



November 27, 2019

The Honourable M. Docherty  
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, 2021, to be laid before the Legislative Assembly in accordance with the provisions of section 14.1 of *The Provincial Auditor Act*.

Respectfully submitted,

A handwritten signature in black ink that reads "Judy Ferguson".

Judy Ferguson, FCPA, FCA  
Provincial Auditor

/kf





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## Introduction

The Legislative Assembly sets out the accountability process for the Office in *The Provincial Auditor Act*. The Act requires the Provincial Auditor to submit to the Speaker, each year for tabling in the Legislative Assembly, two key accountability reports—a business and financial plan, and an annual report on operations.

Under the Act, the Standing Committee on Public Accounts automatically receives the Office's key accountability reports upon tabling. When the Legislative Assembly is not in session, it receives them when the Office submits the reports to the Speaker.

This report—*Business and Financial Plan for the Year Ended March 31, 2021* (2021 Business and Financial Plan, the Plan)—is one of those two key accountability documents. The Office prepared the Plan using reporting practices set out in the Public Sector Accounting Board's *Statement of Recommended Practice (SORP-2) Public Performance Reporting* published by the Chartered Professional Accountants of Canada. This Plan includes the information the Act requires along with additional supporting information.

The 2021 *Business and Financial Plan* is comprised of three main sections:

- **Section 1.0 – The Office of the Provincial Auditor** provides a brief description of the Office including its purpose, accountability mechanisms, staffing, and key systems and practices.
- **Section 2.0 – 2020–21 Funding Request** sets out the 2020–21 Funding Request (Estimates) and factors, forces, and trends affecting the Office's work plan upon which the request is based. The Act requires the Public Accounts Committee to review and approve the Estimates for inclusion in the Estimates tabled in the Legislative Assembly.
- **Section 3.0 – Annual Work Plan for 2020–21 and Supporting Schedules** provides the Office's Audited Financial Forecast and other key information on trends in costs, average salaries, and training. The Office's Audited Financial Forecast includes planned time spent on tasks and the 2020–21 annual work plan (i.e., planned costs to audit government agencies).

In reviewing this Plan, the Office encourages the Public Accounts Committee members to consider the Office's *2019 Annual Report on Operations*. The *2019 Annual Report on Operations* describes the Office's performance in achieving the goals and objectives set out in the *2019 Business and Financial Plan*. It also includes audited financial statements for the fiscal year ended March 31, 2019.

The Office tabled its annual report for the year ended March 31, 2019 in the Legislative Assembly on June 20, 2019, and makes it available on the Office's website.<sup>1</sup> Also, on the Office's website, the Public Accounts Committee members can find the Office's prior business and financial plans (e.g., for the Year Ended March 31, 2020).<sup>2</sup>

<sup>1</sup> Available at [www.auditor.sk.ca](http://www.auditor.sk.ca) under Publications/Our Annual Report on Operations.

<sup>2</sup> Available at [www.auditor.sk.ca](http://www.auditor.sk.ca) under Publications/Our Business and Financial Plans.



## **1.0    *The Office of the Provincial Auditor***





## 1.1 Purpose of the Office of the Provincial Auditor

For the parliamentary system of government to work properly, it must have the public's confidence. To merit this confidence, the Government's programs must be effective, open, and accountable to the public. One important responsibility of the Legislative Assembly is to hold the Government of Saskatchewan accountable for its management of public resources. The Office of the Provincial Auditor contributes to this accountability process. **Exhibit 1** shows the value and benefits of a legislative audit office.

The Office's work and reports affect public confidence in the Government. They provide legislators and the public with critical information on whether the Government issues reliable financial and other reports, uses effective processes to safeguard public resources (i.e., resources with which it is entrusted), and complies with governing authorities. In addition, the Office:

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

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

## 1.2 Accountability of the Office

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

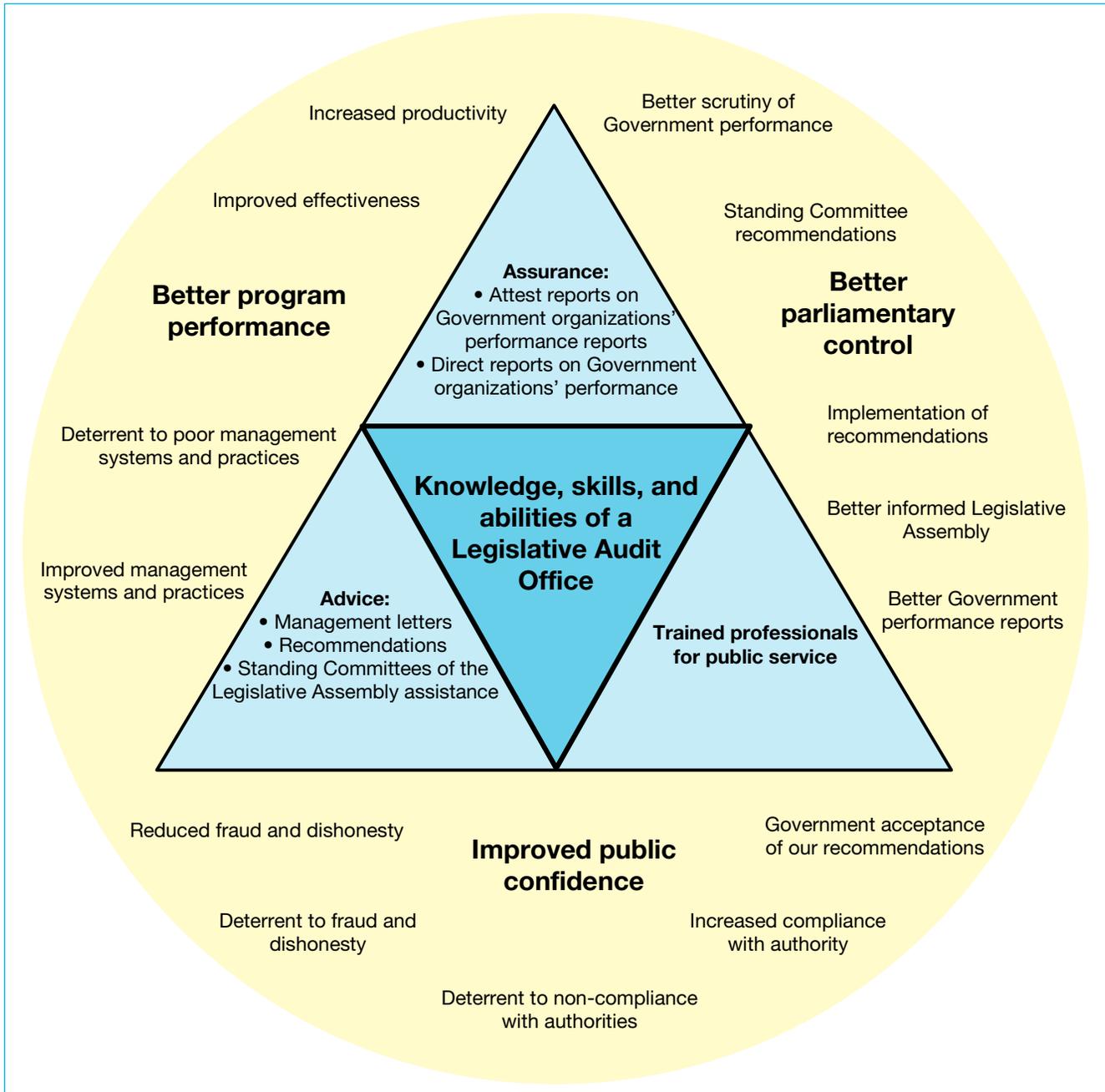
- Prepare and submit, each year to the Public Accounts Committee, key accountability documents—a business and financial plan, and an annual report on operations that includes audited financial statements
- Present to the Public Accounts Committee, for its review and approval, its annual funding request and supplementary estimates (if any)
- Table with the Public Accounts Committee, for its information, the Office's human resources and financial management policies, and quarterly financial forecasts
- Use Canadian generally accepted assurance standards to carry out the Office's audits
- Be a member in good standing of the Institute of Chartered Professional Accountants of Saskatchewan, including maintaining firm and member licensing requirements for the provision of professional accounting services<sup>3</sup>

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

<sup>3</sup> *The Provincial Auditor Act* deems the Provincial Auditor a firm for the purposes of *The Accounting Profession Act*.



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



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



## 1.3 Auditor Independence

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

To achieve auditor independence, the Provincial Auditor, the Office, and its staff must be independent of the Government and be able to exercise that independence—they must be able to make decisions without being affected by influences that would compromise their judgment.

*The Provincial Auditor Act* provides the legislative framework for the independence of the Office and its staff. The Act:

- Creates an independent Officer of the Legislative Assembly called the Provincial Auditor with the responsibility to audit all government agencies and report the results directly to the Legislative Assembly.
- Ensures the Provincial Auditor is independent from elected and appointed officials including the Assembly’s committees and boards.
- Requires an order of the Legislative Assembly based on a unanimous recommendation of the Public Accounts Committee to appoint the Provincial Auditor for an eight-year, non-renewable term.<sup>4</sup> The Public Accounts Committee is an all-party committee that does not include Cabinet ministers.
- Requires an order of the Legislative Assembly to remove the Provincial Auditor from office for cause.
- Sets the Provincial Auditor’s salary and benefits (e.g., equal to the average salary of all the deputy ministers and acting deputy ministers of the Government of Saskatchewan calculated at April 1 in each year).
- Makes the Office’s employees part of the Legislative Branch of Government. They are neither part of the Executive Branch of Government nor members of the public service of Saskatchewan. The Act gives the Office’s employees access to similar benefits as those available to public servants.
- Requires the Public Accounts Committee to review the Office’s annual *Business and Financial Plan* and recommend the Office’s annual funding to the Assembly.
- Gives the Provincial Auditor administrative independence—the power to administer, manage, and control the Office, its general business, as well as oversee and direct the Office’s staff. This includes the ability to decide which employees to hire and at what rate, and what audit work to do and how.

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

## 1.4 Staffing

The Office’s employees are its most valuable resource because the quality and timeliness of the Office’s work depends on their knowledge, skills, and professionalism. Creating and maintaining an environment that encourages and rewards ongoing learning is crucial to the Office’s success.

The competencies of the Office’s staff affect what work the Office does for the public, the Legislative Assembly, and the Government. The Office works with the Canadian legislative audit community to identify and develop the required competencies for legislative auditors.

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<sup>4</sup> The Public Accounts Committee appointed Judy Ferguson on June 1, 2015.



The Office's staff must have and apply suitable knowledge, skills, and attributes to enable the Office to fulfill its mandate as expected. These include:

- Objectivity and professional skepticism, because of the Office's full independence from the Executive Government (i.e., ministries, Crown corporations, boards, commissions, funds)
- 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 IT systems
  - Accounting and assurance standards published by CPA Canada
- Working knowledge of the issues facing government agencies operating in 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
- A business view derived from rigorous professional training and practical knowledge of public administration

The Office has four operating divisions (education, environment and infrastructure, finance, and health) and one support services division. A deputy provincial auditor leads each division with assigned staff. Each operating division has an assigned portfolio of audit work, and is responsible for completing that work within an assigned budget and agreed upon deadlines. The Support Services Division is responsible for human resources including training, financial reporting, performance reporting, IT systems, communications, and general administration.

During 2020–21, the Office expects to employ 60 full-time equivalent positions (2019–20: 60). As of October 31, 2019, 31 of the Office's employees were professional accountants with 16 training to become professional accountants. Of these professional accountants, 11 have non-accounting designations (e.g., Certified Information System Auditor, Pension Plan Administration Certificate, and Certification in Risk Management Assurance). Two audit staff are non-accountants (e.g., MPA).

## **1.5 Maintaining Effective Systems and Practices Including Mitigating Risks**

Sound risk management, and effective systems and practices, are essential for the Office's management and use of public resources. As part of risk management, the Office identifies and assesses the possible adverse consequences it may experience from events or circumstances. The Office accepts some risks because it is not cost effective to have no risks. It uses established systems and practices to reduce those risks to an acceptable level and implements strategies to manage residual risks. **Exhibit 2—Key Risks and Responses** sets out key risks the Office faces and processes it uses to mitigate those risks.

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

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



Each year, the Office's Annual Report on Operations includes the independent auditor's report on the Office's systems and practices. In the last report—*2019 Annual Report on Operations*, the Office's external auditor reported that the Office had effective processes to safeguard public resources entrusted to it by the Assembly. The Office has not made significant changes to its systems and practices since that audit.

### **Exhibit 2—Key Risks and Responses**

**Stakeholders do not support the Office's goals and objectives.** For the Office to remain viable, legislators, the public, and government officials (stakeholders) must support its goals and objectives. Pursuing its goals and objectives must result in relevant assurance (audit reports) and advice for its stakeholders. The Office uses strategic planning processes so that its goals and objectives result in relevant assurance and advice for its stakeholders. In addition, gaining and keeping stakeholder trust is essential for the viability of the Office. Maintaining trust includes respecting the confidentiality of information to which the Office has access. The Office has processes to maintain the confidentiality of information.

**Government does not act on the Office's recommendations.** Doing independent, reliable, and relevant work at a reasonable cost is vital to the Office's success. These attributes are also essential for stakeholders to value the Office's advice. The Office must understand the challenges that the Government faces. Also, its advice must help improve program performance. The Office uses quality control and financial management processes so that its assurance and advice are independent, relevant, reliable, and cost effective.

**The Standing Committees on Public Accounts<sup>A</sup> and Crown and Central Agencies<sup>B</sup> do not fulfill their responsibilities.** The Office must provide assurance and advice consistent with each Committee's objectives. The Office uses quality control processes so that it provides independent, relevant, and reliable information consistent with each Committee's objectives.

**The Office does not have the required competencies and resources to deliver its products and services.** The quality of its work is dependent on the competencies of the Office's staff. The Office has hiring processes and training programs to ensure it acquires and maintains the required competencies. To discharge its statutory duties, the Office needs sufficient resources to employ the required number of competent people. It also needs sufficient resources to equip, support, and house its staff. It needs the support of legislators to obtain the required resources. To gain this support, it uses planning and monitoring processes so that its work is reliable and relevant to legislators. Also, the Office publishes a business and financial plan and an annual report on operations to build legislators' support for its request for resources.

**The Office does not manage its resources effectively.** The Office's management practices must promote the effective use of its resources. It uses financial and human resource management processes to keep the risk of not doing so at a minimum. Its major input cost to provide services is salaries and benefits. Salaries and benefits account for 80% of its spending. It carefully monitors and reports publicly on the use of staff time.

**The Office does not understand or respond to the challenges faced by its stakeholders.** If its assurance and advice is to be reliable, the Office must understand the challenges and risks the Government faces. How the Government manages its risks affects the nature and extent of work the Office must do. The Office must also understand the challenges and risks legislators and the public face if its assurance and advice is to be relevant. To be relevant, its assurance and advice should result in better parliamentary control over government activities and better program performance (see **Exhibit 1**). It uses strategic planning processes to set strategic goals and priorities that enable it to understand the challenges and risks faced by its stakeholders.

**The Office loses, or is perceived to lose, its independence.** *The Provincial Auditor Act* makes the Office responsible for examining all public resources managed by the Government and the Legislative Assembly (e.g., Board of Internal Economy). The Act provides the legislative framework for independence of the Office. The Office carefully guards its independence and reports to the Assembly or the Public Accounts Committee when it is concerned about its independence. Also, it uses human resource management processes to maintain objectivity and independence in its work. This includes additional safeguards to enable its staff to act with integrity, exercise objectivity and professional skepticism.

**The Office provides inappropriate or incorrect assurance and advice.** Stakeholders must trust and value the Office's assurance (audit reports) and advice. The Office has processes to ensure the reliability and quality of its work.

<sup>A</sup> 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 ministries and Crown agencies. The Committee works with the Provincial Auditor to carry out the Committee's mandate.

<sup>B</sup> The Standing Committee on Crown and Central Agencies, a field policy committee, considers matters related to the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries, supply and services, central agencies, liquor, gaming, and all other revenue-related agencies and entities. Since 2001, the Assembly, through *The Provincial Auditor Act*, has referred the parts of the Office's reports that relate to CIC and its subsidiaries to the Committee for review. The Crown and Central Agencies Committee works with the Provincial Auditor to carry out the Committee's mandate related to those reviews.





## **2.0 2020–21 Funding Request**





## 2.1 Introduction

As required by *The Provincial Auditor Act*, this section presents the Office's funding request for 2020–21 Estimates including an amount for unforeseen expenses (contingency appropriation) as envisioned by *The Provincial Auditor Act*. **Exhibit 3—History of Unforeseen Expenses Appropriation** sets out a brief history of the contingency appropriation.

### **Exhibit 3—History of Unforeseen Expenses Appropriation**

The Legislature amended *The Provincial Auditor Act* in June 2001 (amended Act). The amended Act changed how the Provincial Auditor's Office finances its operations.

Until 2001, the Office maintained net financial assets equal to approximately one month's salary and benefit expenses. The Office used this money to respond to costs of unplanned work, pressure to improve the timeliness of its work, and unplanned salary and benefit increases. This practice enhanced the Office's 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 Legislative Assembly accepted the recommendation of the Standing Committee on Public Accounts that the amended Act provide for the Provincial Auditor to obtain an extra appropriation each year. Since 2001, the Act provides for the inclusion of amounts for unforeseen expenses in the estimates presented by the Office each year.

## 2.2 2020–21 Funding Request

The Office asks that the Committee approve the 2020–21 Estimates with an appropriation for the operation of the Office of \$8,208 thousand and an appropriation for unforeseen expenses of \$537 thousand. The 2020–21 contingency appropriation request of \$537 thousand approximates the Office's previous net financial asset target of one month's salary and benefits.

The Office also asks the Public Accounts Committee, after its review, to submit the approved Estimates to the Speaker for inclusion in the Estimates tabled in the Legislative Assembly.

**Section 2.3 – Provincial Auditor's Estimates for Vote 28 Provincial Auditor** provides the 2020–21 Estimates with a breakdown thereof consistent with the format the Legislative Assembly expects. These appropriations will enable the Office to fulfill its statutory duties under *The Provincial Auditor Act*.

**Section 2.4 – Factors, Forces, and Trends Affecting the Appropriation, Section 3.2 – Audited Financial Forecast, and Section 4.0 – Other Supporting Information** provide details on the basis for the 2020–21 Estimates request for the operation of the Office.

**Section 3.2 – Audited Financial Forecast** includes the audited financial forecast where an auditor, independent from the Office, concluded the financial forecast for the year ended March 31, 2021 is consistent with and reasonable in relation to the Office's operating plan (e.g., strategic goals and priorities).<sup>5</sup>

<sup>5</sup> Since 1998, the Office has provided the Committee with an audited financial forecast in response to a 1998 request from the Board of Internal Economy to provide it with independent advice to help it assess the Office's request for resources.





## 2.3 Provincial Auditor's Estimates

### Provincial Auditor

#### Vote 28

The Provincial Auditor, an Independent Officer of the Legislative Assembly, 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 Appropriation and Expense

(thousands of dollars)

	Estimated 2020-21	Estimated 2019-20
Provincial Auditor .....	8,208	8,151
Unforeseen Expenses .....	537	534
<b>Appropriation</b>	<b>8,745</b>	<b>8,685</b>
Capital Asset Acquisitions .....	-	-
Non-Appropriated Expense Adjustment .....	-	-
<b>Expense</b>	<b>8,745</b>	<b>8,685</b>

#### Provincial Auditor (PA01)

Provides for the audits of the administration of programs and activities of government ministries, 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. The Provincial Auditor also assists the Standing Committees on Public Accounts and Crown and Central Agencies in their review of the Provincial Auditor's Report, the Public Accounts, and other reports.

#### Allocations

Provincial Auditor's Salary (Statutory) .....	230	229
Provincial Auditor Operations .....	7,978	7,922

#### Classification by Type

	2020-21	2019-20
Salaries .....	5,459	5,429
Goods and Services .....	2,749	2,722
	<b>8,208</b>	<b>8,151</b>

This subvote includes "Statutory" amounts. The amount "To Be Voted" is \$7,978K.

#### Unforeseen Expenses (PA02)

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

#### Classification by Type

	2020-21	2019-20
Salaries .....	537	534
	<b>537</b>	<b>534</b>



## 2.4 Factors, Forces, and Trends Affecting the Appropriation

The 2020–21 Funding Request of \$8.208 million for the operation of the Office reflects a net increase of 0.70% (\$57,000) from the 2019–20 approved appropriation of \$8.151 million.

The net increase is comprised of:

	(in thousands)
<b>Estimated increase for:</b>	
➤ Impact of changes to Government agencies ( <b>Section 4.1</b> )	\$ 28
➤ Impact of inflation on goods and services	26
➤ Employer premium rate increase for CPP	6
<b>Estimated decrease for:</b>	
➤ Employer premium rate decreases for EI and WCB	____(3)
<b>Net increase for funding request</b>	<u>\$ 57</u>

Each year, the Office prepares a work plan that will enable it to fulfill its duties under *The Provincial Auditor Act*. To prepare its work plan, the Office uses a risk-based model to set priorities, and allocate resources.

The **Schedule of Planned Costs to Audit Government Agencies** sets out the annual work plan for the year ended March 31, 2021. The Schedule forms part of the audited financial forecast included in **Section 3.2**. The Schedule sets out the planned costs to audit and report on government sector/agencies for the Office's fiscal year ended March 31, 2021, and comparative information. The 2020–21 work plan is based on the planning approach used in prior years, and reflects a similar mix of work. See **Section 4.6** for potential areas of focus for performance work.

The work plan reflects the Office's strategic goals and priorities and known information at September 30, 2019 about the following factors.

- Market conditions and inflation affecting staff salaries and benefits, and the cost of goods and services (including agent and advisory services). Agent and advisory services include the costs of using contracted staff from private sector accounting firms and the services of external advisors.

For the past four years, the market for auditors who recently attained their professional accountancy designation remains aggressive. Research indicates competition for top talent is growing stronger in an already tight market for public accountants. As a result, companies offer higher pay, increased benefits and incentives, and career enhancement. Job candidates and current professionals increasingly place high priority on work-life balance and fair compensation.<sup>6</sup>

While the Office remains successful in recruiting excellent staff, it continues to experience higher than anticipated staff turnover with several staff joining provincial government agencies. The Office actively monitors projected salaries. It adjusts, as needed, salaries to pay its staff fairly, and offers them career development opportunities and flexible work arrangements.

In addition, rates for contract students and recently designated accounting professionals from CPA firms (contract staff) steadily increased in recent years. To manage these increases, the Office contracts staff

<sup>6</sup> Robert Half 2020 Salary Guide for Accounting and Finance Professionals.



from small to mid-size CPA firms whenever possible. The Office uses contract staff to meet its reporting deadlines and secure the necessary specialized knowledge to complete its work.

With respect to the employer cost of benefit plans, the Office estimates a net increase of \$3 thousand. This is comprised of an estimated increase of \$6 thousand to the employer premium rate for CPP and a decrease of \$3 thousand in the employer premium rates for EI and WCB. As noted in **Section 1.3**, the Act gives the Office's employees access to similar benefits as those available to public servants.

With respect to inflation, the Office estimates its cost of goods and services to increase by \$26 thousand based on an anticipated inflationary increase of 2.2%. Goods and services includes contracted staff assistance, office software and security licensing, supplies, and audit travel (e.g., hotel rates).

➤ Changes to government agencies including the Government's use of appointed auditors

At September 30, 2019, 270 government agencies manage public resources. As *The Provincial Auditor Act* requires the Office to audit all government agencies, the Government's restructuring, creation, and wind-up of agencies, along with changes to the Government's use of appointed auditors, affect the Office's work plan and total costs.<sup>7</sup>

Changes to government agencies are estimated to increase the Office's costs by \$28 thousand. This is comprised of increases of \$12 thousand for the net impact of the creation and wind-up of government agencies, and \$16 thousand for changes in the use of appointed auditors. See **Section 4.1 – Impact of Changes to Government Agencies on the 2020–21 Work Plan** for further detail.

While the use of appointed auditors reduces the Office's costs, it increases the total cost of auditing to taxpayers in that two auditors are involved. When the Government appoints a second auditor (appointed auditor), the Office follows the recommendations of the *Task Force on Roles, Responsibilities, and Duties of Auditors*.<sup>8</sup> Following these recommendations ensures the Office serves the Assembly efficiently and minimizes the duplication of effort. **Section 4.5 – Total Costs to Audit Government Agencies** sets out the total costs to audit government agencies for the last five years.

➤ Changes to professional accounting, auditing, and assurance standards

The Canadian Public Sector Accounting Standards Board continuously updates public sector accounting standards. Areas of change under discussion and contemplation include employee benefits, public-private partnerships, and financial instruments. Changes in accounting standards typically result in more work for preparers of financial statements (management) and their auditors.

In addition, the Canadian Auditing and Assurance Standards Board continues to change auditing and assurance standards. (e.g., accounting estimates, audit risk, matters to communicate in auditor reports).

These changes require the Office to keep staff trained, maintain up-to-date audit methodology and practices, and often result in additional audit work effort. To minimize those costs, wherever possible, the Office leverages its involvement with other Canadian legislative offices. In addition, the Office continuously looks for internal efficiencies like increased use of data analytics.

➤ The quality of and changes in the Government's records, systems, practices, and personnel

The Office recognizes staff turnover (because of retirements or voluntary turnover) and ongoing pressures to look for cost efficiencies can create an environment that may affect this factor.

<sup>7</sup> The Government decided to use appointed auditors to audit many agencies. It stated that it uses appointed auditors so the Saskatchewan public accounting industry can retain local expertise.

<sup>8</sup> Available at [www.auditor.sk.ca](http://www.auditor.sk.ca) under Publications/Resources.



The Office monitors the impact of busy administrative government staff on financial and management controls in agencies, and the delivery of government programs. The Office generally expects this impact, on an overall basis, to minimally affect audit costs.

- The level of co-operation the Office expects to receive from government officials and appointed auditors when it does its work

The Office receives, and expects to continue to receive, good co-operation from government officials and appointed auditors.

- The legislators' and public's expectations

The Office's *2017–2021 Strategic Plan* provides the foundation for the development of this *Plan*. See **Section 5.0** for a copy of the *2017–2021 Strategic Plan*. The Plan includes updated external forces and trends based on stakeholder input. **Exhibit 4** highlights the external forces and trends affecting both the Office and its stakeholders. Identifying external forces and trends helps keep the Office responsive to changing environments and emerging risks.

The funding request does not contain an estimate of a general salary and benefit increase for 2020–21. The Government has not confirmed changes to salary and benefits as of September 30, 2019 (the date of finalizing this Funding Request). Should the Government provide increases, the Office will provide a similar increase to its employees, and finance it by drawing on its contingency appropriation.

#### **Exhibit 4—External Forces and Trends Affecting the Office**

The Office's *2017–2021 Strategic Plan* identifies 11 major external forces and trends that affect both the Office and its stakeholders (i.e., legislators, the public, and government officials). They affect the Office's resources, how it manages, and how it decides what work it does and when. The Office focuses its efforts on helping stakeholders address the challenges emerging from these forces and trends as well as several more specific issues. In particular, the Office will continue to encourage the Government to address the following challenges:

- Changing demographics and diversity
- Technology change, complexity, and usage
- Increased regulatory oversight of professional accountants
- Use of multiple financial reporting frameworks in the Saskatchewan public sector (e.g., public sector standards for governments for summary financial statements, standards for not-for-profit organizations for universities, International Financial Reporting Standards for government business enterprises)
- Changes in government service delivery model
- Changes in the public sector workforce
- Sustainability and protecting the physical environment
- Focus on infrastructure
- Impact of global markets
- New financing structures in government
- Evolving relationships between legislative auditors and legislative committees (i.e., Public Accounts Committee, Crown and Central Agencies Committee)

Source: *2017–2021 Strategic Plan*

## **2.5 Impact of Alternative Funding Levels**

If the Office does not obtain approval for a sufficient appropriation from the Public Accounts Committee, it will be unable to carry out its work plan. As previously noted, the Office uses a risk-based model to set its work plan. The model reflects that the Office must provide assurance on the Government's Summary Financial Statements along with assurance on the effectiveness of the Government's management of public resources, and





compliance with the law. If the Office were unable to obtain sufficient funding, it would provide less service by not auditing certain agencies in the following sequence:

- Special purpose and trust funds
- Certain CIC-related Crown corporations
- Certain educational agencies

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

If necessary, the Office will report to the Legislative Assembly which Government agencies it was unable to audit. When this is necessary, the Office is concerned with the impact of this message on public confidence in the system of Government.



### **3.0 *Annual Work Plan for 2020–21 and Supporting Schedules***





## 3.1 Glossary

### *Estimate*

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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*

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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 (*CPA Canada Handbook—Assurance*).

### *Projection*

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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 (*CPA Canada Handbook—Assurance*).



## 3.2 Audited Financial Forecast

### Management's Responsibility for the Financial Forecast

The accompanying financial forecast consisting of a Statement of Operations included in the *Business and Financial Plan* for the Office of the Provincial Auditor for the year ended March 31, 2021, 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 Virtus Group LLP. Its report to the Standing Committee on Public Accounts stating the scope of its examination and opinion on the financial forecast follows.

Judy Ferguson, FCPA, FCA  
Provincial Auditor

November 22, 2019  
Regina, Saskatchewan

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

### Auditors' 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 Operations for the year ended March 31, 2021, has been prepared by management using assumptions with an effective date of September 30, 2019. 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 published by the Chartered Professional Accountants of Canada. 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
- The financial forecast complies with the presentation and disclosure standards for forecasts published by the Chartered Professional Accountants of Canada

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.

Chartered Professional Accountants Regina,

November 22, 2019  
Saskatchewan



**OFFICE OF THE PROVINCIAL AUDITOR**  
**Financial Forecast—STATEMENT OF OPERATIONS**  
**For the Years Ended March 31**  
**(thousands of dollars)**

	2018 Actual	2019 Actual	2020 Estimate (Unaudited) (Note 4)	2021 Forecast (Note 5,6)	2022 Projection (Unaudited)
<b>Revenue:</b>					
General Revenue Fund (GRF)					
- Appropriation	\$ 8,151	\$ 8,159	\$ 8,151	\$ 8,208	\$ 8,372
- Contingency Appropriation (Note 2)	539	527	534	537	548
Other	7	16	15	16	16
<b>Total revenue</b>	<b>8,697</b>	<b>8,702</b>	<b>8,700</b>	<b>8,761</b>	<b>8,936</b>
<b>Expense:</b>					
Salaries	5,277	5,229	5,328	5,459	5,568
Employee benefits	960	941	967	984	1,004
Facilities and equipment	779	797	774	769	785
Administration	391	388	400	419	427
Agent and advisory services	377	362	506	408	416
Training and development	157	163	170	170	174
<b>Total operating expense</b>	<b>7,941</b>	<b>7,880</b>	<b>8,145</b>	<b>8,209</b>	<b>8,374</b>
Transfer to GRF (Note 3)					
- Return of unused Appropriation	762	839	546	537	548
- Other	7	16	15	16	16
<b>Total transfer to GRF</b>	<b>769</b>	<b>855</b>	<b>561</b>	<b>553</b>	<b>564</b>
<b>Total expense</b>	<b>8,710</b>	<b>8,735</b>	<b>8,706</b>	<b>8,762</b>	<b>8,938</b>
<b>Annual surplus (deficit)</b>	<b>(13)</b>	<b>(33)</b>	<b>(6)</b>	<b>(1)</b>	<b>(2)</b>
Accumulated surplus, beginning of year	173	160	127	121	120
<b>Accumulated surplus, end of year</b>	<b>\$ 160</b>	<b>\$ 127</b>	<b>\$ 121</b>	<b>\$ 120</b>	<b>\$ 118</b>

(See accompanying notes and schedules)



**Office of the Provincial Auditor  
Notes to the Financial Forecast—Statement of Operations  
For the Years Ended March 31**

**1. Summary of Accounting Policies**

The Office used Canadian public sector accounting principles to prepare this financial information. The following accounting principles are considered to be significant:

**a) Revenue**

The appropriation from the General Revenue Fund is recorded when authorized by the Legislative Assembly.

Other revenue consists of bank interest, which is recorded when earned.

**b) Tangible Capital Assets**

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

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

**2. Contingency Appropriation**

To enable the Provincial Auditor to retain independence to manage unforeseen circumstances effectively, *The Provincial Auditor Act* provides for the Provincial Auditor to obtain an extra appropriation each year for unforeseen expenses (contingency appropriation). The Act provides for a contingency appropriation in place of the Office maintaining net financial assets. Prior to 2001, the Office maintained net financial assets equal to approximately one month's salary and benefit expenses.

**3. Transfer to General Revenue Fund**

*The Provincial Auditor Act* requires the Office to give all other revenues to the General Revenue Fund. The Act also requires the Office to return any excess appropriations to the General Revenue Fund. For 2020, the Office anticipates that it will give \$15,000 of other revenue and \$546,000 of its appropriation to the General Revenue Fund.

**4. 2020 Estimate**

The estimate for 2020 is based on actual information known to September 30, 2019, and the planned course of action for the remainder of the year. The actual results will vary and the variations may be material. The Office's actual expenses for the six months ended September 30, 2019, were \$4.0 million (unaudited).

**5. 2021 Forecast – Key Assumptions**

The financial information presented for 2021 is a forecast, and accordingly actual results will vary and the variations may be material.

The Office prepared the financial information for the year ended March 31, 2021, using the significant assumptions set out below. The assumptions reflect the Office's planned course of action for this period as set out in the Office's strategic goals and strategies (**Section 5.0 – The Office's 2017–2021 Strategic**





**Plan**). The Office based the assumptions on management's judgment of the most probable set of economic conditions for this period based on known information at September 30, 2019.

**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 (Transfer to GRF).

**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 (Transfer to GRF).

**Other revenue** includes bank interest earned on cash held during the year at an average rate of 1.45%.

**Salaries** are based on 60 full-time equivalent positions at an average salary cost of \$91,000 (Refer to **Section 3.4 – Forecast and Actual Full-Time Equivalent Positions and Average Salaries of Employees**). Average salary cost is determined using best estimates of expected pay for current and new employees based on past trends and expected economic conditions.

Total full-time equivalent positions of 62 (60 FTE salaried employees plus 2 FTE contracted staff assistance) reflects the staff necessary to provide 70,000 audit hours. The required audit hours for the agencies included in the **Schedule of Planned Costs to Audit Government Agencies** is based on the planned use of staff time set out in the **Schedule of Planned Time Spent on Tasks**. When determining required audit hours, the Office takes into account known information at September 30, 2019, about the state of the Government's systems and practices, the number and size of government agencies, the Government's use of appointed auditors, and assurance standards.

**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 Insurance Plan, extended health care plan, maternity/paternity top-up plan, and a flexible benefit plan. The costs reflect current rates charged for these benefits or expected rate changes.

**Facilities and equipment** includes rent for office space based on a 10-year lease effective April 1, 2012, and reflects management's best estimates based on past trends and current economic conditions for costs such as amortization of tangible capital assets, and computer hardware and software maintenance.

**Administration** reflects management's best estimates based on past trends and current economic conditions for costs such as audit travel, professional fees and dues, telephone, printing, and office supplies.

**Agent and advisory services** represents management's best estimates for legal costs, the cost of auditing the Office, and other contractual services. It includes costs for contracted staff assistance of two full-time equivalent positions.

**Training and development** costs are the estimated out-of-pocket costs to train staff to become professional accountants, keep the knowledge and skills of current professionals up-to-date, and have knowledge in specialized areas. The Office based the costs on past trends and office policies (Refer to **Section 3.5 – Training Schedule**).



### 6. Schedule of Revenue and Expenditure (thousands of dollars)

The Office prepared the following schedule using 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. The appropriation from the General Revenue Fund is determined using the expenditure basis of accounting.

For the Years Ended March 31	2018 Actual	2019 Actual	2020 Estimate (Unaudited)	2021 Forecast	2022 Projection (Unaudited)
<b>Revenue:</b>					
General Revenue Fund					
- Appropriation	\$ 8,151	\$ 8,159	\$ 8,151	\$ 8,208	\$ 8,372
- Contingency Appropriation	539	527	534	537	548
Other	7	16	15	16	16
<b>Total revenue</b>	<b>8,697</b>	<b>8,702</b>	<b>8,700</b>	<b>8,761</b>	<b>8,936</b>
<b>Expenditure:</b>					
Salaries	5,277	5,229	5,328	5,459	5,568
Employee benefits	949	952	967	984	1,004
Facilities and equipment	782	757	768	768	783
Administration	383	388	400	419	427
Agent and advisory services	377	362	506	408	416
Training and development	160	159	170	170	174
<b>Total operating expenditure</b>	<b>7,928</b>	<b>7,847</b>	<b>8,139</b>	<b>8,208</b>	<b>8,372</b>
Transfer to GRF					
- Return of unused Appropriation	762	839	546	537	548
- Other	7	16	15	16	16
<b>Total transfer to GRF</b>	<b>769</b>	<b>855</b>	<b>561</b>	<b>553</b>	<b>564</b>
<b>Total expenditure</b>	<b>8,697</b>	<b>8,702</b>	<b>8,700</b>	<b>8,761</b>	<b>8,936</b>
<b>Excess of revenue over expenditure</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**OFFICE OF THE PROVINCIAL AUDITOR  
SCHEDULE OF PLANNED TIME SPENT ON TASKS  
For the Years Ended March 31**

	Actual			Planned	
	2017	2018	2019	2020	2021
<b>Employee time</b>					
Working hours	86%	85%	86%	85%	85%
Vacation leave and statutory holidays <sup>1</sup>	12%	13%	12%	13%	13%
Sick leave	2%	2%	2%	2%	2%
<b>Total paid hours</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Working hours tasks</b>					
Audits	70%	70%	71%	70%	70%
Support services	11%	11%	11%	11%	11%
Office administration	13% <sup>3</sup>	12%	11%	12%	12%
Training	6%	7%	7%	7%	7%
<b>Total work hours</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Total full-time equivalent positions<sup>2</sup></b>	<b>61</b>	<b>62</b>	<b>61</b>	<b>62</b>	<b>62</b> <sup>4</sup>

(See accompanying notes)

Explanations of statistical differences in the use of employee time.

- <sup>1</sup> The Office provides vacation leave and statutory holidays similar to those provided to employees in the public service. Periodically, there is one additional statutory holiday (Good Friday) in the period (i.e., 2018) or one less (i.e., 2017 and 2019).
- <sup>2</sup> Includes employees and contracted assistance.
- <sup>3</sup> The Office finalized its Strategic Plan including assigning working groups to research key strategic initiatives.
- <sup>4</sup> This represents 60 full-time equivalent employees and 2 full-time equivalent contracted assistance.



**Office of the Provincial Auditor**  
**Notes to the Schedule of Planned Time Spent on Tasks**  
**For the Years Ended March 31**

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**1. Purpose**

This schedule shows work tasks and the percentage of time spent on these tasks. The schedule shows actual percentages for the years ended March 31, 2017 to March 31, 2019, and planned percentages for these tasks for the years ended March 31, 2020 and 2021.

**2. Definitions**

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

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

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

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

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

**Support services** – This is the time spent on accounting, computer maintenance and support, and other administrative support.

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

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

**Full-time equivalent positions** – Total paid hours divided by 1950 hours.

**3. Time Allocation Policies**

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

**4. Actual Time**

The percentages of actual time set out in the Schedule are those presented in the audited **Schedule of Actual Time Spent on Tasks** in the Office's *Annual Report on Operations* for the related fiscal year.





**OFFICE OF THE PROVINCIAL AUDITOR**  
**SCHEDULE OF PLANNED COSTS TO AUDIT GOVERNMENT AGENCIES**  
**For the Years Ended March 31**  
**(thousands of dollars)**

<b>Government Sector/Agency</b>	<b>2018 Actual Costs (Notes 1&amp;2)</b>	<b>2019 Actual Costs (Notes 1&amp;2)</b>		<b>2020 Planned Costs (Note 2)</b>		<b>2021 Planned Costs</b>	
Advanced Education	\$ 780	\$ 902	<sup>9</sup>	\$ 878		\$ 837	
Agriculture	317	261		225		245	
Central Services	135	143		183		256	
Corrections and Policing	125	45	<sup>10</sup>	117		155	
Education	642	681	<sup>A</sup>	715		663	
Energy and Resources	346	252	<sup>11</sup>	226		178	
Environment	260	190		295	<sup>4</sup>	253	
Executive Council	14	74		18		16	
Finance	824	987	<sup>12</sup>	859	<sup>5</sup>	931	
Government Relations	278	293	<sup>A</sup>	283		303	
Health	1,220	1,389	<sup>13</sup>	1,330		1,392	
Highways and Infrastructure	106	136		106		185	<sup>1</sup>
Immigration and Career Training	144	167		156		168	
Justice and Attorney General	439	418		429		447	
Labour Relations and Workplace Safety	85	28		26		21	
Legislative Assembly	135	121		115		114	
Parks, Culture and Sport	300	329		318		266	
Public Service Commission	69	86		83		85	
Saskatchewan Liquor and Gaming Authority	240	248		243		322	<sup>2</sup>
SaskBuilds Corporation	31	16		19		19	
Social Services	246	237		252		232	
Trade and Export Development	-	-		19		19	
Workers' Compensation Board	22	37		30		30	
Crown Investments Corporation of Saskatchewan	63	58		65		55	
Saskatchewan Gaming Corporation	81	10		24		15	
Saskatchewan Government Insurance	94	147		83		84	
Saskatchewan Opportunities Corporation	7	8		10		11	
Saskatchewan Power Corporation	193	70	<sup>14</sup>	163	<sup>6</sup>	71	<sup>3</sup>
Saskatchewan Telecommunications Holding Corporation	46	59		62		62	
Saskatchewan Transportation Company	13	14		8		-	
Saskatchewan Water Corporation	102	8	<sup>15</sup>	37		14	
SaskEnergy Incorporated	41	30		116	<sup>7</sup>	42	
Government-wide and Sectoral Work	130	115		230	<sup>8</sup>	273	



**Government Sector/Agency**

	<b>2018 Actual Costs (Notes 1&amp;2)</b>	<b>2019 Actual Costs (Notes 1&amp;2)</b>	<b>2020 Planned Costs (Note 2)</b>	<b>2021 Planned Costs</b>
Legislative Committees and Public Reports	360	396	428	444
<b>TOTAL COSTS<sup>A</sup></b>	<b>\$ 7,888</b>	<b>\$ 7,955</b>	<b>\$ 8,151</b>	<b>\$ 8,208</b>
Average cost-per-audit-hour <sup>16</sup>	\$ 108.43	\$ 106.62	\$ 111.99	\$ 112.47

(see accompanying notes)

<sup>A</sup> Includes costs remaining to complete audits not done at September 30, 2019.

Reasons for differences greater than \$75 thousand between years (in thousands of dollars):

**2021 and 2020 Planned**

- Highways and Infrastructure** – 2021 is more than 2020 by \$79. For 2021, the Office plans to assess the Ministry’s winter maintenance of highways. In addition, the Government asked the Office to directly do the annual integrated audit of the Global Transportation Hub Authority (see Section 4.1 for details).
- Saskatchewan Liquor and Gaming Authority** – 2021 is more than 2020 by \$79. For 2021, the Office plans to assess the Authority’s regulation of cannabis, and implementation of past recommendations about purchasing goods and services, and IT project management.
- Saskatchewan Power Corporation** – 2021 is less than 2020 by \$92. For 2020, the Office planned to assess carbon emissions from coal-fired electricity generation.

**2020 Planned and 2019 Actual**

- Environment** – 2020 is expected to be \$105 more than 2019. For 2020, the Office planned to assess the Ministry’s management of fish populations, and the Saskatchewan Water Security Agency’s licensing of water use.
- Finance** – 2020 is expected to be \$128 less than 2019. In 2019, the Office assessed the Ministry’s communication to pension plan members, and implementation of past recommendations about securing sensitive personal information and the fuel-tax expenditure program. In addition, in 2019, there were more issues requiring research on the audits of the Summary Financial Statements and various pension and benefit plans; it had inefficiencies for several audits at the Ministry because of higher than anticipated staff turnover reducing audit staff continuity.
- Saskatchewan Power Corporation** – 2020 is expected to be \$93 more than 2019. For 2020, the Office planned to assess carbon emissions from coal-fired electricity generation.
- SaskEnergy Incorporated** – 2020 is expected to be \$86 more than 2019. For 2020, the Office planned to assess integrity of SaskEnergy’s natural gas pipelines. In addition, in 2019, it reduced costs because of continuity of staff and no significant issues to research.
- Government-wide and Sectoral Work** – 2020 is expected to be \$115 more than 2019. In 2019, there were fewer complex matters requiring research than expected.

**2019 and 2018 Actual**

- Advanced Education** – 2019 was more than 2018 by \$122. In 2019, the Office assessed purchasing processes at Northlands College and board competency development at Carlton Trail College, and conducted new work at the University of Saskatchewan and University of Regina Strategic Initiative Funds. These increases were somewhat offset by conducting fewer follow-up audits in 2019 compared to 2018.
- Corrections and Policing** – 2019 was less than 2018 by \$80. In 2018, the Office assessed the former Ministry of Justice’s provision of medical care to adult inmates.
- Energy and Resources** – 2019 was less than 2018 by \$94. In 2018, the Office assessed the Ministry’s processes to regulate oil, gas, and pipeline industry reportable incidents.
- Finance** – 2019 was more than 2018 by \$163. In 2019, the Office assessed the Ministry’s communication to pension plan members, and implementation of past recommendations about securing sensitive personal information and the fuel-tax expenditure program. In



addition, in 2019, there were more issues requiring research on the audits of the Summary Financial Statements and various pension and benefit plans; it had inefficiencies for several audits at the Ministry because of higher than anticipated staff turnover reducing audit staff continuity.

- <sup>13</sup> **Health** – 2019 was more than 2018 by \$169. In 2018, the Office redirected some resources initially planned for work at the regional health authorities to the first time annual audit of the newly created Saskatchewan Health Authority for 2019. Prior to the amalgamation of the regional health authorities into the Saskatchewan Health Authority, appointed auditors did the annual audit of the authorities, other than for the Regina Qu'Appelle Regional Health Authority.
- <sup>14</sup> **Saskatchewan Power Corporation** – 2019 was less than 2018 by \$123. In 2018, the Office assessed SaskPower's maintenance processes and implementation of past recommendations about managing cyber-security incidents.
- <sup>15</sup> **Saskatchewan Water Corporation** – 2019 was less than 2018 by \$94. In 2018, the Office assessed Saskatchewan Water Corporation's processes for purchasing goods and services.

**Average Cost-per-Audit-Hour**

- <sup>16</sup> The decrease in the average cost-per-audit-hour in 2018 and 2019 was primarily because of lower salaries and benefits resulting from unanticipated turnover of longer-term staff and the impact of prior year senior staff retirements.



**Office of the Provincial Auditor**  
**Notes to the Schedule of Planned Costs to Audit Government Agencies**  
**For the Years Ended March 31**

## 1. Purpose

This schedule (Annual Work Plan) shows the Office's actual costs to audit government agencies for its fiscal years ended March 31, 2018 and March 31, 2019. The schedule also shows the Office's planned costs to audit government agencies for its fiscal years ended March 31, 2020 and March 31, 2021.

The actual costs for 2018 and 2019 were originally provided in the **Schedule of Actual Costs to Audit Government Agencies** included in the Office's 2018 and 2019 Annual Reports on Operations. The audited information noted there would be future costs to complete these audits. Virtus Group LLP audited those schedules. The actual results reported in this schedule have been updated for actual costs up to September 30, 2019. 2019 includes an estimate for costs remaining to complete audits not done at September 30, 2019.

The Office uses a risk-based model to set priorities and allocate resources to its audits of government agencies.

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.*

## 2. Cost Allocation Policies

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

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

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

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





### 3.3 Historical Comparison of the Costs of the Office's Work Plans

The following table shows a five-year summary comparison of costs to discharge the Office's duties under *The Provincial Auditor Act*. The **Schedule of Planned Costs to Audit Government Agencies** included in **Section 3.2 – Audited Financial Forecast** compares detailed work plans for the years 2018 to 2021 and explains key differences.

The 2022 planned costs assume an inflationary increase of 2% and that the other factors listed in **Section 2.4** will not significantly impact future costs of the Office.

Work Plan Costs to Audit Each Government Agency for the Office's Fiscal Years Ended March 31				
In millions of dollars				
2018 Actual	2019 Actual	2020 Planned	2021 Planned	2022 Planned
7.888	7.955	8.151	8.208	8.372
(Details in the <b>Schedule of Planned Costs to Audit Government Agencies</b> )				(Details to be determined in 2020)

### 3.4 Forecast and Actual Full-Time Equivalent Positions and Average Salaries of Employees

Information on full-time equivalent positions and average salary of employees:

Fiscal Year	FTE <sup>1</sup> Positions		Average Salaries <sup>2</sup>	
	Actual	Forecast	Actual	Forecast
2012	56	60	87,500	88,100
2013	59	60	88,700	88,400
2014	58	60	92,200	88,600
2015	58	60	92,800	93,000
2016	58	60	90,100 <sup>3</sup>	92,800
2017	58	60	90,100 <sup>3</sup>	92,200
2018	59	60	89,400 <sup>3</sup>	91,300
2019	59	60	88,600 <sup>3</sup>	90,700
2020	60 <sup>4</sup>	60	88,800 <sup>4</sup>	90,500
2021		60		91,000

<sup>1</sup> FTE – Full-time equivalent

<sup>2</sup> Average salaries have increased from 2012 to 2021 primarily due to the Provincial Auditor's employees receiving similar economic adjustments as those the Government provided to out-of-scope public servants and responses to market pressures. The following table sets out the economic adjustments the Government provided to out-of-scope public servants. These economic adjustments would cause the Office's average salary to increase from \$87,500 per year at March 31, 2012, to \$93,700 per year at March 31, 2021. The office has been able to leverage retirements of senior staff to decrease its average salary in recent years.

Economic adjustments provided to out-of-scope public servants:

April 1, 2011	2.0%	April 1, 2014	1.25%	April 1, 2017	0.0%
April 1, 2012	2.0%	April 1, 2015	0.0%	April 1, 2018	0.0%
April 1, 2013	2.0%	April 1, 2016	1.65%	April 1, 2019	0.0%

<sup>3</sup> Unanticipated turnover during 2016, 2017, 2018 and 2019 and delay in certain promotions has changed the composition of the Office's average salary.

<sup>4</sup> Estimated number of full-time equivalent positions and average salaries for 2020 based on information known at September 30, 2019. Actual results may vary.



### 3.5 Training Schedule

The training schedule shows employee hours, employee salary cost, and out-of-pocket costs.

Fiscal Year	Actual			Forecast		
	Hours	Salary Cost	Out-of-Pocket Costs	Hours <sup>1,2</sup>	Salary Cost	Out-of-Pocket Costs
2012	7,961 <sup>3</sup>	\$ 346,740 <sup>3</sup>	\$ 144,997 <sup>3</sup>	10,120 <sup>4</sup>	\$ 454,100	\$ 175,000
2013	7,753 <sup>3</sup>	349,730 <sup>3</sup>	144,004 <sup>3</sup>	9,944 <sup>4</sup>	438,300	175,000
2014	5,794 <sup>3</sup>	282,151 <sup>3</sup>	139,848 <sup>3</sup>	9,006 <sup>4</sup>	419,600	175,000
2015	6,435 <sup>3</sup>	305,592 <sup>3</sup>	144,221 <sup>3</sup>	8,309	378,500	175,000
2016	5,310 <sup>3</sup>	246,722 <sup>3</sup>	133,981 <sup>3</sup>	7,944	380,000	170,000
2017	6,267	302,501	140,839	7,615	344,100	170,000
2018	7,337	364,153	160,166	7,535	356,000	170,000
2019	7,174	368,969	159,113	7,587	346,700	170,000
2020	7,324 <sup>5</sup>	365,805 <sup>5</sup>	169,740 <sup>5</sup>	7,496	347,100	170,100
2021				7,245	344,700	170,100

<sup>1</sup> The Office trains employees to become professional accountants (CPA) as a key strategy to recruit staff. 40%–50% of training hours relate to training these students.

<sup>2</sup> The following table is the most recent survey results of training policies of the legislative auditors across Canada (2018). Ten out of 11 legislative auditors responded to the survey.

Type of Training	Legislative Auditors Average 2018	Provincial Auditor Saskatchewan 2018	Provincial Auditor Saskatchewan Forecast 2021
Training new staff to become professionals	8 days	10 days	10 days
Keeping existing professional staff current	8 days	9 days	9 days
Specialized training (e.g., IT, pensions, tax, etc.)	10 days	10 days	10 days

<sup>3</sup> Some management and specialized training was deferred to meet audit deadlines.

<sup>4</sup> The Office planned to use more senior employee time for the training of other professional staff to transfer knowledge as part of the succession plan and in response to the significant changes in professional standards.

<sup>5</sup> This is an estimate for 2019–20 based on known information at September 30, 2019. Actual results may vary.



## **4.0 Other Supporting Information**





## 4.1 Impact of Changes to Government Agencies on the 2020–21 Work Plan

The Office submits its request for resources in November of a year (2019) for the next April to March fiscal (2020–21) year. The Office bases its request on information known to September 30, 2019. The Office reflects information received after that date in the next request for resources.

The Office adjusts resources when agencies are significantly reorganized or it requests additional resources to audit new agencies (created), does not request resources to audit wound up agencies, and adjusts resources for changes in the government's use of appointed auditors.

<i>Impact of Changes to Government Agencies</i>		<i>(thousands of dollars)</i>	
<b>Agencies Created<sup>1</sup></b>			
<i>Environment</i>			
Saskatchewan Technology Fund		3	
<i>Health – Affiliates</i>			
		35	
All Nations' Healing Hospital Inc.	Santa Maria Senior Citizens Home		
Bethany Pioneer Village Inc.	Saskatoon Convalescent Home		
Border-Line Housing Company (1975) Inc.	Sherbrooke Community Society Inc.		
Circle Drive Special Care Home Inc.	Societe Joseph Breton Inc.		
Cupar and District Nursing Home Inc.	Spruce Manor Special Care Home Inc.		
Duck Lake and District Nursing Home Inc.	St. Ann's Senior Citizens Village Corporation		
Foyer St. Joseph Nursing Home Inc.	St. Anthony's Hospital		
Jubilee Residences Inc.	St. Joseph's Home for the Aged		
Lakeview Pioneer Lodge Inc.	St. Joseph's Hospital (Grey Nuns) Gravelbourg		
Lumsden & District Heritage Home Inc.	St. Joseph's Hospital of Estevan		
Lutheran Sunset Home of Saskatoon	St. Joseph's Integrated Health Centre Macklin		
Mennonite Nursing Homes Incorporated	St. Paul Lutheran Home of Melville		
Mont St. Joseph Home Inc.	St. Paul's (Grey Nuns) of Saskatoon		
Oliver Lodge	St. Peter's Hospital		
Providence Place Holistic Health Inc.	Strasbourg and District Health Centre		
Qu'Appelle Diocesan Housing Company	Sunnyside Adventist Care Centre		
Radville Marian Health Centre Inc.	The Salvation Army – William Booth Special Care Home		
Raymore Community Health and Social Centre	Warman Mennonite Special Care Home Inc.		
Regina Lutheran Housing Corporation			
<b>Total Created</b>			<b>38</b>
<b>Agencies Wound Up<sup>2</sup></b>			
<i>Agriculture</i>			
Agricultural Implements Board		(4)	
<i>Health</i>			
Physician Recruitment Agency of Saskatchewan		(14)	
<i>Saskatchewan Transportation Company</i>		(8)	
<b>Total Wound Up</b>			<b>(26)</b>
<b>Changes to Use of Agency Appointed Auditors<sup>3</sup></b>			
<i>Highways and Infrastructure</i>			
The Global Transportation Hub Authority		16	
<b>Total Changes to Agency Appointed Auditors</b>			<b>16</b>
<b>Net Impact of Changes to Government Agencies Increase (Decrease)</b>			<b>28</b>

<sup>1</sup> These agencies were either created, became a government-controlled agency, or were subject to audit under *The Provincial Auditor Act* during 2019–20 resulting in more work for the Office in 2020–21.

<sup>2</sup> These agencies were either wound up, ceased to be a government-controlled agency, became inactive, or were no longer subject to audit under *The Provincial Auditor Act* during 2019–20 resulting in less work for the Office in 2020–21.

<sup>3</sup> Reflects changes in integrated audit work costs resulting from the Government's decision to appoint the Office as the auditor during 2019–20 resulting in more work for the Office in 2020–21. The agency is subject to audit under *The Provincial Auditor Act* including potential performance audits.

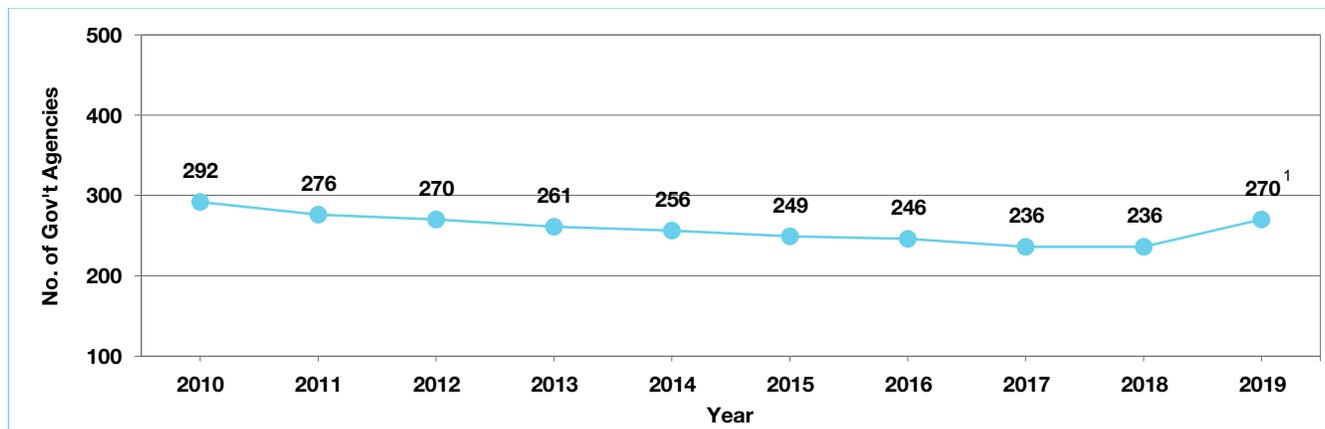


## 4.2 Spending Trends

In response to a past request from members of the Standing Committee on Estimates and the Standing Committee on Public Accounts, the Office provides the following spending trends.

The number of agencies within the Government along with their size affects the work of the Office. Over the 10-year period from 2010 to 2019, the number of government agencies has decreased from 292 agencies in 2010 to 270 agencies in 2019.

### Total Number of Government Agencies from 2010 to 2019



<sup>1</sup> The number of government agencies in 2019 includes 37 health care affiliates that now form part of the Government of Saskatchewan reporting entity.

To provide insight on the volume of government financial transactions that the Office is responsible to audit, the Office provides the Government's gross revenues and expenses, and gross assets and liabilities for the same 10-year period. Over the 10-year period from 2010 to 2019, the Office's spending increased by 13%; over the same period, the Government's gross revenue and expense have increased by 26% and its gross assets and liabilities have increased by 70%.

### Provincial Auditor Spending and Volume of Government Financial Activity from 2010 to 2019

Fiscal Year	Provincial Auditor Spending <sup>1</sup>		Volume of Government Financial Activity <sup>2</sup>			
	(in \$ millions)	% chg	Gross Revenue and Expense		Gross Assets and Liabilities	
			(in \$ billions)	% chg	(in \$ billions)	% chg
2010	7.0	6.1	35.9	(3.0)	45.9	6.0
2011	7.4	5.7	37.9	5.6	47.4	3.3
2012	7.4	-	39.1	3.2	49.3	4.0
2013	7.8	5.4	40.2	2.8	53.2	7.9
2014	8.0	2.6	42.2	5.0	57.2	7.5
2015	8.0	-	43.1	2.1	61.0	6.6
2016	7.8	(2.5)	46.5	7.9	64.6	5.9
2017	7.8	-	43.6	(6.2)	69.7	7.9
2018	7.9	1.3	44.1	1.1	73.7	5.7
2019	7.9	-	45.3	2.7	78.1	6.0

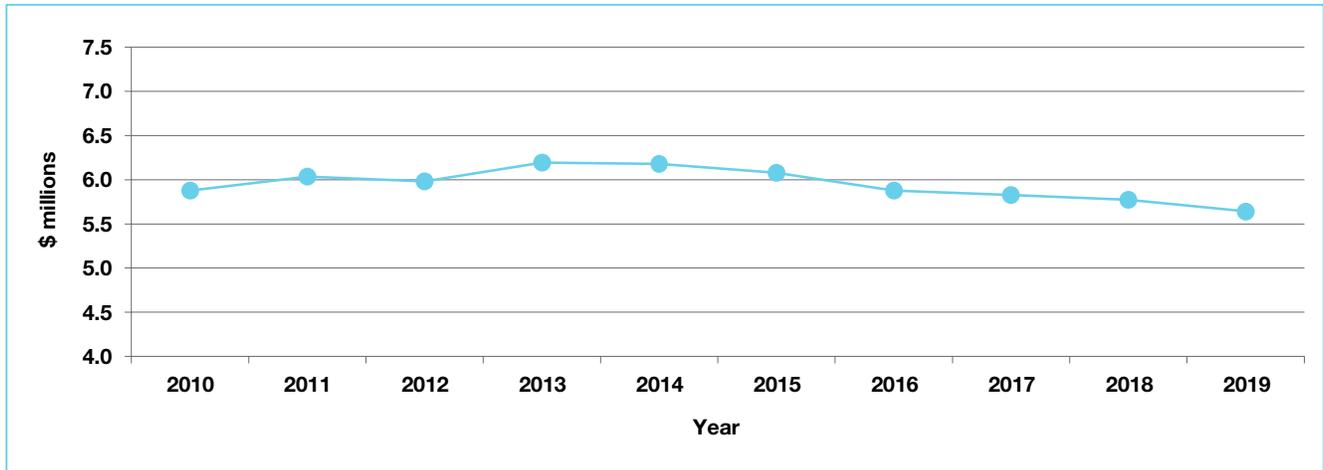
<sup>1</sup> Provincial Auditor spending reflects the total operating expenses reflected in its audited financial statements. It does not include fees that appointed auditors charged government agencies.

<sup>2</sup> Derived from the Government of Saskatchewan Summary Financial Statements. Gross revenue and expense represents total revenue, total government business enterprises (GBE) revenue and expense, and total expense. Gross assets and liabilities represents total financial assets and total liabilities grossed up for the activities of GBE's and pensions.



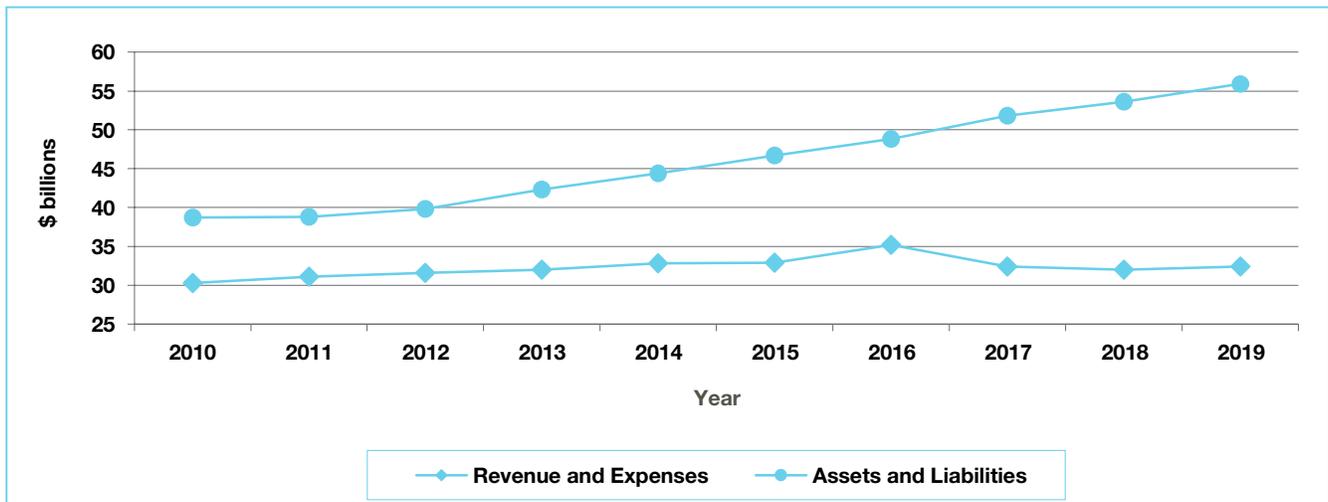
The graphs below show trends for the 10-year period from 2010 to 2019 in Provincial Auditor Spending and in Government Financial Activity each adjusted for inflation using 2002 as the base year.

### **Provincial Auditor Spending from 2010 to 2019 Adjusted for Inflation**



Provincial Auditor spending reflects the total operating expenses reflected in its audited financial statements adjusted for inflation using the Consumer Price Index of Saskatchewan and 2002 as the base year.

### **Government Financial Activity from 2010 to 2019 Adjusted for Inflation**



The Government's gross Revenue and Expenses and Gross Assets and Liabilities are adjusted for inflation using The Consumer Price Index of Saskatchewan and 2002 as the base year.



### 4.3 Out-of-Province Travel

Out-of-province travel costs for the Office from 2016–17 to 2020–21 (five years).

Out-of-Province Travel Costs <sup>1</sup>						
	2016–17	2017–18	2018–19	2019–20	2020–21	
Forecast	30,000	28,000	25,100	25,500	27,400	
Actual	25,600	26,600	43,100 <sup>2</sup>	31,400 <sup>3</sup>		

<sup>1</sup> Costs include participation in national working groups with the legislative audit community to agree on guidelines for auditing and reporting on performance. Also, some specialized training is not available in province (e.g., pension and benefit plans, gaming and insurance areas). Forecasts assume that some specialized training will be available via webinar or in Saskatchewan decreasing out-of-province travel costs.

<sup>2</sup> Some specialized training was not available in province as initially anticipated. Also, the timing of some annual CCOLA meetings attended by staff resulted in more meetings held during 2018–19 than normal.

<sup>3</sup> This is an estimate to March 31, 2020. Actual results may vary. The actual to September 30, 2019, is \$10,830.

### 4.4 Senior Management Salaries

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

**Annual salaries as at March 31:**

	2015	2016	%chg from 2015	2017	%chg from 2016 <sup>1</sup>	2018	%chg from 2017	2019	%chg from 2018
Ferguson, J.	225,550	223,995	(0.71) <sup>2</sup>	227,914	1.77	227,914	-	227,914	-
Ahmad, M.	170,000	170,000	-	- <sup>5</sup>	-	-	-	-	-
Borys, A.	170,000	170,000	-	175,750	3.38	175,750	-	175,750	-
Clemett, T.	-	155,000 <sup>3</sup>	-	160,000	3.23	160,000	-	164,800	3%
Deis, K.	170,000	170,000	-	175,750	3.38	175,750	-	175,750	-
O'Quinn, C.	-	155,000 <sup>4</sup>	-	160,000	3.23	160,000	-	164,800	3%
Sommerfeld, R.	-	155,000 <sup>4</sup>	-	160,000	3.23	160,000	-	- <sup>6</sup>	-
St. John, T	-	-	-	-	-	-	-	155,000 <sup>7</sup>	-

Note: *The Provincial Auditor Act* states that the Provincial Auditor's salary is the average of the salaries paid to Deputy Ministers and the Provincial Auditor receives any economic adjustments that Deputy Ministers receive.

<sup>1</sup> The Government granted salary increases to all out-of-scope public servants of 1.65% on April 1, 2016.

<sup>2</sup> The average Deputy Minister salary effective April 1, 2015 was lower than the rate effective April 1, 2014.

<sup>3</sup> T. Clemett was promoted to position of Deputy Provincial Auditor effective February 1, 2016.

<sup>4</sup> C. O'Quinn and R. Sommerfeld were promoted to position of Deputy Provincial Auditor effective September 8, 2015.

<sup>5</sup> M. Ahmad retired effective June 30, 2016.

<sup>6</sup> R. Sommerfeld retired effective August 29, 2018.

<sup>7</sup> T. St. John was promoted to position of Deputy Provincial Auditor effective August 1, 2018.



## 4.5 Total Costs to Audit Government Agencies

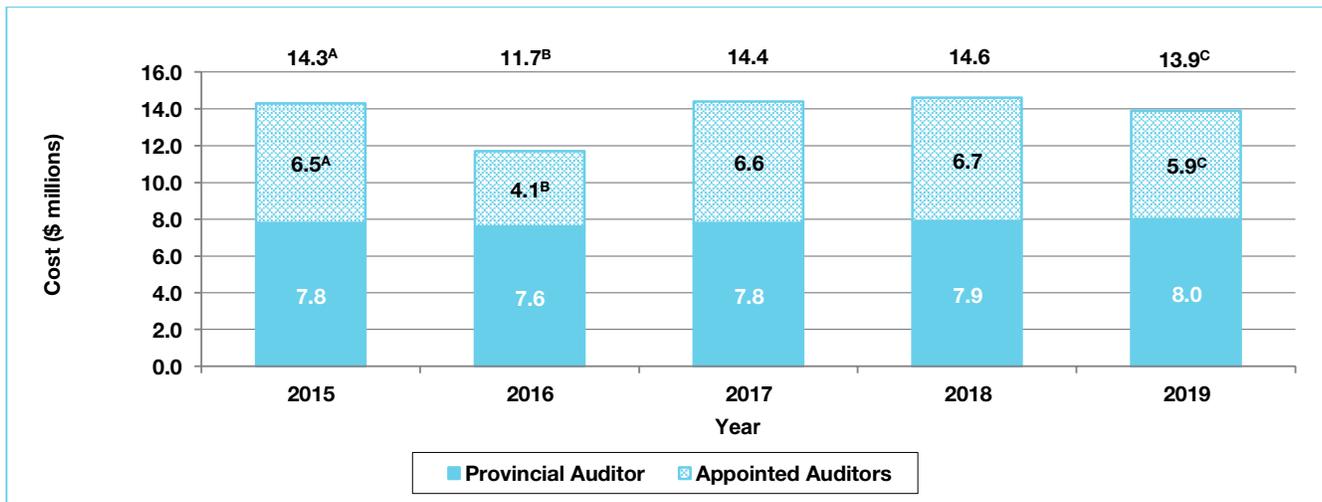
The following is a summary of the total costs to audit government agencies for the last five years.

Many of the 270 agencies the Government manages use appointed auditors for their annual audit. The Government stated it uses appointed auditors so the Saskatchewan public accounting industry can develop and retain local expertise.

As the Government is accountable for the costs of using appointed auditors, the Office's financial plan does not reflect the cost of their audit services. The Office's annual work plan reflects the known use of appointed auditors and impact on the way the Office carries out its work.

The use of appointed auditors reduces the Office's costs but increases the total cost of auditing to taxpayers. It costs more to audit when there are two auditors.

### Total Costs to Audit the Government of Saskatchewan



<sup>A</sup> 2015 costs (i.e., for December 31, 2014 year end) include \$2.8 million of appointed auditor costs to audit CIC, its subsidiaries and related entities.

<sup>B</sup> 2016 costs do not include the appointed auditor costs to audit CIC, its subsidiaries, and related entities given the change in timing of audit work related to these agencies. This change in timing resulted from the Government's November 2015 decision to change the fiscal year-end of CIC and its subsidiaries and related entities from December 31 to March 31. These costs are reflected in 2017 data.

<sup>C</sup> Prior to the amalgamation of the regional health authorities into the Saskatchewan Health Authority, appointed auditors did the annual audits of authorities, other than for the Regina Qu'Appelle Regional Health Authority. The Office currently audits the Saskatchewan Health Authority. This change in the use of appointed auditors reduced 2019 fees by \$0.69 million. In addition, the wind up of the Saskatchewan Transportation Company reduced appointed auditor 2019 fees by a further \$0.15 million.



## 4.6 Potential Areas of Focus for Performance Work

The Office's annual planning process includes determining potential areas of focus for its future performance work. The Office anticipates performance work in the following areas over the next three years:

Government Sector/Agency	Potential Areas of Focus for Performance Work		
	Year 1	Year 2	Year 3
Advanced Education		<ul style="list-style-type: none"> <li>Success of Indigenous students</li> </ul>	
Agriculture	<ul style="list-style-type: none"> <li>Pest and disease management</li> </ul>		
Central Services	<ul style="list-style-type: none"> <li>Records and information management</li> </ul>		
Corrections and Policing		<ul style="list-style-type: none"> <li>Inmate segregation</li> </ul>	
Education	<ul style="list-style-type: none"> <li>Early years child care</li> <li>Grade 3 reading</li> </ul>	<ul style="list-style-type: none"> <li>Distance learning</li> </ul>	<ul style="list-style-type: none"> <li>First Nations, Métis, and Inuit academic achievement</li> <li>Mental health in schools</li> </ul>
Energy and Resources			<ul style="list-style-type: none"> <li>Oil and gas wells and facilities licensing</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Recycling</li> </ul>	<ul style="list-style-type: none"> <li>Climate change</li> </ul>	
Finance	<ul style="list-style-type: none"> <li>Tax collection enforcement</li> </ul>	<ul style="list-style-type: none"> <li>Succession management</li> </ul>	
Government Relations	<ul style="list-style-type: none"> <li>Provincial disaster assistance program</li> </ul>		
Health	<ul style="list-style-type: none"> <li>Colorectal screening program</li> <li>Critical incidents</li> <li>Goods and services procurement</li> <li>Recruitment and retention of nurses in the north</li> </ul>	<ul style="list-style-type: none"> <li>Disability management</li> <li>IT asset management</li> <li>Regulation of mental health licenced homes</li> </ul>	<ul style="list-style-type: none"> <li>Prevention of the spread of tuberculosis</li> <li>Regulation of cigarettes/vaping</li> <li>Specialist wait times</li> </ul>



Government Sector/Agency	Potential Areas of Focus for Performance Work		
	Year 1	Year 2	Year 3
Highways and Infrastructure	<ul style="list-style-type: none"> <li>• Winter maintenance of highways</li> </ul>		<ul style="list-style-type: none"> <li>• Regina Bypass oversight</li> </ul>
Justice and Attorney General	<ul style="list-style-type: none"> <li>• Remand populations reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Coroner services</li> </ul>	<ul style="list-style-type: none"> <li>• Domestic violence</li> </ul>
Public Service Commission			<ul style="list-style-type: none"> <li>• Workforce diversity and inclusion</li> </ul>
Saskatchewan Liquor and Gaming Authority	<ul style="list-style-type: none"> <li>• Regulation of cannabis</li> </ul>		<ul style="list-style-type: none"> <li>• Regulation of locally manufactured alcohol</li> <li>• Succession management</li> </ul>
SaskBuilds Corporation		<ul style="list-style-type: none"> <li>• Procurement</li> </ul>	
Social Services		<ul style="list-style-type: none"> <li>• Housing people with intellectual disabilities</li> </ul>	
Workers' Compensation Board		<ul style="list-style-type: none"> <li>• Psychological injury claims</li> </ul>	
Saskatchewan Gaming Corporation		<ul style="list-style-type: none"> <li>• Cybersecurity</li> </ul>	
Saskatchewan Power Corporation			<ul style="list-style-type: none"> <li>• Renewable power</li> </ul>



## **5.0    *The Office's 2017–2021 Strategic Plan***





## **Preamble**

This 2017–2021 Strategic Plan outlines what the Office intends to accomplish from 2017 to 2021 to achieve its vision and mission. See **Appendix 1** for definitions of key terms used in this Plan. This Plan provides a foundation for developing the Office's *Annual Business and Financial Plan* provided to the Standing Committee on Public Accounts each year. In addition, it provides us with a strategic framework to assess and report on our performance.

### **VISION**

**A valued and independent legislative audit office advancing excellence and inspiring confidence in public sector performance**

### **MISSION**

**We promote accountability and better management by providing Legislators and the public with an independent assessment of the government's use of public resources**

When developing and finalizing this Plan, the Office used external information and consulted with some of its key stakeholders. Its stakeholders are individuals and groups that directly affect the Office or conversely, that the Office interacts with in the fulfillment of its mandate. While the Office has many stakeholders, its key stakeholders include its primary clients (i.e., legislators [such as members of the Standing Committees on Public Accounts and on Crown and Central Agencies], and the public), and Saskatchewan's public sector ministries and agencies (e.g., regional health authorities, school divisions, Crown corporations).

In addition, the Office prepared this Plan within the context of the following key risks, and the external forces and trends set out in **Appendix 2**. Careful and prudent management of these risks and appropriate consideration of the identified external forces and trends are critical to the Office's success.

### **KEY RISKS**

**Our stakeholders do not support our goals and objectives**

**Government does not act on our recommendations**

**The Standing Committees on Public Accounts and Crown and Central Agencies do not fulfill their responsibilities**

**We do not have the required competencies and resources to deliver our products and services**

**We do not manage our resources effectively**

**We do not understand or respond to the challenges faced by our stakeholders**

**We lose or are perceived to lose our independence**

**We provide inappropriate, incorrect assurance and advice**





## VALUE STATEMENTS

The Office uses the following Value Statements to guide the Office and its staff. The Value Statements highlight specific behaviours expected of the Office and its staff; adherence to them is critical to the Office's achievement of its mandate and success.

**Independence—We maintain objectivity**

**Innovation—We challenge the status quo to strive for excellence**

**Trust and Integrity—We are professional, honest, courteous, and fair**

**Leadership—We lead by example and encourage open communication and teamwork**

**Balance—We support harmony between work, personal life, and community involvement**

**Learning—We promote a culture of continuous learning that stimulates personal and professional growth**

**Diversity of Thought—We gain strength from our varied experiences, knowledge, and backgrounds**

**Accountability—We take responsibility for our work and performance**

## Strategic Goals and Priorities

The Plan includes the following four strategic goals and supporting priorities. The Office's supporting strategic priorities reflect areas of focus or change conditions that require the Office to invest time and resources to achieve its strategic goal.

<b>Strategic Goal and Strategic Priority (SP)</b> By 2021, the Office intends to:	<b>Rationale and Description</b>
<p><b>Goal 1 – Demonstrate focus on the most relevant audit areas</b></p> <p>SP#1 - Seek input from key stakeholder groups to identify areas of focus</p> <p>SP#2 - Streamline processes to determine areas of focus</p> <p>SP#3 - Communicate multi-year work plan with key stakeholders</p>	<p><i>The Provincial Auditor Act (Act)</i> makes the Office the auditor of all Provincial Government ministries and agencies. As an independent legislative audit office, the Office is uniquely positioned to carry out objective and unbiased audits independent of the Government.</p> <p>The Office carries out various types of audits (e.g., integrated [financial-related], performance, and follow-ups) using Canadian professional assurance standards. The Act gives the Office the power to decide what work to do, how to carry it out, and when.</p> <p>For the Office's work to be relevant, it must focus its efforts on areas of public interest, and on where it can add value to its clients, and other key stakeholders. The Office must consult with key stakeholders to understand their needs and perspectives, share its plans, and explain the impact and value of its work.</p>





<b>Strategic Goal and Strategic Priority (SP)</b> By 2021, the Office intends to:	<b>Rationale and Description</b>
<b>Goal 2 – Sustain an engaged work force that contributes to the Office’s success</b>  SP#1 - Support leadership development SP#2 - Enhance strategies to recruit/retain staff SP#3 - Equip staff to effectively manage change	<p>As reflected in the external forces and trends (see <b>Appendix 2</b>), the Office operates within an environment of constant change. Recent key changes directly affecting the Office include the amalgamation of the professional accountancy profession, various senior staff deciding to retire or pursue alternate career opportunities, and fiscal pressures across the Government.</p> <p>The Office carries out both financial and non-financial audits. Besides training staff to become professional accountants and strategically contracting expertise for its non-financial work, the Office must attract and retain staff with diverse skill sets (e.g., financial, information technology, internal control systems, performance management, governance, risk management).</p> <p>The Office’s staff are its most valuable resource because the quality and timeliness of the Office’s work depends on their knowledge, skills, and professionalism. The Office must make sure its staff have and maintain the necessary knowledge and skills; it must provide staff with a supportive work environment conducive to facilitating timely and quality work.</p>
<b>Goal 3 – Improve our delivery of reliable audits at a reasonable cost</b>  SP#1 - Continuously improve our work SP#2 - Meet professional standards SP#3 - Deploy resources based on reasonable budgets and deadlines	<p>The Office’s advice, findings, and recommendations must be accurate, fair, timely, and understandable for them to be of value to legislators, the public, and those we audit.</p> <p>The Office must keep its audit methodology current and aligned with professional standards. In addition, it must implement its methodology efficiently and economically. This includes being accepting of new ideas and change.</p>
<b>Goal 4 – Increase the awareness of the role of the Office</b>  SP#1 - Educate the legislators, public, and public sector agencies about the work we do SP#2 - Enhance accessibility to the work we do	<p>Gaining and keeping the trust of legislators and the public is key to the Office being a credible and trusted advisor to legislators and the public.</p> <p>The Office must be well positioned to clearly communicate its purpose, its independence, its work, and how it is accountable. This includes explaining how it manages potential or perceived threats to its independence. Clear and open communications will help ensure legislators, the public, and others have a clear and accurate understanding of its role and responsibilities.</p>



## Performance Measures and Targets

The Office uses performance measures and targets to measure its progress towards achieving its strategic goals and priorities. This Plan sets out targets the Office intends to achieve by 2021. Each performance target embodies the related measure. The Office plans to report its progress on each of these performance measures and targets in its *Annual Report on Operations*. This Report is tabled in the Legislative Assembly each year.

Strategic Goals & Priorities	2017–21 Performance Target	Rationale and Description of Measure
<p><b>Demonstrate focus on the most relevant audit areas</b></p> <p><b>Priorities</b>            SP#1 - Seek input from key stakeholder groups to identify areas of focus            SP#2 - Streamline processes to determine areas of focus            SP#3 - Communicate multi-year work plan with key stakeholders</p>	<p>Government acts on 85% of the Office's recommendations</p>	<p>The Office makes recommendations to help improve the Government's performance reports and delivery of programs. The extent to which the Government acts on recommendations demonstrates that the recommendations reflect areas that are important to improve public sector management and, in part, the impact of the Office's work.</p> <p>The Office groups its recommendations into two types:</p> <ul style="list-style-type: none"> <li>– Type 1 recommendations are those that are less complex, easier to carry out, and can be implemented in one year; these are tracked over a five-year period</li> <li>– Type 2 recommendations are those that are more difficult to carry out and may take up to 5 years to implement; these are tracked over a 10-year period</li> </ul>
	<p>The Standing Committees on Public Accounts and Crown and Central Agencies accept 90% of our recommendations</p>	<p>The support of Standing Committees of Public Accounts and Crown and Central Agencies is critical to help hold the Government accountable and help improve public sector management. The Office makes recommendations to help improve accountability and the delivery of programs. The Committee's acceptance of our recommendations is an indication of the Assembly's confidence in and satisfaction with the Office's work.</p> <p>Established practice of the Standing Committees of Public Accounts and Crown and Central Agencies is to decide whether they agree with the Office's recommendations in their review and consideration of the Office's reports.</p> <p>The extent to which each Committee accepts recommendations demonstrates the Committee thinks the recommendations reflect areas that are important to improve public sector management and /or accountability.</p> <p>The Office tracks the Committees' consideration of its recommendations over a five-year period using Committee decisions as reflected in the Committees' minutes.</p>





Strategic Goals & Priorities	2017–21 Performance Target	Rationale and Description of Measure
	Auditees' post-audit feedback acknowledges value and satisfaction with our work	<p>The management of public sector ministries and agencies are key stakeholders of the Office—they are who we audit. For the Office to be successful in its vision and mission, auditees must view the Office's work as being relevant and valuable.</p> <p>Since 1998, the Office has surveyed agencies it audits to obtain their feedback on their satisfaction with the Office's work. The Office tracks post-audit feedback over a five-year period.</p> <p>Since 2014, the survey asks agencies to:</p> <ul style="list-style-type: none"> <li>– Acknowledge the value of the Office's work related to whether:               <ul style="list-style-type: none"> <li>○ Reports to the agency's Minister were understandable, accurate, and relevant (reports)</li> <li>○ Recommendations to the agency were feasible and result in proper management of public resources and accountability (recommendations)</li> </ul> </li> <li>– Indicate their level of satisfaction with the Office's work related to whether:               <ul style="list-style-type: none"> <li>○ Planned work for the agency met its needs and that the Office carried out its work according to the plan (responsiveness)</li> <li>○ Office employees were knowledgeable and carried out their work professionally and courteously (professionalism)</li> </ul> </li> </ul>
<p><b>Sustain an engaged work force that contributes to the Office's success</b></p> <p><b>Priorities</b>            SP#1 - Support leadership development            SP#2 - Enhance strategies to recruit/retain staff            SP#3 - Equip staff to effectively manage change</p>	Results of annual staff survey indicate a positive level of satisfaction with the Office's working environment	A good working environment for employees assists with employee productivity and retention. Since 1994, the Office has surveyed employees on satisfaction annually. The survey provides employees with an opportunity to express their level of satisfaction on 11 key indicators of the Office's working environment.
	Training in the Office averages a minimum percentage of 7% of available working hours	<p>To maintain staff competencies and its status and abilities as a training office for legislative auditors, the Office must allocate sufficient resources for training activities. The Office tracks the time each employee spends on training activities.</p> <p>Working hours is the time available after deducting vacation leave, statutory holidays, and sick leave.</p>
<p><b>Improve our delivery of reliable audits at a reasonable cost</b></p> <p><b>Priorities</b>            SP#1 - Continuously improve our work</p>	<p>The Office provides assurance within agreed upon timelines</p> <ul style="list-style-type: none"> <li>– Provides at least 75% of reports to Government agencies by agreed upon dates</li> </ul>	<p>Legislators, the public, and government agencies need timely assurance to have confidence in the Office's findings and recommendations.</p> <p>The Office tracks the timeliness of its reports to government agencies as compared to established planned dates. The Office establishes deadlines when planning each audit. The Office sets out planned dates in</p>



Strategic Goals & Priorities	2017–21 Performance Target	Rationale and Description of Measure
SP#2 - Meet professional standards SP#3 - Deploy resources based on reasonable budgets and deadlines	<ul style="list-style-type: none"> <li>- Submits Volume 1 within first two weeks of June and Volume 2 within first two weeks of December</li> </ul>	<p>audit plans discussed with and provided to government agencies. For financial statement audits, it sets planned dates consistent with statutory tabling deadlines.</p> <p>The Office has regularly scheduled the completion of its reports on the results of its work to the Assembly (e.g., Volume 1). The Office reports the results of audits in the report following their completion. Consistent with <i>The Provincial Auditor Act</i>, the Office submits its reports to the Speaker for tabling in the Assembly.</p>
	<p>Office completes audits within planned costs as set out in its approved budget</p>	<p>The Office wants to provide relevant, reliable, and timely products and services at a reasonable cost. The Office tracks the planned and actual costs to examine each government agency each year.</p> <p>The Office's annual <i>Business and Financial Plan</i> sets out planned costs to examine government agencies for the year of the Plan. The Office's <i>Annual Report on Operations</i> compares the planned to actual costs to examine agencies for that year and explains significant differences, if any.</p>
	<p>CPA Saskatchewan practice inspectors, Canadian Council of Legislative Auditors (CCOLA) peer reviewers, and the Office's external independent auditor on the work of the Office do not report any significant deficiencies on the Office's policies and practices</p>	<p>CPA Saskatchewan periodically (about every two to three years) inspects the Office to determine whether the Office has policies, practices, and procedures in place that would enable it to provide public accounting services in accordance with the standards of the profession.</p> <p>On a voluntary basis, the Office participates in the Inter-jurisdictional Peer Review Process of CCOLA. Every second year, it plans to ask another legislative audit office to review a number of its audit files to determine whether its audit work complied with generally accepted assurance standards published by CPA Canada (professional standards).</p> <p>The Assembly requires an annual audit of the Office by an auditor who is independent of the Office. This auditor has the same audit responsibilities as the Office. Each year, this auditor provides the Assembly with his/her opinion on the following:</p> <ul style="list-style-type: none"> <li>- The reliability of the Office's financial statements</li> <li>- The effectiveness of the Office's financial controls</li> <li>- The Office's compliance with <i>The Provincial Auditor Act</i></li> <li>- The reliability of the Office's key non-financial performance indicators</li> </ul>



Strategic Goals & Priorities	2017–21 Performance Target	Rationale and Description of Measure
<p><b>Increase the awareness of the role of the office</b></p> <p><b>Priorities</b>            SP#1 - Educate the legislators, public, and public sector agencies about the work we do            SP#2 - Enhance accessibility to the work we do</p>	<p>Results of annual survey of public familiarity with the Office indicate a positive trend over a five-year period.</p>	<p>To achieve the Office's vision and mission, it is important that the public is aware of the Office's work and the role of the Provincial Auditor as an independent Officer of the Legislative Assembly.</p> <p>To measure the public's awareness of the Office, each year, the Office participates in an Omnibus survey of Saskatchewan residents and tracks its results. The survey asks participants how familiar they are with the Office of the Provincial Auditor.</p>

## Appendix 1: Key Definitions and Acronyms

**CCAC**—The Standing Committee on Crown and Central Agencies

**CCOLA**—The Canadian Council of Legislative Auditors

**Mission**—The fundamental purpose or reason for being, what it does, for what purpose, and who its clients are

**PAC**—The Standing Committee on Public Accounts

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

**Strategic Goal**—Statement that establishes time bound 'stretch' that, if achieved, would advance the organization towards its vision

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

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

**Value Statement**—Way of being believed to be critical to the organization's success (i.e., behavioral guidance)

**Vision**—A description of the preferred future state written as an aspirational statement



## Appendix 2: External Forces and Trends

These forces and trends affect both the Office and its stakeholders. They affect the Office's resources, how it manages, and how it decides what work it does and when. The Office focuses its efforts on helping stakeholders address the challenges emerging from these forces and trends as well as more specific issues.

External Force / Trend	KEY ASPECTS
<b>1. Changing Demographics and Diversity</b>	<ul style="list-style-type: none"> <li>– Continued diversification and growth of Saskatchewan's population and increased proportion of Indigenous people and immigrants</li> <li>– New expectations and requirements for the delivery of public services of immigrants</li> <li>– Increased economic disparity</li> <li>– An aging population with increased pressure to remain in their own homes</li> <li>– Changes in demands on government programs and resources such as healthcare</li> <li>– Increased awareness of mental health challenges affecting government programs, resources, and employers</li> </ul>
<b>2. Technology Change, Complexity, and Usage</b>	<ul style="list-style-type: none"> <li>– High adoption rates for social media communication tools (e.g., Facebook, Twitter, blogs, YouTube) giving increased ability for public to raise an issue and define debate immediately</li> <li>– Increased emphasis on use of websites and real-time communication in service delivery</li> <li>– Increased service delivery expectations resulting from scientific advances (e.g., use technology to do work better and faster)</li> <li>– Increased challenges with capturing and analyzing Big Data given lesser attention paid to completeness and accuracy of data</li> <li>– Growth in computer processing power and drops in price of computer chips driving changes in service models</li> <li>– Increased use of technology (e.g., wireless and handheld systems, cloud computing) causing new audit, security, and privacy risks (e.g., protection of personal and private information)</li> </ul>
<b>3. Increased Regulatory Oversight of Professional Accountants</b>	<ul style="list-style-type: none"> <li>– Increased consideration of public interest by standard setters and regulators influencing accounting and assurance standards and related conceptual frameworks and rigour of scrutiny and quality control processes</li> <li>– Changing audit reporting model (key audit matters) impacting audit reports and discussions with those charged with governance</li> <li>– Changes in professional accounting and assurance (auditing) standards creating need for new training, ongoing development, and new internal processes</li> </ul>
<b>4. Use of multiple financial reporting frameworks in the Saskatchewan public sector (e.g., public sector standards for governments for summary financial statements, public sector standards for not-for-profit organizations for regional health authorities, International Financial Reporting Standards for government business enterprises)</b>	<ul style="list-style-type: none"> <li>– Differing accounting rules and presentation of financial information of each financial reporting framework adds complexity to understanding the government's finances and to the preparation of summary financial information (budget and financial statements)</li> <li>– Increased nature and extent of knowledge required of financial information preparers and auditors</li> <li>– Changes in professional accounting and related assurance standards creating need for new training, ongoing development, and new internal processes</li> <li>– New and ever changing "financial statement preparer rules" impacting the content and presentation of financial information and audit work</li> </ul>



External Force / Trend	KEY ASPECTS
<b>5. Changes in Government Service Delivery Model</b>	<ul style="list-style-type: none"> <li>- Continued public demand for openness and transparency</li> <li>- Continued demands on reduced administration resulting from public expectations for smaller, more efficient government</li> <li>- Increasing expectations for direct and meaningful public participation in decision making including access to services</li> <li>- Emphasis on effective governance systems and practices of governing bodies</li> <li>- Increased use of alliances and partnerships with other jurisdictions, governments, and private sector</li> <li>- Regulatory changes impacting provincial program delivery e.g., children in care, climate change</li> <li>- Increased emphasis on risk assessment, and timely adoption of research-proven best practices in a variety of disciplines impacting best practices or criteria</li> <li>- Increased diversity of delivery models (e.g., public-private partnerships (P3s), multi-agency collaboration, quasi or non-government agency delivery) increasing need to understand advantages and risks of each</li> <li>- Pressure on reduced administration may cause deliberate or inadvertent elimination or ignoring of key processes</li> <li>- Increased pressure for distance learning, e-learning options to reduce geographic and economic barriers to education and government programs</li> </ul>
<b>6. Changes in the Public Sector Workforce</b>	<ul style="list-style-type: none"> <li>- Multiple generations in the workplace with differing values and styles (e.g., use of social media, working from home)</li> <li>- Increased staff turnover resulting from mobility of young people to pursue multiple careers; loss of employer loyalty; interconnectivity internationally</li> <li>- Increased cultural diversity in the workplace</li> <li>- Loss of corporate knowledge and history resulting from retirements of baby boomers employed in the public sector</li> <li>- Increased opportunity for changing service delivery model given nature and extent of changes in workforce</li> <li>- Increasing competition for the best employees</li> <li>- Delayed retirements because of poor or lower than desired investment returns</li> <li>- Pressure on government to review pension / benefit plans</li> <li>- Impact on quality of program and service delivery of reduced size of the public sector workforce</li> <li>- Ability to hire and retain staff given increased concerns over competitiveness of public sector compensation</li> </ul>
<b>7. Sustainability and Protecting the Physical Environment</b>	<ul style="list-style-type: none"> <li>- More severe and intense weather events such as floods, fires, tornadoes, droughts, etc. requiring unanticipated public resources and timely responses (emergency management)</li> <li>- Increasing public expectations for sustainable development and management; need for longer term planning and strategies</li> <li>- New results-based regulatory systems</li> <li>- Impact of international and federal expectations on provincial environmental programs and policies</li> </ul>





External Force / Trend	KEY ASPECTS
<b>8. Focus on Infrastructure</b>	<ul style="list-style-type: none"><li>– Increased need for long-term capital planning and asset management practices given aging infrastructure, growing infrastructure deficits, and fiscal restraint</li><li>– Increased wear and tear on infrastructure and rethink of its location (e.g., schools, long-term care) given population changes</li><li>– Pressure from Saskatchewan’s export-based economy on the location, quality, and connectivity of transportation systems</li><li>– Balancing benefits and costs of using new infrastructure models (e.g., P3s) over the long term and effectively overseeing related arrangements</li><li>– Balancing the demands for certain technology-based infrastructure (cellular and digital networks) with high cost and fast pace of obsolescence</li><li>– Auditing long-term horizon projects (e.g., P3s)</li></ul>
<b>9. Impact of Global Markets</b>	<ul style="list-style-type: none"><li>– Increased volatility in financial markets, capital markets on investment earnings, ability and cost of borrowing, and repaying debt</li><li>– Potential impact of volatility of markets on sustainability of open defined benefit pension plans</li><li>– Increased volatility of provincial income resulting from volatile resource economy—oil, potash, uranium, etc.</li><li>– Pressure for fiscal restraint and prudent fiscal management on governments</li><li>– Increased requirement to work with other governments increasing importance of effective relationships with them</li><li>– Increased economic, security, and infrastructure risks resulting from tension in relationships with other countries</li></ul>
<b>10. New Financing Structures in Government</b>	<ul style="list-style-type: none"><li>– Increased use of public-private partnerships and other forms of private capital to fund public services</li><li>– Increased use of alliances and partnerships with other jurisdictions and governments</li><li>– Increased need to understand and explain complex arrangements (e.g., who holds which risks, accountability for delivering on commitments, basis for key decisions, long term impact)</li><li>– Continued focus on risk management, governance in the public sector</li><li>– Increased complexity and assurance requirements resulting from new financing structures</li></ul>
<b>11. Evolving Relationships Between Legislative Auditors and Legislative Committees, i.e., the Standing Committee on Public Accounts and the Committee on Crown and Central Agencies</b>	<ul style="list-style-type: none"><li>– Increased sharing of “best practices” for legislative committees (domestically, internationally) and use as a guide for implementation and management</li><li>– Desire of best practices to increase the effectiveness of legislative scrutiny committees (e.g., changes in information provided to committee, use of research officers)</li><li>– Varied expectations and understanding of legislative officers and their respective roles</li></ul>