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Introduction

In this Spring 2001 Report to the Legislative Assembly, we set out the conclusions, findings, and recommendations of our Office for nearly 115 organizations. For the most part, these organizations have adequate financial management practices. Also, we received good co-operation from these organizations, which helped us in carrying out our responsibilities to the Assembly.

We make two main reports to the Assembly each year that set out our conclusions, findings, and recommendations arising from our audits. Our Spring reports focus on organizations with fiscal years ending December 31. Our Fall reports focus on organizations with fiscal years ending March 31.

Government's accountability initiatives

Improving the accountability relationship between the Government and the Legislative Assembly will improve the management of public resources. Sound public accountability relationships require:

- ◆ agreed-upon plans that are clear as to responsibilities, authority, resources, and expected results;
- ◆ reliable reports on actual results compared to planned results; and
- ◆ reasonable reviews of performance.

In this report, we continue to support the Government's accountability initiatives as a means of improving the management of public resources. In Chapter 1, **Improving public sector planning and reporting**, we set out key processes for effective planning, key elements of capital asset plans, and principles for useful performance reporting.

In our 2000 Fall Report – Volume 3, we described our plan to audit the Government's systems and practices for managing the key risks related to its infrastructure over the next few years. Maintaining good capital asset plans helps to reduce risks related to infrastructure. Our discussion of the key elements of capital asset plans relates to this focus on infrastructure.

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Over the last few years, the Government established two main accountability initiatives. The first initiative applies to Crown Investments Corporation of Saskatchewan (CIC) and the corporations it supervises (e.g., Saskatchewan Power Corporation, Saskatchewan Telecommunications). This initiative is called the “Balanced Scorecard.” The Balanced Scorecard is used to evaluate financial performance, as well as the achievement of objectives in the areas of innovation and growth, customer satisfaction, and public policy.

CIC and the corporations it supervises have made good progress in implementing the Balanced Scorecard to help manage their affairs. CIC approved a policy in January 2000 requiring public reporting of key elements of the Balanced Scorecard in the annual reports of CIC and the corporations it supervises. The policy sets minimum disclosure requirements for 2000 and additional requirements for 2002. The 2000 annual reports of three corporations exceed the minimum requirements. We commend CIC, SaskEnergy Incorporated, and Saskatchewan Transportation Company for doing so.

The second main accountability initiative applies to government departments. This initiative started in 1999, when the Government established a “comprehensive government accountability project” (Accountability Project). The Accountability Project expects departments to focus on the results (outcomes) of their spending and activities. Departments must set objectives, assign resources to achieve their objectives, manage their risks, and monitor their performance.

We continue to work with the Government’s Accountability Project Group that is helping departments use the Accountability Framework. Departments have begun to use the Accountability Framework for planning and managing their affairs. We look forward to the departments making full use of the Accountability Framework.

To ensure continued commitment to the Accountability Framework, we encourage the Government to establish a policy requiring the public reporting of planned and actual results. The policy should set minimum disclosure requirements and a timetable to fulfill these requirements. This approach would be similar to the Government’s approach in the CIC sector.

We commend the Government for continuing with these initiatives to improve its public accountability. The public benefits when accountability is strengthened because public resources are managed better. Also, legislators and the public have better information to understand, assess, and debate the Government's performance.

Other progress and concerns

This section highlights the progress that several government organizations have made strengthening their performance. We also note where more work is required.

In Chapter 7, we are pleased to report that we received good co-operation from the management and staff of the **Workers' Compensation Board** and its appointed auditor. As a result, we are able to provide timely information to the Legislative Assembly on the Board's performance. In past reports, we said that we were unable to provide timely information because of poor co-operation.

Developing large computer systems is risky. In Chapter 14, we describe how **Information Services Corporation** is planning to control the risks it faces as it implements the Lands project, a major computer system. The Lands system will contain all information related to Saskatchewan land including tracking land ownership and any encumbrances. In the Chapter, we set out the criteria that we will use to audit how it implements the new system.

In Chapter 2, **Department of Justice**, we report that the Office of the Public Trustee started to use a new computer system to manage its clients' affairs in October 1999. The Office's clients are unable to manage their own affairs. The Office did not have or acquire the necessary knowledge and skills in computer systems development to oversee the development of the new system. This deficiency contributed to the system being over budget, late, and still not meeting all of the Office's needs.

Due in part to the difficulties associated with the development of its new computer system, the Office of the Public Trustee did not properly protect its clients' money and other assets. The Office's rules and procedures did not prevent unauthorized access to clients' money and other assets without detection. The Office did not have reliable records of the amount

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of money and other assets the Public Trustee holds for each client. The Office has not properly controlled the bank account holding the clients' money and has not properly controlled their other assets.

In Chapter 3, **Municipal Affairs, Culture and Housing**, we report that the Department's financial management practices for the Municipal Infrastructure Program are unacceptable. The Department has not yet ensured that the \$9.7 million it paid to municipalities under the program was used as required by law.

We also report that the financial management practices of the First Nations Fund are unacceptable. The Trustees of the Fund did not spend public money with due care. Over the four years ending March 31, 2000, the Trustees did not ensure that the \$33.7 million it paid to First Nation Bands and other organizations was used as required by the law.

In our 2000 Fall Report – Volume 3, we reported on the need for supervising agencies to ensure that Boards of Directors (Trustees) spend public money with due care. While Trustees are primarily responsible for ensuring that public money is spent with due care, supervising agencies are ultimately responsible for ensuring they do so. Given our findings regarding the Office of the Public Trustee and the First Nations Fund, we repeat this important message.

The Department of Intergovernmental and Aboriginal Affairs has been responsible for supervising the Trustees since August 2000. The Department of Municipal Affairs, Culture and Housing was responsible for supervising the Trustees of the First Nations Fund until August 2000. The Department of Justice is responsible for supervising the Office of the Public Trustee.

We encourage these Departments to improve their supervisory practices. They should act quickly to improve the financial management practices of the Office of the Public Trustee and the First Nations Fund.

In Chapter 10, we discuss the work of the **Standing Committee on Public Accounts**. This is an important Committee of the Legislative Assembly that is responsible for inquiring into the management and accountability practices of the Government and for recommending improvements. We work closely with the Committee to improve

management and accountability practices in government agencies. The support of legislators is crucial for effecting change.

The Committee reviews all of our reports and considers our recommendations for improvement. The Committee calls officials from government agencies as witnesses and hears their views on our recommendations. After hearing the views of officials and discussing the issues, the Committee reports its discussions, conclusions, and recommendations to the Legislative Assembly. The Committee has accepted over 90% of our recommendations over the last five years. We also monitor the Government's action on our recommendations. The Government has acted on over 80% of our recommendations over the last five years.

In Exhibit 1 of the Chapter, Outstanding Recommendations of the Standing Committee on Public Accounts, we provide a list of the Committee's recommendations that still require action by the Government.

We have begun our audit of the Saskatchewan Indian Gaming Authority for the year ended March 31, 2001. We are receiving good co-operation. We will report the results of our audit in our 2001 Fall Report. Also, we have now completed our audit of the financial statements of Saskatchewan Indian Gaming Authority and Saskatchewan Liquor and Gaming Authority for the year ended March 31, 2000. These financial statements are reliable.

Changes to *The Provincial Auditor Act*

The Government introduced Bill 14 *An Act to amend the Provincial Auditor Act* on April 9, 2001. We support the changes, set out in this Bill, because they enhance the Provincial Auditor's independence and maintain the Government's accountability to the Assembly. Also, the Bill results from a reasonable process that provided for adequate consultation among key legislators, the Minister of Finance, and our Office.

On April 11, 2001, we made a special report to the Legislative Assembly giving our views on Bill 14. Our special report can be viewed on-line at <http://www.auditor.sk.ca/>. The Standing Committee on Public Accounts met on April 25, 2001. The Committee considered our special report on

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Bill 14, as well as a report from the Legislative Counsel and Law Clerk on the Bill. The Committee expressed the view that the Bill adequately reflected the Committee's recommendations for changes to the Act. The Committee's discussions can be viewed on-line at <http://www.legassembly.sk.ca/committees/verblast.htm>.

Our 2001 Reports

In 2001, our Office has issued the following reports to the Assembly:

- ◆ *Report to the Legislative Assembly of Saskatchewan on the 2000 Financial Statements of CIC Crown Corporations : April 2001;*
- ◆ *Report to the Legislative Assembly of Saskatchewan on the Financial Statements of Crown Agencies for Years Ending in the 2000 Calendar Year : April 2001; and*
- ◆ *Special Report to the Legislative Assembly of Saskatchewan Regarding Changes to The Provincial Auditor Act, Bill 14 : April 2001.*

If you wish to obtain copies of these reports, or wish to discuss, or receive presentations on the contents of any of these reports, please:

- visit our website at:

<http://www.auditor.sk.ca/>

- contact our Office by Internet e-mail at:

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