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Introduction

This report is focused primarily on government organizations that have December 31, 2001 as their year-end. The report sets out the conclusions, findings, and recommendations of our Office for nearly 135 government organizations. For the most part, these organizations have adequate financial management practices to safeguard public resources. The organizations that do not are making progress in improving their practices.

We continue to receive good cooperation from government organizations. This cooperation helps us to carry out our responsibilities for the Legislative Assembly.

The Government continues to improve its practices for managing public resources and its public accountability. Changing how an organization manages its business is hard. To successfully bring about change, organizations require senior management commitment, public accountability, a learning culture, and good risk management practices. In this report, we highlight three organizations that are managing significant change: SaskPower, Information Services Corporation, and the Department of Finance. We discuss the progress of these organizations later in this chapter.

This chapter summarizes our findings under two headings—Risk Management and Improving the Government's Public Accountability.

Risk Management

Well-managed organizations set clear and measurable objectives. They also identify risks that could interfere with achieving those objectives, and they try to reduce the risks to an acceptable level. This report continues our focus on how government organizations manage their key risks. We focus on risks related to infrastructure and risks related to governance and supervisory practices.

Infrastructure

Infrastructure is essential to the delivery of government programs. It includes computer systems and networks that the Government uses to

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provide public services. Our focus for the next few years is to ensure government organizations have adequate practices to manage infrastructure risks. In Volume 2 of our 2000 Fall Report to the Legislative Assembly, we set out and discuss those risks. This report continues our focus on infrastructure, specifically new computer systems.

When organizations decide to build new computer systems and networks, it is important that they have sound business and financial plans to support their decisions. This support should include clearly identified measurable benefits that the new systems are expected to achieve.

Organizations also need good practices to implement these systems. When organizations implement the new systems, we focus on their practices to achieve the benefits set out in their business and financial plans. Achieving benefits requires commitment and change.

This report includes two chapters dealing with new computer systems.

In Chapter 1, we report on the good practices Saskatchewan Power Corporation (SaskPower) will use to achieve the benefits of its new computer system. We make three recommendations to improve those practices.

Many organizations fail to properly implement new systems. In 1999, we reported that SaskPower had good project management practices to implement its new computer system. SaskPower has now successfully implemented the new system.

Many organizations that successfully implement new systems fail to establish practices to achieve the expected benefits of the new systems. In 1999, we recommended that SaskPower should establish practices to achieve the benefits of the new system. SaskPower has now taken the initiative to establish practices to achieve the benefits. This is an important step. We encourage other organizations to learn from SaskPower.

In Chapter 2, we report on our work on the new computer system at the Information Services Corporation of Saskatchewan (ISC). In our 2001 Fall Report - Volume 2, we reported that ISC had good project management

practices to implement its new computer system except that ISC should establish measures to track the benefits of the new computer system.

Recently, legislators and the public have asked questions about whether the new system is worthwhile. That is, do the benefits of the new system exceed the costs of the system? The judgment of whether or not a project is worthwhile belongs to legislators and the public. To have an informed debate, legislators and the public need reliable information about the planned and actual benefits of a project as well as information about its planned and actual costs. Our responsibility is to ensure that legislators and the public have good information on the benefits and costs.

The Standing Committee on Crown Corporations (Committee), an all-party committee of the Assembly, asked our Office to report to the Committee on the costs, financing, and benefits of the new system. We agreed to do so. We will make three reports to the Committee. The reports will cover the costs, financing, and benefits of the new system.

Other governance and supervisory practices

In Chapter 7, we report that, overall, Saskatchewan Gaming Corporation has good practices to manage public resources. One way that the Corporation could improve its practices is to work with Saskatchewan Liquor and Gaming Authority to clarify the regulations governing gaming.

In Chapter 8, we report that the Workers' Compensation Board (WCB) needs to improve its governance practices. The monthly financial reports provided to the board members of the WCB do not provide complete and accurate information on the WCB's compensation costs. The Board needs complete and accurate monthly financial reports to make informed decisions on important matters such as premium rates and compensation programs.

In Chapter 9, we report that the Office of the Chief Electoral Officer has not followed a recommendation of the Standing Committee on Public Accounts (Committee) regarding the returns of candidates and political parties.

In the past, there has been public controversy surrounding anonymous contributions to political parties. Legislators changed *The Elections Act*,

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1996 to remedy the lack of clarity surrounding the disclosure of all contributions made to candidates and political parties. In 1999, the Committee recommended that the Electoral Office should provide guidance to auditors requiring them to determine if the returns of candidates and political parties are complete. Complete means that the returns include all contributions and all expenses.

The Electoral Office advises the auditors that they have no duty to determine if the returns include all contributions and expenses. The Electoral Office's advice to auditors is not consistent with the Committee's recommendation because of the Office's interpretation of *The Elections Act, 1996*.

Given the lack of clarity in the Act, we recommend that if legislators want to ensure that the returns of candidates and political parties are complete, they should amend the Act.

Improving the Government's Public Accountability

In this Report, we continue to focus on encouraging the Government to improve its accountability to the public. Improving public accountability fosters better management of public resources. Having to answer publicly for what you plan to do and what you have actually done improves the management of public resources.

Sound public accountability relationships require:

- ◆ Agreed-upon plans that are clear as to responsibilities, authority, resources, and expected results. This requires government agencies to give the Assembly reliable business and financial plans.
- ◆ Reliable reports on actual results compared to planned results. This requires government agencies to give the Assembly reliable reports on performance.
- ◆ Reasonable reviews of performance. This requires a legislative committee to review the plans and actual results and offer advice for improvement.

The Government continues to work on improving its public accountability by establishing a new accountability system for government departments. This system establishes a framework that focuses departments on the results of their spending and activities. Departments are expected to set objectives, manage risks, establish measures to monitor progress towards their performance expectations, and monitor their performance. Departments will be expected to make their plans public. We encourage the Government to begin to make department plans public.

The Department of Finance leads the implementation of this new accountability system. Implementing this new system requires commitment by legislators and senior management. It also requires the Government to build the capacity of departments to manage in a new way. We continue to work with the Department of Finance to support this important initiative.

In Chapter 10, we report the results of our audit to determine if the Department of Finance has established good practices to help departments learn this new way to manage public resources. We make two recommendations to improve practices.

In Chapter 11, we discuss one example of reporting results, which is the upcoming Health Indicator Report required by the First Ministers' agreement to measure and report on their health systems' performance. These reports are to begin in September 2002. The Department of Health is responsible to prepare Saskatchewan's Health Indicator Report.

To have an informed debate about the health system performance, legislators and the public will need to know that the health indicator reports are reliable and comparable among the jurisdictions. We are working with legislative auditors across Canada to ensure that all the reports of all jurisdictions are subject to similar scrutiny. We will provide our report on the reliability of Saskatchewan's Health Indicator Report this Fall.

Crown Investments Corporation of Saskatchewan (CIC) and the corporations it supervises continue to make progress with their initiative to improve public accountability. 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

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innovation and learning, customer satisfaction, and public policy. Corporations will make public their performance measures, their performance expectations for those measures, and the results they have achieved.

CIC approved a policy requiring minimum public disclosure of key elements of the Balanced Scorecard in the 2000 annual reports and requiring additional public disclosure for 2002 annual reports. The 2001 annual reports of seven corporations exceed the minimum requirements. We commend Crown Investments Corporation of Saskatchewan, SaskEnergy Incorporated, Saskatchewan Government Growth Fund, Saskatchewan Power Corporation, Saskatchewan Telecommunications Holding Corporation, Saskatchewan Transportation Company, and Saskatchewan Water Corporation for doing so.

Our 2002 Reports

In 2002, our Office issued two other public reports to the Assembly. Exhibit 1 contains a list of those reports. 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: or
info@auditor.sk.ca
- ◆ write, phone, or fax us at:

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Exhibit 1

- ◆ *Report to the Legislative Assembly of Saskatchewan on the Financial Statements of Crown Agencies for Years Ending in the 2001 Calendar Year : April 2002; and*

- ◆ *Report to the Legislative Assembly of Saskatchewan on the 2001 Financial Statements of CIC Crown Corporations and Related Entities : April 2002.*

Exhibit 2

My colleagues at the Office of the Provincial Auditor of Saskatchewan are:

Ahmad, Mobashar	Kress, Jeff
Anderson, Mark	Kuntz, Linda
Atkinson, Brian	Lacey, Shana
Bachelu, Gaylene	Lahti, Jay
Baronowsky, Tricia	Lees, Trina
Beblow, Jolene	Lindenbach, Michelle
Borys, Angèle	Lowe, Kim
Brezinski, Curtis	Martens, Andrew
Burrows, Jamie	Montgomery, Ed
Calder, Chantara	Nyhus, Glen
Clemett, Tara	Oldershaw, Mark
Creaser, Phil	Orrange, Loyd
DeCorby, Michelle	Ottenbreit, Stacey
Deis, Kelly	Paul, Charlene
Dickin, Deann	Paul, Kent
Duran, Jason	Rybachuk, Corrine
Duran, Joel	Schiller, Rita
Emond, Candice	Schwab, Amy
Federspiel, Angela	Schwab, Victor
Ferguson, Judy	Shorten, Karen
Fysh, Cindy	Sommerfeld, Regan
Grabarczyk, Rod	Szaroz, Jennifer
Harasymchuk, Bill	Tomlin, Heather
Heffernan, Mike	Volk, Rosemarie
Huard, Brenda	Walker, Sandra
Hungle, Angie	Wandy, Jason
Jersak, Rodd	Watkins, Dawn
Kirchner, Carolyn	Wendel, Leslie
Knox, Jane	