. Ensure succession of key specialists on an ongoing basis.
-

Goals	Objectives	General strategies
3. Manage our business effectively	2. We are leaders in key areas of legislative auditing.	4. Offer our advice and training programs to others.
		5. Maintain current and effective methodology.
	3. We continuously improve our work.	1. Continue to strengthen and simplify our management information system.
		2. Continue to strengthen and simplify our administrative practices.
		3. Continue to strengthen and simplify how we plan, assess, and report our performance.

Action plans

1. Offer advice and training to our professional colleagues (CCOLA, appointed auditors).
 2. Offer advice and training program to government officials.
-
1. Monitor and learn from our experiences and from the practices of our professional colleagues.
 2. Use the criteria from the CICA's Risk Management and Governance Board to assess the processes of all significant government agencies to plan and achieve plans.
 3. Challenge the status quo and do quality control reviews.
 4. Support CCOLA's quality assurance process for ensuring the adequacy of our methodology.
 5. Support CCOLA in promoting the participation of legislative audit offices in the requirements of the Canadian Public Accountability Board.
 6. Use the Professional Engagement Manual maintained by the CICA and CaseWare to document our audit work.
-
1. Continue to simplify our internal information systems (e.g., information centre, Intranet, databases).
 2. Improve the ability of staff to access our internal information when they are away from the office.
-
1. Encourage staff to search for and share efficiencies.
 2. Acquire quality goods and services at the best prices.
 3. Improve the efficiency of preparing and issuing our reports.
-
1. Prepare an annual business and financial plan.
 2. Use a risk-based model to determine our audit priorities.
 3. Continue to improve our risk-based model.
 4. Use the criteria of the CICA's Risk Management and Governance Board to assess our management control including our processes to plan.
 5. Report publicly our plans and the extent to which we have achieved our plans.
 6. Strengthen the nature of the assurances provided to legislators by our auditor on our performance.
-

Goals	Objectives	General strategies
3. Manage our business effectively	4. We maintain a positive and healthy work environment.	1. Ensure our working environment embraces our guiding principles.

Action plans

1. Respond to concerns and trends identified in our corporate culture surveys of our staff.
 2. Provide all staff with challenging work in all of our services.
 3. Promote two-way feedback on staff performance.
 4. Identify and implement more effective ways of communicating within our Office.
 5. Address all recommendations of the Occupational Health and Safety Committee (OH&S) in a timely manner.
 6. Ensure staff follow safe work practices as defined by the Office.
 7. Adjust workloads to facilitate a balance between work, home, and community.
-

Glossary

Accountability – the ability to demonstrate responsible action and report performance in light of agreed-upon expectations.

Action plans – the activities, time lines, and resources to accomplish goals and objectives and to implement strategies. Our action plans are carried out annually during the four-year plan, except where a specific date is indicated. The costs of our action plans are reported annually to the Legislative Assembly in our Business and Financial Plan.

Agency – an entity of Government accountable for public money.

Assembly – the Legislative Assembly of Saskatchewan.

Assurance – the Provincial Auditor Saskatchewan issues a written communication expressing a conclusion concerning a subject matter for which an agency is responsible.

Best practices – professional procedures or actions that are efficient, economical, and effective in accomplishing the purpose intended. Best practices may meet or exceed generally accepted auditing standards or other minimum standards in creative ways using evolving technologies or new methods.

Business plan – an agency's planned operations for the fiscal year.

CCOLA – the Canadian Council of Legislative Officers is an organization devoted to sharing information and supporting the continued development of auditing methodology, practices and professional development in legislative auditing.

Competency-based framework – the framework used for human resource management and policy development that identifies the competencies necessary for our Office to be successful. Competencies are the elements our Office must know, be able to do, and attitudes we must possess.

Control – those elements of an agency (including its resources, systems, processes, culture, structure, and activities) that, taken together, support people in the achievement of the agency's objectives.

Financial plan – an agency's planned revenues and expenses for the fiscal year.

Goal – a general statement of desired results to be achieved over an unspecified period of time.

Government – departments and Crown agencies as defined in *The Provincial Auditor Act*.

Guiding principles – the key values that are used to assist decision making.

Mission – the broad, long-term purpose of an agency and its primary focus including the stakeholders to be served.

Objective – a measurable, time-defined result to be achieved that leads to the achievement of each goal.

Outcome – the consequence or result of activities (e.g., our work results in better management systems and practices; Members of the Legislative Assembly are better able to assess the performance of Government as a result of our work).

Performance indicator – a factor chosen to monitor success in achieving objectives.

Performance report – compares an agency's planned and actual results (e.g., an annual report, financial statements).

Risk – the possibility that an agency will experience adverse consequences from events or circumstances (e.g., a major financial, operational, or legal issue an agency must manage well for success in achieving its objectives).

Sectors – multiple government agencies working together to deliver common programs or to achieve common goals.

Stakeholders – those who have an interest in our decisions, including the people of Saskatchewan, Members of the Legislative Assembly and Standing Committees, and officials/managers/employees of Government.

Strategies – the approaches that can be taken to meet objectives and achieve goals.

Supervising agency – agencies that have some responsibility for other agencies.

Vision – a brief description of the ideal state.

Abbreviations

CCAF – Canadian Comprehensive Auditing Foundation

CCC – The Standing Committee on Crown Corporations

CCOLA – Canadian Council of Legislative Auditors

CIC – Crown Investments Corporation of Saskatchewan

CICA – The Canadian Institute of Chartered Accountants

ICAS – Institute of Chartered Accountants of Saskatchewan

PAC – The Standing Committee on Public Accounts

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Other Information

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Spending Trends

In the past, members of the Standing Committee on Estimates and the Standing Committee on Public Accounts wanted to know what our spending trends were over a ten-year period.

The following information shows the trend of our spending from 1994 to 2003. The financial trends of the Government are best represented by the total revenue plus the total expenditures, as well as the total assets plus the total liabilities from the Government's summary financial statements. In the past, we compared our spending to the Government's spending through the General Revenue Fund. The Government's summary financial statements contain better information on total government spending.

Table 3

Year End	Provincial Auditor's		Government's Financial Trends			
	Spending		Revenue and Expenditures		Assets and Liabilities	
1994	4.1	million	16.4	billion	34.3	billion
1995	4.4	million	17.4	billion	34.6	billion
1996	4.5	million	17.6	billion	34.9	billion
1997	4.3	million	17.5	billion	34.5	billion
1998	4.5	million	17.6	billion	33.9	billion
1999	4.6	million	18.3	billion	33.9	billion
2000	4.5	million	20.2	billion	35.6	billion
2001	4.8	million	20.6	billion	35.0	billion
2002	4.9	million	22.0	billion	36.0	billion
2003	5.3	million	23.0	billion	37.0	billion

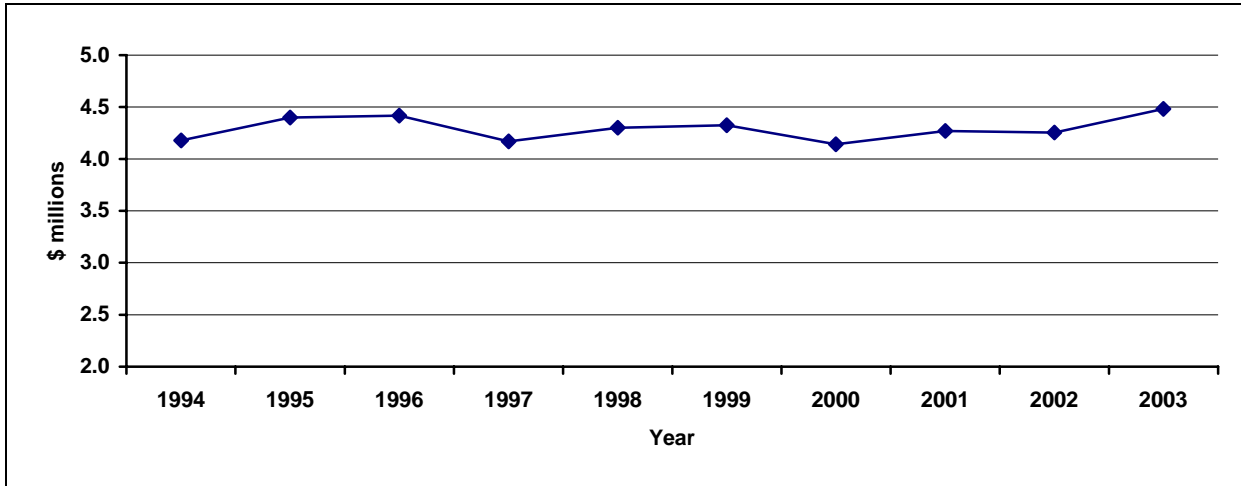
The Provincial Auditor's reported spending, for 1994 to 2003 inclusive, does not include appointed auditors' fees charged to government agencies. The decision to use appointed auditors rests with the Government. Accordingly, the costs of appointed auditors are not within the Provincial Auditor's control and are, therefore, not reflected in the Provincial Auditor's spending.

The Government's financial numbers come from its summary financial statements. The total revenues plus the total expenditures are used to reflect the increase in the volume of transactions our Office is responsible for auditing. We also have to audit the total assets plus the total liabilities of the Government. Graphs 1 and 2 (page 72) include the above information adjusted for inflation using 1995 as the base year.

In previous reports, we included our spending trend since 1983. From 1987 to 1995, our appropriation was not sufficient to carry out our work plan. This resulted in no reports, or late reports, to the Members of the Legislative Assembly on certain government organizations. For the seven years ended March 31, 2002, the Board of Internal Economy recommended an appropriation that was sufficient for our Office to carry out our work plan. Also, for the two years ended March 31, 2004, the Standing Committee on Public Accounts recommended an appropriation that was sufficient for our Office to carry out our work plan. From 1996 to 2003 our spending has increased 18%. During the same period, the Government's spending has increased 31%.

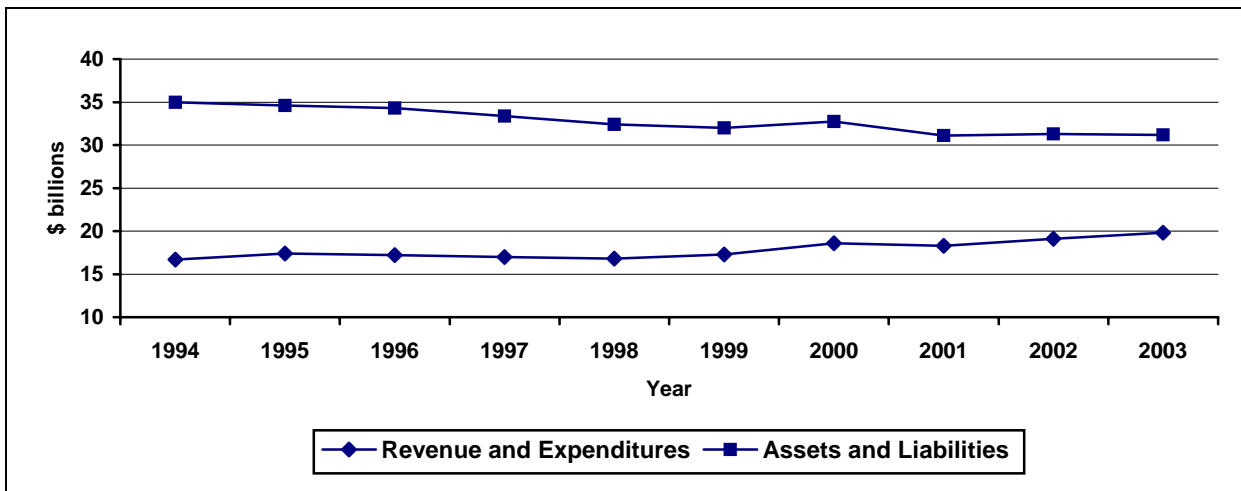
Graph 1 Provincial Auditor's Spending

These numbers come from Table 3. The numbers are adjusted for inflation using The Consumer Price Index of Canada and 1995 as the base year.



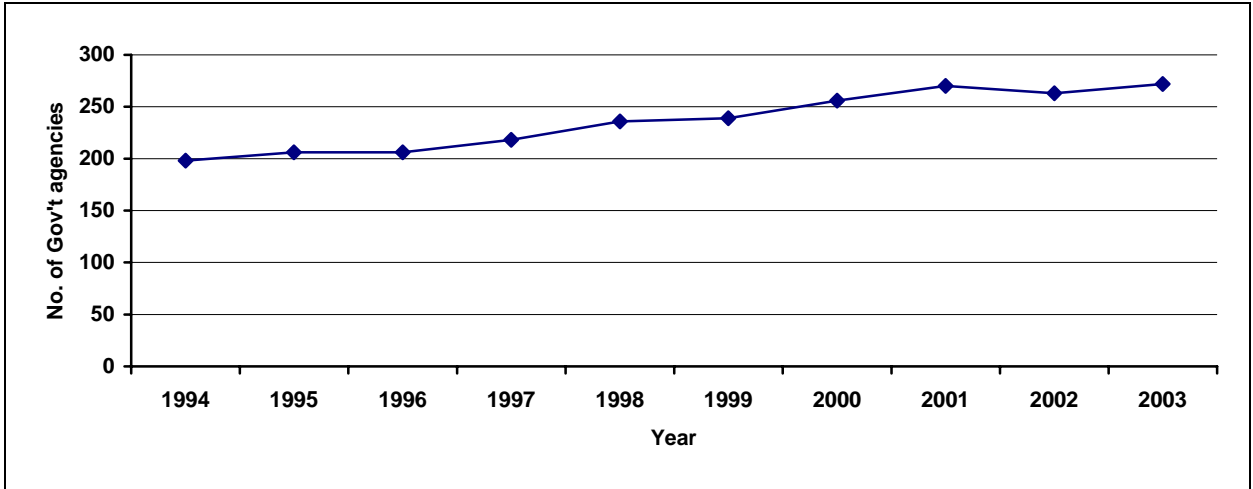
Graph 2 Government's Financial Trends

These numbers come from Table 3. The numbers are adjusted for inflation using The Consumer Price Index of Canada and 1995 as the base year.



Graph 3 Number of Government Agencies

Our work is also affected by the number of government agencies. The following graph shows the ten-year trend in the number of government agencies.



Out-of-Province Travel

Information on the last five years "out-of-province travel".

	2000-01	2001-02	2002-03	2003-04	2004-05
Forecast	\$ 40,250 ¹	\$ 39,650 ¹	\$ 40,000 ¹	\$ 45,800 ^{1,2}	\$ 46,300 ^{1,2}
Actual	37,930	37,115	52,127 ³	49,112 ⁴	

¹ Increasingly we are asked to participate in national working groups with the legislative audit community to agree on guidelines for auditing and reporting on performance. Also, some of our specialized training is not available in province (e.g., pension and benefit plans, gaming and insurance areas.)

² Beginning in 2003-04, our plans include travel for some of our students to attend sessions for the CA School of Business in Alberta. Saskatchewan does not always host all sessions.

³ Our travel out-of-province increased during 2002-03 for travel related to auditing the Health Indicators Report.

⁴ This is an estimate to March 31, 2004. The actual to October 31, 2003 is \$19,116.

Senior Management Salaries

Annual salaries of senior management for the past five years and the percentage change from the previous year.

Annual salaries as at March 31:

Name	1999	2000	Percent Increase from 1999 ³	2001	Percent Increase from 2000 ⁴	2002	Percent Increase from 2001 ⁵	2003	Percent Increase from 2002 ⁶
Wendel, G. F.	100,217	100,217	0.00%	117,634	17.38% ¹	122,773	4.37%	125,842	2.50%
Atkinson, B. R.	89,736	89,736	0.00%	99,842	11.26% ²	106,340	6.51%	112,750	6.03%
Ahmad, M.	89,736	89,736	0.00%	92,446	3.02%	96,000	3.84%	102,500	6.77%
Ferguson, J. D.	89,736	89,736	0.00%	92,446	3.02%	96,000	3.84%	102,500	6.77%
Heffernan, M. A.	89,736	89,736	0.00%	92,446	3.02%	96,000	3.84%	102,500	6.77%
Montgomery, E.	89,736	89,736	0.00%	92,446	3.02%	96,000	3.84%	102,500	6.77%

¹ On April 19, 2000, Wayne Strelieff resigned as Provincial Auditor. Fred Wendel was appointed Acting Provincial Auditor until a new Provincial Auditor was appointed. On May 15, 2002, Fred Wendel was appointed Provincial Auditor.

² This increase is due to the staff member being promoted.

³ The government granted salary increases to all out of scope public servants of 2% on July 1, 1999.

⁴ The government granted salary increases to all out-of-scope public servants of 2% on July 1, 2000.

⁵ The government granted salary increases to all out-of-scope public servants of 3% on July 1, 2001.

⁶ The government granted salary increases to all out-of-scope public servants of 2.5% on July 1, 2002.

Costs of our Detailed Work Plan for 2004

Following is a schedule of planned and actual hours and costs to audit government agencies for their years ended in the period January 1, 2003 to December 31, 2003. The planned costs were originally provided in our 2004 Business and Financial Plan. Our 2004 Annual Report on Operations will provide explanations of significant variances between planned and actual results. The actual results reported here have been updated to include hours and costs for these jobs up to September 30, 2003.

Department or Agency	Planned		Actuals as at Sept. 30/03		Appointed** Auditor Fee	Total Costs/Fees
	Hours	Costs	Hours	Costs		
	(\$ Thousands)		(\$ Thousands)		(\$ Thousands)	(\$ Thousands)
Crown Investments Corporation of Saskatchewan	914	\$ 92	40	\$ 4	* \$ -	\$ 4
Department of Agriculture, Food and Rural Revitalization	3,548	279	2,690	215	* -	215
Department of Corrections and Public Safety	400	29	423	32	* -	32
Department of Culture, Youth and Recreation	1,604	121	1,427	125	* -	125
Department of Environment	2,157	175	2,127	161	* -	161
Department of Finance	7,765	661	5,134	440	* -	440
Department of Government Relations and Aboriginal Affairs	1,421	118	722	54	* -	54
Department of Health	6,800	584	5,394	450	* -	450
Department of Highways and Transportation	1,887	158	1,261	109	* -	109
Department of Industry and Resources	845	66	980	78	* -	78
Department of Justice	2,253	169	2,330	174	* -	174
Department of Labour	707	65	712	58	* -	58
Department of Learning	8,420	676	7,335	564	* -	564
Department of Social Services	3,153	254	2,144	162	* -	162
Executive Council	226	18	239	18	* -	18
Information Services Corporation of Saskatchewan	473	47	25	2	* -	2
Legislative Assembly	609	45	460	31	* -	31
Municipal Financing Corporation of Saskatchewan	25	2	9	1	* -	1
Public Service Commission	133	9	157	12	* -	12
Saskatchewan Development Fund Corporation	74	6	-	-	* -	-
Saskatchewan Gaming Corporation	1,356	119	1,077	83	* -	83
Saskatchewan Government Growth Fund Management Corporation	188	20	-	-	* -	-
Saskatchewan Government Insurance Corporation	1,103	117	297	26	* -	26

Department or Agency	Planned		Actuals as at Sept. 30/03		Appointed** Auditor Fee	Total Costs/Fees
	Hours	Costs	Hours	Costs		
	(\$ Thousands)		(\$ Thousands)		(\$ Thousands)	(\$ Thousands)
Saskatchewan Liquor and Gaming Authority	2,695	\$ 245	3,043	\$ 262 *	\$ -	\$ 262
Saskatchewan Municipal Board	50	3	16	1	-	1
Saskatchewan Opportunities Corporation	62	6	-	- *	-	-
Saskatchewan Power Corporation	944	96	88	9 *	-	9
Saskatchewan Property Management Corporation	120	13	138	13 *	-	13
Saskatchewan Research Council	875	73	572	50 *	-	50
Saskatchewan Safety Council	240	17	-	- *	-	-
Saskatchewan Telecommunications Holding Corporation	945	95	209	19 *	-	19
Saskatchewan Transportation Company	90	9	-	- *	-	-
Saskatchewan Water Corporation	150	15	8	1 *	-	1
SaskEnergy Incorporated	842	82	211	22 *	-	22
Workers' Compensation Board	810	82	81	8 *	-	8
Government-Wide, Sectoral and Special Issue Audits	4,455	390	894	76 *	-	76
Legislative Committees and Public Reports	4,247	449	1,718	183 *	-	183
TOTAL	62,586	\$ 5,405	41,961	\$ 3,443 *	\$ -	\$ 3,443

* These audits are not fully complete at September 30, 2003. To fully complete these audits would require approximately 21,000 hours and \$2,090,000.

** None of the appointed auditors have reported their 2004 fees yet.

Costs of our Detailed Work Plan for 2003

Following is a schedule of planned and actual hours and costs to audit government agencies for their years ended in the period January 1, 2002 to December 31, 2002. The planned costs were originally provided in our 2003 Business and Financial Plan. Our 2003 Annual Report on Operations provides explanations of significant variances between planned and actual results up to March 31, 2003. The actual results reported here have been updated to include hours and costs for these jobs up to September 30, 2003.

Department or Agency	Planned		Actuals as at Sept. 30/03		Appointed**	Total
	Hours	Costs	Hours	Costs	Auditor Fee	Costs/Fees
	(\$ Thousands)		(\$ Thousands)		(\$ Thousands)	(\$ Thousands)
Crown Investments Corporation of Saskatchewan	725	\$ 71	655	\$ 65	* \$ 216	\$ 281
Department of Agriculture and Food	3,785	293	3,430	262	*	278
Department of Culture, Youth and Recreation	205	15	256	20	-	20
Department of Economic and Co-operative Development	761	62	593	47	-	47
Department of Education	2,124	172	2,154	160	-	160
Department of Energy and Mines	970	79	1,155	90	-	90
Department of Environment and Resource Management	2,025	151	1,858	149	18	167
Department of Finance	7,619	619	6,784	582	*	78
Department of Health	7,480	624	6,980	597	*	551
Department of Highways and Transportation	1,607	125	1,295	104	-	104
Department of Intergovernmental and Aboriginal Affairs	214	16	272	21	-	21
Department of Justice	2,583	189	2,494	184	*	10
Department of Labour	607	52	558	46	-	46
Department of Municipal Affairs and Housing	2,913	223	2,544	217	*	103
Department of Post-Secondary Education and Skills Training	7,296	576	7,258	555	*	142
Department of Social Services	2,317	174	2,573	187	*	-
Executive Council	226	18	234	18	-	18
Information Services Corporation of Saskatchewan	73	7	794	83	127	210
Legislative Assembly	659	47	602	46	-	46
Municipal Financing Corporation of Saskatchewan	25	2	25	2	4	6
Public Service Commission	118	8	106	7	-	7
Rural Revitalization Office	100	8	94	7	-	7
Saskatchewan Development Fund Corporation	74	6	44	4	7	11
Saskatchewan Gaming Corporation	881	71	858	73	*	26
Saskatchewan Government Growth Fund Management Corporation	188	19	194	19	44	63
Saskatchewan Government Insurance Corporation	937	98	576	54	*	225

Department or Agency	Planned		Actuals as at Sept. 30/03		Appointed** Auditor Fee	Total Costs/Fees
	Hours	Costs	Hours	Costs		
	(\$ Thousands)		(\$ Thousands)		(\$ Thousands)	(\$ Thousands)
Saskatchewan Liquor and Gaming Authority	3,735	\$ 316	3,572	\$ 311	\$ 3	\$ 314
Saskatchewan Municipal Board	50	3	32	2	-	2
Saskatchewan Opportunities Corporation	125	12	95	10	79	89
Saskatchewan Power Corporation	969	95	1,387	145 *	232	377
Saskatchewan Property Management Corporation	120	12	137	14	64	78
Saskatchewan Research Council	871	71	730	56 *	-	56
Saskatchewan Safety Council	200	14	217	15	-	15
Saskatchewan Telecommunications Holding Corporation	543	56	566	57	294	351
Saskatchewan Transportation Company	126	12	75	7 *	36	43
Saskatchewan Water Corporation	182	18	183	18	43	61
SaskEnergy Incorporated	219	23	415	41 *	124	165
Women's Secretariat	53	4	67	4	-	4
Workers' Compensation Board	535	53	328	33 *	101	134
Government-Wide, Sectoral and Special Issue Audits	6,317	520	5,111	509 *	-	509
Legislative Committees and Public Reports	4,367	445	4,705	488	-	488
TOTAL	64,924	\$ 5,379	62,006	\$ 5,309	\$ 2,805	\$ 8,114
Office of the Provincial Auditor					<u>\$ 20</u>	<u>\$ 20</u>

* These audits are not fully complete at September 30, 2003. To fully complete these audits would require approximately 1,500 hours and \$130,000.

** Not all appointed auditors have reported their 2003 fees. Where they have not reported for 2003, the most recent fees have been used.

Costs of our Detailed Work Plan for 2002

Following is a schedule of planned and actual hours and costs to audit government agencies for their years ended in the period July 1, 2000 to June 30, 2001. The planned costs were originally provided in our 2002 Business and Financial Plan. Our 2002 Annual Report on Operations provides explanations of significant variances between planned and actual results up to March 31, 2002. The actual results reported here have been updated to include hours and costs for these jobs up to September 30, 2003.

Department or Agency	Planned		Actuals as at Sept. 30/03		Appointed**	Total
	Hours	Costs	Hours	Costs	Auditor Fee	Costs/Fees
	(\$ Thousands)		(\$ Thousands)		(\$ Thousands)	(\$ Thousands)
Crown Investments Corporation of Saskatchewan	625	\$ 60	557	\$ 56	\$ 198	\$ 254
Department of Agriculture and Food	3,870	291	3,646	276	*	276
Department of Culture, Youth and Recreation	-	-	29	2	-	2
Department of Economic and Co-operative Development	479	34	412	29	*	-
Department of Education	2,183	177	1,990	145	-	145
Department of Energy and Mines	985	78	777	63	-	63
Department of Environment and Resource Management	1,875	158	1,988	163	12	175
Department of Finance	7,054	555	6,351	507	*	62
Department of Health	6,837	587	6,844	571	*	633
Department of Highways and Transportation	1,238	97	797	62	-	62
Department of Intergovernmental and Aboriginal Affairs	214	16	283	21	-	21
Department of Justice	2,687	212	2,161	156	*	9
Department of Labour	657	55	811	66	-	66
Department of Municipal Affairs and Housing	3,015	229	2,259	195	*	150
Department of Post-Secondary Education and Skills Training	7,432	607	7,373	574	*	135
Department of Social Services	2,186	160	2,222	172	-	172
Executive Council	223	17	259	19	-	19
Information Services Corporation of Saskatchewan	56	5	88	8	71	79
Legislative Assembly	660	47	594	41	-	41
Municipal Financing Corporation of Saskatchewan	25	2	29	3	3	6
Public Service Commission	118	8	109	7	-	7
Saskatchewan Development Fund Corporation	74	6	48	4	7	11
Saskatchewan Gaming Corporation	944	76	1,141	99	14	113
Saskatchewan Government Growth Fund Management Corporation	188	19	341	34	34	68
Saskatchewan Government Insurance Corporation	501	49	468	44	148	192
Saskatchewan Liquor and Gaming Authority	2,695	238	3,311	300	369	669

Department or Agency	Planned		Actuals as at Sept. 30/03		Appointed** Auditor Fee	Total Costs/Fees
	Hours	Costs	Hours	Costs		
	(\$ Thousands)		(\$ Thousands)		(\$ Thousands)	(\$ Thousands)
Saskatchewan Municipal Board	50	\$ 3	43	\$ 3	\$ -	\$ 3
Saskatchewan Opportunities Corporation	155	15	76	7	81	88
Saskatchewan Power Corporation	389	36	391	35	237	272
Saskatchewan Property Management Corporation	125	12	141	14	50	64
Saskatchewan Research Council	871	70	849	73	-	73
Saskatchewan Safety Council	240	16	282	18	-	18
Saskatchewan Telecommunications	491	50	598	57	169	226
Saskatchewan Transportation Company	126	11	87	8	36	44
Saskatchewan Water Corporation	182	17	245	23	50	73
SaskEnergy Incorporated	204	21	302	29	122	151
Women's Secretariat	53	3	61	4	-	4
Workers' Compensation Board	710	70	554	57	126	183
Government-Wide, Sectoral and Special Issue Audits	5,887	532	5,220	482 *	-	482
Legislative Committees and Public Reports	4,369	441	3,733	384	-	384
TOTAL	60,673	\$ 5,080	57,470	\$ 4,811	\$ 2,992	\$ 7,803
Secondments	1,650	56				-
TOTAL INCLUDING SECONDMENTS	62,323	\$ 5,136	57,470	\$ 4,811	\$ 2,992	\$ 7,803
Office of the Provincial Auditor					<u>\$ 19</u>	<u>\$ 19</u>

* These audits are not fully complete at September 30, 2003. To fully complete these audits would require approximately 1,300 hours and \$112,000.

** Not all appointed auditors have reported their 2002 fees. Where they are not reported for 2002, the most recent fees have been used.

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Appendix I – Provincial Auditor's Estimates

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Provincial Auditor

Vote 28

The Office serves the people of Saskatchewan through the Legislative Assembly. The Office encourages accountability and effective management in government operations through its independent examinations, advice, and reports on the management of public resources entrusted to government.

Summary of Expenditure

(in thousands of dollars)

	<u>Estimated 2004-05</u>	<u>Estimated 2003-04</u>
Provincial Auditor	5,498	5,405
Unforeseen Expenses.....	<u>355</u>	<u>350</u>
	<u><u>5,853</u></u>	<u><u>5,755</u></u>

Provincial Auditor

Vote 28 – Continued

(in thousands of dollars)

	Estimated 2004-05	Estimated 2003-04
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Provincial Auditor (PA01)

Provides for the audits of the administration of programs and activities of government departments, health and education institutions, commissions, boards, and Crown corporations and for reporting the results of all audits annually to the Legislative Assembly and the public. It also provides assistance to the Standing Committees on Public Accounts and Crown Corporations in its review of the Provincial Auditor's Report, the Public Accounts, and other reports.

Sub-Programs

Provincial Auditor Operations	5,368	5,277
Provincial Auditor's Salary (Statutory)	130	128

Expenditure by Type

	2004-05	2003-04		
Salaries	3,713	3,646		
Supplier and other Payments.....	1,785	1,759		
	5,498	5,405		

This subvote includes "Statutory" amounts. The amount "To Be Voted" is \$5,368K.

Unforeseen Expenses (PA02)

Provides for unforeseen expenses pursuant to Section 10.1 of *The Provincial Auditor Act*.

Expenditure by Type

	2004-05	2003-04		
Salaries	355	350		
	355	350		