

Justice

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Introduction

The mandate of the Department of Justice is to promote safe communities, social and economic order, and fair and just relations among people through the operation of an independent, impartial, and effective justice system that upholds the rule of law and defines the basic legal rights of citizens.

In Chapter 9 of our 2001 Fall Report – Volume 2, we reported the results of our audits of the Department of Justice and the related special purpose funds and Crown agencies for the year ended March 31, 2001, including partial audit results of the Public Trustee for Saskatchewan. This chapter provides an update of the status of our audit of the Public Trustee of Saskatchewan for the years ended March 31, 2000 and March 31, 2001.

Public Trustee for Saskatchewan

The Office of the Public Trustee for Saskatchewan (Trustee) administers the property and financial affairs of approximately 5,500 clients. Clients include dependent adults, infants, and estates. The Public Trustee is assisted by two Deputy Public Trustees and approximately 29 staff.

For the year ended March 31, 2000, the Trustee acquired and disbursed \$46 million on behalf of its clients and held assets worth \$146 million. The majority of clients' assets are held in an investment fund consisting of mostly stocks and bonds. The Trustee is also responsible for personal items of clients such as real estate, vehicles, furniture, and appliances.

Clients depend on the Trustee to manage their financial affairs. The Trustee is responsible for protecting clients' assets and making financial decisions and payments on their behalf. The Trustee needs strong administrative systems to carry out these duties. Without strong administrative systems, the clients' assets and the administration of their financial affairs are vulnerable.

Update of our audit work

In Chapter 9 of our 2001 Fall Report – Volume 2, we reported our audit conclusions and findings for the Trustee for the year ended March 31, 2001. In that chapter, we reported several significant weaknesses in the

Trustee's rules and procedures and made recommendations for corrective action. We initially made these recommendations in Chapter 2 of our 2001 Spring Report.

In our 2001 Spring Report, we noted that the Trustee needed to take prompt corrective action to administer properly its clients' affairs and to fix its computer system. We reported that the client and financial records were not accurate. As well, we reported that due to inaccurate client and financial records, the Trustee was unable to prepare financial statements for the year ended March 31, 2000.

The Trustee has now prepared financial statements for the year ended March 31, 2000. At the date of this report, we have not completed our audit of these financial statements. In a future report, we will report the results of our audit of these financial statements. The Trustee has not prepared financial statements for the year ended March 31, 2001.

In our 2001 Fall Report – Volume 2, we provided an update of the Trustee's progress in fixing its practices. We reported that the Trustee had started a comprehensive review of clients' records to make them accurate. The Trustee has now completed this work. This work has resulted in the Trustee increasing the recorded value of client assets by \$4.9 million as at March 31, 2000.

We also reported that in March 2001, the Trustee determined that it had recorded \$2.5 million more in earnings than it should have in its clients' records. Because of this error, the Trustee had collected \$85,000 in excess administration fees from its clients. In addition, we reported that because of this error, the Trustee paid \$270,000 (later determined to be \$235,000) of incorrect earnings to its former clients. The Trustee used money from other clients when it made these incorrect payments.

During 2001-02, the Trustee refunded the excess administration fees that it had charged its clients. To collect the \$235,000 paid incorrectly to former clients, the Trustee asked them to return the money. Former clients returned approximately \$100,000. The Trustee then requested and received the remaining \$135,000 from the General Revenue Fund.

The Trustee's review of client and financial records, noted above, did not find any improper use of clients' assets.

We audited the adjusted client and financial records and determined that they are reliable as at March 31, 2000.

Summary

The Trustee continues to make progress in addressing the weaknesses in its rules and procedures, but more work is necessary. In our 2002 Fall Report, we will provide a full update on the Trustee's status in addressing the weaknesses. We also expect to report the results of our audit of the 2000 financial statements.

Providing timely audited financial statements to the Assembly is important. Our reports of the results of our audits of 2001 and 2002 financial statements will depend on the Trustee preparing these financial statements. We continue to encourage the Trustee to work towards the preparation of timely financial statements.

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