

Board of Internal Economy

17

Executive summary..... 370

Introduction 371

Key risks the Board faces..... 371

Our audit conclusions and findings 372

 Better control over the expenses of caucus offices required 373

 Better internal reports required 374

 Annual report needed 375

Executive summary

This chapter describes our audit conclusions and findings for the Board of Internal Economy for the year ended March 31, 2001. In recent years, the Board has made good progress in strengthening its processes to manage public money. For the most part, the Board is well managed and is complying with its governing authorities. However, the Board needs to make further improvements in three areas.

First, the Board needs to know that caucus offices' spending complies with the Board's directives. The Board should ask the caucus offices' auditors to provide this information to the Board.

Second, the Board needs to improve the internal management reports it uses to make decisions. The Board should improve these reports by defining the information it requires to assess the Board's performance.

Finally, the Board needs to prepare an annual report on its operations. An annual report is a necessary accountability document for all public sector organizations.

Introduction

The Board of Internal Economy (Board) assists Members of the Legislative Assembly (MLAs) to perform their responsibilities. It provides funding and support services to MLAs, the Legislative Assembly, and its committees. It also informs the public of the Legislature's activities. The Board provides administrative services for the Office of the Ombudsman and the Children's Advocate, the Information and Privacy Commissioner, and the Conflict of Interest Commissioner.

In 2000-01, the Board received \$15.7 million from the General Revenue Fund and spent this money on its programs. Information about the Board's expenditures appears in the *Public Accounts 2000-01: Volume 2: Details of Revenue and Expenditure* (to view a copy of this report, see <http://www.gov.sk.ca/finance/paccts>).

The following is a list of major programs and spending:

	<u>Original Estimates</u>	<u>Actual</u>
	(in millions of dollars)	
Payments and Allowances to MLAs	\$ 9.2	\$ 9.2
Legislative Assembly Services	3.3	3.3
Administration	2.2	2.1
Caucus Operations	1.0	1.0
Other	<u>0.4</u>	<u>0.3</u>
	<u>\$ 16.1</u>	<u>\$ 15.7</u>

Key risks the Board faces

The Board plays a key role in helping MLAs perform their important responsibilities. How MLAs carry out their duties influences the quality and effectiveness of the Government and the public's confidence in our parliamentary system of government. Responsibilities of MLAs include:

- ◆ making the laws that govern people and the Executive Government;
- ◆ holding the Executive Government accountable for how it carries out its activities; and

- ◆ representing their constituencies in the Assembly.

In assisting MLAs to carry out their important responsibilities, the Board faces many risks. Four key risks the Board needs to manage are:

- ◆ to ensure the Legislative Assembly and its committees can function effectively;
- ◆ to ensure MLAs can access from the Board appropriate resources, information, and advice to enable them to effectively carry out their responsibilities in the Assembly;
- ◆ to ensure MLAs can access from the Board appropriate resources to carry out their activities in their constituencies and are accountable for the use of those resources; and
- ◆ to ensure the public can assess whether the work of the Assembly and MLAs is relevant and done well.

For additional discussion of these key risks and the Department's strategies to manage them, see our 1999 Fall Report – Volume 2.

Our audit conclusions and findings

In our opinion, for the year ended March 31, 2001:

- ◆ **the Board had adequate rules and procedures to safeguard and control its assets except for payments made to caucus offices and the need for better internal reports; and**
- ◆ **the Board complied with the authorities governing its activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing except for payments made to caucus offices.**

We also note one other matter relating to improving public accountability for the Legislative Assembly's attention.

Better control over the expenses of caucus offices required

The Board needs to further improve its rules and procedures to know if caucus offices manage public money appropriately. A caucus office consists of two or more MLAs who belong to the same political party.

The Board provides public money to caucus offices for research, secretarial, and other general expenses.

During the year, the Board paid out the following money.

	<u>Original Estimates</u>	<u>Actual</u>
	(in millions of dollars)	
Government Caucus	\$ 323,000	\$ 324,411
Opposition Caucus	583,000	593,600
Third Party Caucus/other Caucus	125,000	112,528
Offices of independent members	<u>---</u>	<u>1,197</u>
	<u>\$ 1,031,000</u>	<u>\$ 1,031,736</u>

The Board is accountable to the Assembly for how caucus offices manage public money and must ensure that the public money it gives to the caucus offices is spent for the purposes intended by the Board.

The Board has improved its rules and procedures for monitoring how caucus offices manage public money. The Board requires all caucus offices to submit audited financial statements and audited schedules of capital assets to the Board each year. The Board makes the reports available for public viewing and gives the reports to the Legislative Assembly.

However, the Board does not know if caucus offices spend public money for the intended purposes. Audited financial statements and schedules of capital assets do not provide the necessary information to know if the caucus offices spent the money for intended purposes. The Board should require caucus offices to provide reports from their auditors indicating whether the caucus offices:

- ◆ have adequate rules and procedures to safeguard and control public money; and
- ◆ used the money in compliance with the Board's directives.

As described earlier, the auditors of the caucus offices were not asked to report to the Board on these matters, and we do not audit caucus offices directly. As a result, we are unable to determine whether caucus offices have adequate rules and procedures to safeguard and control public money or whether they used the money in compliance with the Board's directives.

We also reported this matter for several years.

1. We recommend that the Board establish rules and procedures to ensure the money provided to caucus offices is spent for the purposes intended by requiring caucus offices to have their auditors report to the Board on:

- ◆ **the adequacy of the caucus offices' rules and procedures to safeguard and control public money; and**
- ◆ **whether the caucus offices used the money given to them in compliance with the Board's directives.**

Better internal reports required

The Board needs to continue to improve the performance reports it requires from management.

The Board must have sound performance reports to:

- ◆ ensure the Board is meeting its goals and objectives;
- ◆ monitor management's performance; and
- ◆ provide a sound basis for preparing an annual report.

Near the end of the year, the Board began receiving quarterly financial reports that compare planned results to actual results and forecasts to the end of the year. These reports also included explanations of significant

differences between planned and actual results. However, the Board does not receive operational reports that show the effectiveness of the Board's programs and services (i.e., what results the Board expects and how it is progressing towards those expectations).

The Board needs to tell management what its operational goals and objectives are and the performance targets and measures needed to monitor progress in achieving its goals and objectives. Management should then prepare operational reports that show progress towards its operational goals and objectives for the Board's review and approval.

We also reported this matter for several years.

2. We recommend that the Board should:

- ◆ **define and document its operational goals and objectives;**
- ◆ **define performance targets and measures needed to monitor progress in achieving its goals and objectives; and**
- ◆ **define and document the operational reports it expects to receive from management.**

Annual report needed

The Board does not prepare an annual report on its performance.

The Legislative Assembly and Executive Council Act does not require the Board to prepare an annual report. However, almost all government organizations provide the Assembly with an annual report. In addition, the Standing Committee on Public Accounts recommended that all government departments provide timely annual reports on their activities.

To assess performance of public sector agencies, Members of the Legislative Assembly and the public need to know how the agency is managing its key risks. They also need to know information about the agency's goals and objective and how successful the agency has been in

achieving those goals and objectives. Annual reports can provide this information.

To be good accountability documents, annual reports should also describe what the public agency is all about, how it manages its key risks, what it has done, where it is now, and what it plans to do. In addition, to ensure the information in the report is relevant and understandable, the annual report should be written clearly and be available promptly after the agency's year end.

As we noted earlier, the Board also needs to improve its internal reports. These reports would provide a sound basis for the preparation of an annual report.

The Board plays a key role in fostering public confidence in our parliamentary system of government. An annual report would contribute to public confidence.

We also reported this matter for several years.

3. We recommend that the Board should prepare an annual report on its performance and provide the report to the Legislative Assembly.

The Board told us it:

...continues to believe that the best means of enabling the public to assess whether the work of the Assembly and MLAs is relevant and well-done is by ensuring complete and free public and press access to House and Committee proceedings through television, printed Hansard, the internet website and open, public meetings.