Key messages

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Observations

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Introduction

Through our work, my Office helps to improve how government agencies manage public resources. We also help improve the information government agencies give to the Legislative Assembly.

We encourage improvements by focusing our audits on risks. We look at how government agencies manage the risks involved in achieving their intended results and report on what they have achieved. We then report the results of our work to the Legislative Assembly.

The Government delivers its services through nearly 300 agencies. These agencies include departments, Crown corporations, authorities, boards, commissions, and special purpose funds. Appendix 2 of this report lists these agencies. This report covers mainly agencies with December 31, 2003 year-ends. Our 2004 Report Volume 3, planned for release in the fall of 2004, will cover agencies with March 31, 2004 year-ends.

For the most part, the 150 agencies covered by this report have adequate practices to manage public resources. That is, the agencies have sound practices to safeguard public resources and comply with the laws governing their operations. Also, the agencies have published reliable financial statements. However, problems exist at some agencies and the Government needs to address these problems.

At the same time, public accountability of government agencies continues to improve. Later in this chapter, I highlight examples of significant progress.

Part A of this chapter highlights risk management and accountability for several government agencies covered by this report. Part B presents the main points for each chapter of this report to provide an overall summary of the report.

Risk management

My Office continues to focus on how government agencies manage risks related to the key forces and trends that affect them. Managing these risks is critical to the effective delivery of government services and

maintaining the ability to pay for these services. The key forces and trends affecting the Government include advancing technologies, economic constraints, globalization, population changes, and pressures on the environment.

Government agencies that are well managed have good governance practices. They have a clear plan of what they want to do, they determine the risks that may prevent them from carrying out their plan, and they have strategies to reduce their risks to acceptable levels. They monitor their progress in achieving their plan.

In addition, well-managed agencies tell legislators and the public what they plan to do and how much it should cost. They then report what they actually did and what they spent. Having to answer for what they actually did, compared to what they planned to do, improves how government agencies manage public resources.

Under the headings advancing technologies, economic constraints, population changes, and pressures on the environment, I highlight some of my Office's work related to how agencies manage the related risks.

Advancing technologies

Advancing technologies help to improve processes, but they also bring challenges. The new technology must be integrated into existing operational systems. As well, the rights and privacy of people must be respected. My office monitors the Government's use of technologies.

Developing new computer systems and networks is risky. Large computer systems need careful management to ensure they are delivered on time, on budget, and meet user needs.

The decision to build computer systems is usually justified by the benefits expected from the systems. Achieving the expected benefits is difficult because often it takes time to change the way people do their work. To bring about these changes requires sustained senior management commitment.

Chapter 12—CommunityNet security, reports on the security of sensitive private and confidential information carried on CommunityNet.

CommunityNet is the Government's high-speed, province-wide data network that handles this information. The network serves hundreds of diverse agencies including departments, Crown agencies, health facilities, schools, and libraries.

The Government has not established adequate oversight practices to protect the information carried on CommunityNet. We recommend that the Government make a single agency responsible for security on the network. We also recommend that the Government set and use sound security and data classification policies for information on the network. In addition, it must monitor compliance with the policies by all users of the network.

Chapter 3—SaskEnergy Incorporated, reports on how SaskEnergy developed a new computer system for an estimated cost of $7.1 million. During 2003, SaskEnergy implemented this new system. SaskEnergy expects the benefits of the new system will recover the costs of the new system in approximately six years.

SaskEnergy had good practices to implement this system. It now faces the challenge of achieving the expected benefits of the system.

Chapter 4—Saskatchewan Power Corporation, reports on the Corporation's practices for achieving the benefits of its enterprise-wide information system. SaskPower invested $58 million in 1998 in this system. It expects to achieve $120 million in benefits from this system.

The actions of SaskPower's senior management indicate a strong commitment to achieving the benefits. It still faces challenges in changing how people do their work. SaskPower continues to make progress in obtaining the planned benefits. It is a good role model for other agencies who are trying to obtain benefits from new computer systems.

Economic constraints

Like everyone, the Government faces economic constraints. The demand for public services continues along with the demand for lower taxes. Good governance and management practices help agencies respond to this pressure.

The Government has billions of dollars invested in infrastructure. Infrastructure consists of roads, land, facilities, equipment, and information technology systems. Infrastructure is necessary to deliver government services.

It costs money to acquire, operate, maintain, and finally dispose of infrastructure. Careful management of infrastructure helps to control these costs and deliver services efficiently. This report contains many findings about how agencies can better manage their infrastructure.

Chapter 13—Learning, describes how the Department oversees the construction of learning facilities. The learning sector uses facilities costing $5.2 billion to deliver education. The Department delivers education through its partners, school divisions and post-secondary education institutions.

The Department faces risks when it builds facilities. The Department must manage economic risks, such as cost overruns. It must also manage capacity risks, such as the need for appropriate staff, as well as construction and environmental risks.

The Department generally had sound practices for overseeing the construction of facilities. However, the Department needs better documentation of the capacity of its partners to build facilities. Also, the Department needs to obtain more information to better oversee construction of facilities at school divisions.

Chapter 14—Health, reports that regional health authorities' equipment plans need improvement. Equipment plans are important for the health system. Inadequate equipment affects the capacity of the health system to deliver services that are safe, effective, and efficient.

The Department of Health needs to prepare a long-term plan for capital equipment. To do so, the Department needs to obtain sound long-term plans from the regional health authorities.

Chapter 15—Community Resources and Employment, reports on how Saskatchewan Housing Corporation (SHC) manages its infrastructure. SHC has 31,000 housing units in 348 communities. The units are valued

at $2.7 billion. SHC spends about $30 million each year to maintain these units.

A good capital plan will help SHC ensure it has the necessary units to house people in need. SHC generally had a good capital plan. It should improve the plan to show how it will know if its planned activities (operate, maintain, buy, and dispose) will sustain its supply of housing units.

Population changes

Saskatchewan faces a potential shortage of skilled workers. This is a risk for the Government and for the economy as a whole. In response to this risk, and to make Saskatchewan's workforce more representative, the Government is working to increase Aboriginal employment. In addition, the Government is trying to make workplaces safe.

Chapter 11—Government Relations and Aboriginal Affairs, reports that the Department has good practices for encouraging employers to hire Aboriginal employees. To improve its practices, we continue to recommend that the Department improve how it measures and reports progress towards increased participation of Aboriginal people in the workforce.

Preventing workplace injuries and rehabilitating injured workers helps keep the services of skilled workers available. These activities will help reduce shortages of skilled workers. Preventing injuries also saves money.

The Government must keep the services of skilled workers available by monitoring safety in all workplaces, providing a safe workplace for its own workers, and ensuring injured workers are rehabilitated and compensated. The Government must manage numerous risks to accomplish these objectives. It does so through many agencies.

Last year, we reported on how two regional health authorities and the Department of Labour work to make workplaces safe. We recommended that health authorities improve the safety of their workplaces. We also described how the Department had improved its monitoring of occupational and health and safety committee reports from employers.

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We plan to examine and report on the authorities' progress in improving their practices this Fall.

Chapter 16—Workers' Compensation Board, reports on the Board's practices for rehabilitating and compensating injured workers. The Board incurred expenses of nearly $200 million in 2003 for rehabilitation and compensation for injured workers.

During 2003, the Board made significant changes to its systems for processing injured workers' claims for benefits. Administering injured workers' claims is a complicated task. We found that the systems were generally adequate and well-documented. However, the Board needs to make further improvements. We recommend specific changes to claims processing, quality control, and reporting.

Chapter 17—Highways and Transportation, reports on the Department's succession plan. Succession planning is about ensuring that the Department has the right people with the right skills in the right place at the right time. The Department expects a sharp increase in the number of staff in key positions who may retire over the next five years. These retirements present a significant risk to the ability of the Department to manage the transportation system well. In addition, the Department plans to diversify its workforce.

The Department generally has an adequate plan for succession. We recommend improvements related to staff development, recruiting, and retention.

Pressure on the Environment

Chapter 10—Environment, reports on the Department's regulation of air quality. The Department is responsible to regulate air emissions for all industries except agriculture and oil production. Regulating emissions helps protect general air quality by reducing pollutants.

While Saskatchewan's general air quality is good, the Department does not have good practices for regulating the emission of air pollutants to maintain this quality over the long term. The Department needs to determine the resources required to monitor air emissions. It needs to establish consistent standards for emissions for similar industries and

monitor compliance with those standards. As well, the Department needs to report publicly on the results of its regulation of air emissions.

Government accountability

My Office continues to focus on improving the Government's accountability to the Legislative Assembly.

On March 31, 2004, in the provincial budget papers, the Government took two important steps to improve its accountability to the Assembly.

First, the Government published its financial plan for the entire Government. The plan followed the model that the Department of Finance and my Office discussed last fall.

The plan contained estimated financial results for the 2004-05 fiscal year as well as the forecast financial results for the year 2003-04 year compared to the plan for that year. This information will help legislators and the public to understand the financial position of the Government at March 31, 2004 and its planned position at March 31, 2005.

Second, the Government gave the Legislative Assembly the 2004-05 performance plans for all government departments and three Treasury Board corporations. Timely plans improve accountability. Legislators will now know more about the Government's planned results when they are called upon to approve the spending to achieve those results. We commend the Government for taking these two steps to improve accountability.

Chapter 9—Finance, provides details on these steps and others to improve the accountability of government agencies to the Legislative Assembly. The Department leads an initiative to have departments and agencies manage for results and to report publicly their results. Progress is steady.

Chapter 2—Information Services Corporation of Saskatchewan (ISC), reports an important additional step to improve the Government's accountability. ISC included audited corporate results in its 2003 annual report. ISC reports its results using a framework called the "Balanced

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Scorecard". This is the first time that a Saskatchewan Crown corporation has had its Balanced Scorecard report audited.

The Balanced Scorecard is used to evaluate financial performance as well as the achievement of objectives (benefits) in the areas of innovation and learning, customer satisfaction, and public policy. Corporations publish their performance measures, their expected results for those measures, and their actual results.

We concluded that the reported results are presented fairly. Legislators and the public for the first time have assurance that Balanced Scorecard information is reliable. We encourage other government agencies to consider taking this important step.

Acknowledgement

The dedicated efforts of the employees of this Office are essential for the continuing achievement of its responsibilities. The knowledge and commitment of our staff make this report possible. The names of our staff are set out in the following exhibit.

Exhibit

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

Ahmad, Mobashar	Kress, Jeff
Anderson, Mark	Kuntz, Linda
Atkinson, Brian	Lahti, Kami
Bachelu, Gaylene	Lees, Trina
Boechler, Danielle	Lindenbach, Michelle
Borys, Angèle	Lowe, Kim
Brezinski, Curtis	Martens, Andrew
Calder, Chantara	Montgomery, Ed
Clemett, Tara	Nyhus, Glen
Creaser, Phil	Ottenbreit, Stacey
Dayman, Michelle	Paul, Charlene
Deis, Kelly	Pritchard, Brent
Dickin, Deann	Rybchuk, Corrine
Dulle, Leanne	Schell, Doug
Duran, Jason	Schiller, Rita
Duran, Joel	Schwab, Amy
Emond, Candice	Schwab, Victor
Ferguson, Judy	Shorten, Karen
Grabarczyk, Rod	Sommerfeld, Regan
Grunert, Cherie	St. John, Trevor
Harasymchuk, Bill	Stringfellow, Sarah
Heebner, Melanie	Thomson, Nathan
Heffernan, Mike	Thorson, Angela
Hoang, Lysa	Tomlin, Heather
Huard, Brenda	Volk, Rosemarie
Hungle, Angie	Walker, Sandra
Jersak, Rodd	Wandy, Jason
Kirchner, Carolyn	Watkins, Dawn
Klein, Robin	Wendel, Leslie
Knox, Jane	Wiebe, Cindy

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Compilation of main points

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Chapter 2 – Information Services Corporation of Saskatchewan

Since its establishment on January 1, 2000, Saskatchewan's Information Services Corporation (ISC) has been developing the Government's new automated land titles system (LAND Project). ISC completed the LAND Project in 2003 at a cost of $58.9 million.

In this chapter, we report the results of our follow-up of two previous reports on ISC. In our 2001 Fall Report – Volume 2, we made recommendations on ISC's project management practices for managing the LAND Project. In our 2002 Fall Report – Volume 2, we reported the results of the work we did for The Standing Committee on Crown Corporations, an all-party committee of the Legislative Assembly. In December 2001, the Committee asked our Office to report on the LAND Project's expected costs, ISC's financing, and ISC's progress in achieving its stated objects, including the benefits of the LAND Project.

ISC implemented the recommendations contained in our first report. To follow up on our work for the Committee, we recommended to ISC that we verify the performance information that it planned to include in its *2003 Annual Report*. ISC agreed.

We report that ISC's Schedule of Performance Information (Schedule) for the year ended December 31, 2003 is reliable. We describe key changes in ISC's stated objectives and its financing since December 31, 2001. We also report on the cost of the LAND Project. Exhibit 2 contains our audit report, management's representations, and the Schedule.

We commend ISC for including audited performance information in its *2003 Annual Report*. Legislators and the public have assurance that the information presented is reliable. It is a first for a Saskatchewan Crown corporation. The debate of whether a program or project is worthwhile belongs with legislators and the public. To have an informed debate, legislators and the public need reliable information about a program's or a project's planned costs and benefits, the actual costs, and the benefits achieved.

We also report that ISC's financial statements are reliable; that it had adequate systems and practices to safeguard public resources; and that it complied with the authorities governing its activities.

Chapter 3 – SaskEnergy Incorporated

SaskEnergy expects to invest $7.1 million in a new enterprise-wide information system (System). In this chapter, we report on whether SaskEnergy had adequate processes to implement this System.

To implement its new System, SaskEnergy used many best practices for managing large IT projects. We make one recommendation. SaskEnergy should improve its processes on realizing the benefits from the System. Achieving the benefits from the System helps SaskEnergy to operate effectively and to realize a return from its investment.

In addition, the 2003 financial statements of SaskEnergy and its companies are reliable. They had adequate rules and procedures to safeguard public resources and they complied with authorities governing their activities.

Chapter 4 – Saskatchewan Power Corporation

In 1998, SaskPower made a major investment in a new information system (System). The original cost to redesign its processes and install the system was $58 million. SaskPower estimates that benefits from the improvements in processes enabled by the System will total $120 million.

In this chapter, we follow up on the recommendations we made in our 2002 Spring Report on SaskPower's processes to realize, measure, and report on these benefits. In 2002, we recommended SaskPower should:

♦ set out the benefit targets and measures for the System in its business plan and report the results achieved in its annual report;

♦ establish policies to support a long-term continuous process improvement program that includes training and System support plans for its employees; and

♦ provide its Board of Directors with independent advice on benefit targets and measures, the effectiveness of the new work processes and on the reliability of key reports.

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We congratulate SaskPower on its progress in setting out benefit targets and measures and reporting the results. Therefore, we no longer make this recommendation.

However, SaskPower still has work to do, and we continue our recommendations on policies and strategies to support continuous process improvement and getting independent advice on benefits measurement and work processes.

In the future, we plan to focus on the Transmission and Distribution core business unit; examining the processes used to achieve benefits, and seeing if SaskPower gets independent advice on benefit targets and measures.

We also report the results of the audits of SaskPower, its companies and the Power Corporation Superannuation Plan for the year ended December 31, 2003. We concluded that the financial statements are reliable; they have adequate systems and practices to safeguard public resources, and they have complied with the authorities governing their activities.

Chapter 5 – Saskatchewan Telecommunications Holding Corporation

Saskatchewan Telecommunications Holding Corporation (SaskTel) is a large and complex company. It has diversified the services it provides because of changes in the telecommunications industry.

SaskTel operates its business through separate companies, as opposed to as divisions within SaskTel itself. Using separate companies poses risks to transparency and good governance. It is important that SaskTel take appropriate steps to manage those risks.

We assessed whether SaskTel has adequate processes to govern companies that it owns and controls. Although SaskTel's processes are comprehensive and sophisticated, two areas require improvement. We recommend that SaskTel improve how it communicates its governance expectations to the companies. We also recommend that SaskTel improve how it assesses the effectiveness of the boards of the companies.

In addition, where we completed our work, we found the 2003 financial statements of SaskTel and its companies are reliable. They had adequate rules and procedures to safeguard public resources and they complied with authorities governing their activities. At the date of this report, the audits of two companies - Navigata Communications Inc. Pension Plan and Retx, Inc. are not done. We will report those results in a future report.

Chapter 6 – Saskatchewan Government Insurance

This year, we looked at the processes Saskatchewan Government Insurance (SGI) uses for managing its sales force. That is, its brokers. We expected SGI would have adequate processes to:

♦ determine how many brokers it needs, and to appoint and terminate brokers when necessary;

♦ ensure its brokers have operational policies and procedures; and

♦ ensure its brokers comply with the signed agreements.

We found that SGI's practices for managing its brokers were adequate. The chapter describes our performance expectations of SGI and our detailed findings.

In this chapter, we also describe the results of our audit of Saskatchewan Government Insurance (SGI) and the companies it owns, Saskatchewan Auto Fund (SAF), and Saskatchewan Government Insurance Superannuation Plan (SGI Plan) for the year ended December 31, 2003. SGI manages SAF and sponsors SGI Plan.

We concluded that the financial statements for SGI, its companies, SAF, and SGI Plan are reliable. They had adequate rules and procedures to safeguard public resources and complied with laws governing their activities.

Chapter 7 – Crown Investments Corporation of Saskatchewan

In this chapter, we report the results of the audits of Crown Investments Corporation of Saskatchewan (CIC) and the Capital Pension Plan (Plan) for the year ended December 31, 2003.

We concluded that the financial statements of CIC and the Plan are reliable. CIC had adequate processes to safeguard public resources and it complied with the authorities governing its activities except for two matters where clarification of the law is required. The Plan had adequate processes to safeguard public resources and it complied with the authorities governing its activities.

The Government should clarify the law to require CIC and its subsidiaries to get Order in Council approval before buying and selling real property through a subsidiary. Also, CIC should review the limits over which CIC and its subsidiaries must get Cabinet approval to buy and sell real property. It should seek changes where appropriate.

CIC should have its Act clarified, so that its stated mission of enhancing economic development in Saskatchewan is consistent with its legislation.

Chapter 8 – Standing Committee on Crown Corporations

The Standing Committee on Crown Corporations reviews the activities, performance, and reports of Crown corporations. During its review, the Committee can inquire about current matters, future objectives, and past performance. The Committee also reviews significant transactions made by these corporations. Increasingly, the Committee's discussions relate to broader issues including strategic plans, key risks to achieving goals and objectives, and performance measurement. It also reviews chapters of our reports concerning Crown Investments Corporation of Saskatchewan (CIC) and related corporations.

Through its work and recommendations, the Committee helps the Assembly hold the Government accountable for its management of these corporations. In Exhibit 1, we set out the status of the Committee's outstanding recommendations and indicate whether they are not implemented or partially implemented.

In June 2003, the Committee recommended that CIC and its related corporations disclose additional information about persons who receive money from these corporations and the amounts they receive (see Exhibit 2). For many years, my Office reported on the need for these corporations to improve their accountability by providing more payee information to the

Assembly. We congratulate the Committee for making this important improvement to the accountability of Crown corporations.

In April 2003, the Assembly agreed to implement new rules and procedures governing its committees. The responsibilities of the Committee were transferred to the Standing Committee on Crown and Central Agencies. We will continue to work with this new Committee to help it carry out its important responsibilities.

Chapter 9 – Finance

In this chapter, we focus on Finance's important coordinating role to strengthen the Government's accountability to the public. We report steady progress. Continued support from legislators and senior officials will help maintain the momentum.

The 2004-2005 Provincial Budget documents include an overall plan for the Government as a whole. The plan explains many key objectives and shows the financial position of the whole Government. This is an important step in helping legislators and the public monitor the Government's direction and financial position.

Finance has an accountability framework that focuses on results and improves planning and reporting. The framework applies to departments, but not to all Treasury Board agencies. We recommend that the Government direct all Treasury Board agencies to use an accountability framework that focuses on results. We also recommend the Government require departments and Treasury Board agencies to publish their targets for major long-term results.

We will continue to monitor the Government's accountability.

We also report the results of our audits of Finance-administered special purpose funds and agencies with years ending December 31, 2003. We found that Finance generally does a good job of managing the funds and agencies.

However, for the Public Employees Dental Fund (Fund), Finance needs to strengthen its processes to track contributions and claims. Finance does not know if each employer fully pays for the enhanced benefits

given to its employees. We recommend that Finance strengthen its processes to separately record and track contributions and claims for the Fund.

Chapter 10 – Environment

In this chapter, we report the results of our audit of the Department's processes to regulate air emissions in accordance with *The Clean Air Act* and *The Mineral Industry Environmental Protection Regulations, 1996.* Our audit covered the Department's processes from April 1, 2002 to October 31, 2003.

Regulating air emissions is a challenge. To meet this challenge, the Department needs to decide what resources it needs to monitor air emissions. The Department also needs to establish processes to ensure it issues appropriate permits to operators and follows up expired permits. The Department could then establish processes to monitor compliance with permits, handle air emission complaints, maintain information relating to air emissions, and report publicly on air emissions.

Chapter 11 – Government Relations and Aboriginal Affairs

The Department uses special purpose funds and agencies (agencies) to carry out its responsibilities. It is critical that the Department make certain these agencies are managed properly. The Department has three agencies with years ending on December 31, 2003. In this chapter, we report significant breakdowns in the management of one of these agencies – the Northern Revenue Sharing Trust Account (NRSTA).

In our last report, we reported concerns about NRSTA and recommended changes. NRSTA has not yet made the necessary changes. In this chapter, we raise additional concerns. The Department has not sufficiently supervised the operations of NRSTA. We note concerns about NRSTA's processes to plan, account for its activities, prepare financial statements, train its staff, and report on its results. We strongly encourage the Department to work closely with NRSTA to address these concerns soon.

Through initiatives such as the Aboriginal Employment Development Program and the *Strategy for Métis and Off-Reserve First Nations People*, the Department works with Aboriginal people and their leaders. These initiatives help to ensure the growing population of Aboriginal youth has the chance to participate fully in society. In this chapter, we highlight actions and report progress that the Department has taken to address three recommendations related to these two initiatives. We made these recommendations in our prior reports. We look forward to the Department's further progress.

Chapter 12 – CommunityNet security

CommunityNet is Saskatchewan's high-speed, province-wide data network. Private and confidential government information travels over CommunityNet. CommunityNet is a large network, with diverse users, and sensitive information. This means that CommunityNet must have strong security.

We did a study to determine whether the Government has adequate processes to oversee the security of government information carried on CommunityNet. We examined the processes in place at March 1, 2004. Based on our study, we found that the Government does not have adequate processes to oversee the security of government information carried on CommunityNet.

We recommend that the Government:
♦ clarify which agency is responsible to oversee the security of CommunityNet;
♦ approve and implement security and data classification policies to protect information carried on CommunityNet; and
♦ make the agency responsible for overseeing the security of CommunityNet also responsible for monitoring security and ensuring corrective action is taken.

Chapter 13 – Learning

The Department of Learning is responsible for the overall quality of education in Saskatchewan. Adequate educational facilities contribute to quality education. The Learning sector depends upon about $5.2 billion of infrastructure to provide educational services and programs to the public.

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By law, school divisions and provincial post-secondary institutions (partners) need the Minister of Learning's approval before they undertake new construction or major renovations to their facilities. This provides the Department with mechanisms to help ensure the necessary infrastructure is in place for the education system.

To ensure that partners complete construction projects as expected, the Department needs to be aware of the risks faced on projects. Typically, project risks fall into three broad categories:

♦ economic risks – e.g., cost overruns, access to financing;

♦ capacity risks – e.g., availability of staff and contractors with needed capabilities, incorrect needs analysis; and

♦ construction risks – e.g., poor construction, expanding project scope, safety and environmental concerns.

In this chapter, we report on how well the Department manages these risks for capital construction projects it approves. We recommend the Department improve its practices to manage those risks.

We found the nature and level of the Department's involvement on projects varies based on its assessment of the capability of its partner to successfully manage the project. The Department needs to document these assessments to ensure the risks are mitigated.

For universities and regional colleges, the Department had adequate processes to receive information throughout project construction to manage the risks. For school divisions, it did not. The Department needs to obtain such information. This information allows the Department to know, on a timely basis, problems in completing projects.

Chapter 14 – Health

The Department of Health's mandate is to protect and improve the health of Saskatchewan people.

In this chapter, we report that information provided to the boards of regional health authorities must continue to improve to better support financial

decisions. We also report that the capital equipment plans of regional health authorities continue to be incomplete.

The Department of Health advised our Office that its review of operations of the Métis Addictions Council of Saskatchewan Inc. (MACSI) identified concerns about the governance and financial management of MACSI. Cabinet requested our Office to perform a special assignment to determine whether the money MACSI received from the Department was used appropriately and for the purposes for which it was provided.

We also plan to examine whether the Department used sound oversight practices to ensure that MACSI properly protected public money and spent it prudently and for intended purposes.

We plan to report our findings and conclusions on MACSI in a future report.

Chapter 15 – Community Resources and Employment

Community Resources and Employment is one of the largest departments in the Government. How it fulfils its mandate directly impacts the lives of many Saskatchewan citizens. In this chapter, we focus on three areas.

First, the Department reports that about 56,000 households have housing problems. Inadequate housing affects economic independence, health, and the school performance of children. Access to affordable, adequate housing is a major barrier for increased participation by disadvantaged people in society. The Saskatchewan Housing Corporation (SHC) works with the Department to provide housing to some of these people.

SHC manages a portfolio of nearly 31,000 housing units valued at $2.7 billion. These units are located through the province. The Government expects SHC to sustain this portfolio over the long term. To achieve this, it is critical that SHC has a good capital plan.

We report that although SHC's capital plan contains most of the information necessary for decision making, it needs to improve. As yet, the Plan does not set out the specific measures SHC would use to determine the appropriate size, mix, and condition of the housing portfolio and what SHC expects to achieve with the portfolio by when. It should.

SHC needs this information to ensure that its plans include the right activities to operate and maintain the portfolio efficiently.

Second, we describe our audit plans to determine whether the Department has adequate processes to measure its progress in helping welfare recipients to find and keep work.

Third, as the Department recently reported, it is taking steps in response to concerns we raised in our last report about its child welfare and employment and income assistance programs. In that report, we stated that the Department did not adequately follow its policies and procedures to ensure that only eligible persons receive the correct amount of assistance and that children in care are protected. In response, the Department has prepared a long-term plan to improve compliance with its rules and procedures. We will assess the Department's success in using this plan in our future reports.

Chapter 16 – Workers' Compensation Board

Administering injured workers' claims is a complicated task. The WCB has extensive and generally well-documented processes for administering claims. During 2003, the WCB significantly changed many of its processes including its human resources and quality control processes.

We found that the WCB had adequate processes to administer claims except that it needs to receive injury reports from employers promptly, identify all claims where recovery may be possible from other parties, and ensure the actuaries use accurate data to calculate benefits owing to injured workers. It also needs to set guidelines for documenting its quality control work, and it needs to monitor the quality of work assigned to case management teams. Also, the Board needs to define its reporting needs to oversee administration of claims and receive and approve an adequate work plan for the internal auditor.

We also report that the WCB's financial statements for the year ended December 31, 2003 are reliable and the WCB complied with authorities governing its activities.

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Chapter 17 – Highways and Transportation

The Department of Highways and Transportation (Department) expects 60% of its total staff to retire within the next 15 years with a significant loss of senior management in the next three to five years. The Department also wants to ensure its workforce represents the make-up of the general population. These factors make a good succession plan critical to the Department.

In this chapter, we report on the adequacy of the Department's succession plan for key positions. The Department has developed a strategic framework that addresses the key elements of a good succession plan. The Department has documented action plans to enhance its leadership capacity, engage staff, diversify its workforce and ensure effective human resource management. It has made progress carrying out the action plans, but some work remains. The Department needs to develop and implement learning and development plans and to develop strategies to recruit and retain staff.

Chapter 18 – Pensions

In this chapter, we describe our audit of the annual reports of the Government's 14 pension plans. The objective of our audit was to assess whether the annual reports contained sufficient information. We concluded that the plans need to improve their annual reports. The annual reports did not always describe how the plans were progressing toward meeting their expectations. Nor did they consistently help plan members look forward by describing plan risks and capacity.

Some of the government pension plans need to develop and document their strategic direction and improve their governance processes. They must take these first steps before they will be able to report on their progress in achieving their goals.

We recommend the Government's pension plans improve their annual reports by describing their:

♦   key goals and objectives;
♦   future directions and risks; and
♦   strategies to build capacity.

We also describe the work we plan to do to assess how the Superintendent of Pensions supervises pension plans in Saskatchewan.

Chapter 19 – Chief Electoral Officer

In this chapter, we report two matters. First, in common with many other public agencies, the Office of the Chief Electoral Officer could improve the content of its annual report to provide better information on its performance. Also, *The Elections Act, 1996* requires the Electoral Office to table a report on its progress each year. In February 2004, the legislators and public finally received the Electoral Office's first annual report. This report includes information about the Electoral Office and its activities from May 1998 to December 31, 2002.

Informing legislators and public about performance helps to maintain and build public confidence. The Electoral Office's primary role is to maintain the integrity of the provincial electoral process. The integrity of the process is central to the public's confidence in elections. It is essential that legislators and the public receive timely, understandable information from the Electoral Office on its performance.

Second, the Electoral Office has not taken sufficient steps to require political parties to provide details of certain contributions from trust funds and constituency associations as the Act requires. The public and legislators want to know who gives money to parties and candidates. In 1997, the Assembly improved the Election Act to clarify the disclosure and reporting of details where parties and candidates receive money from constituency associations, corporations, and trust funds. It requires parties and candidates to report and disclose the persons who give money to these organizations.

Two registered political parties included investment income as contributions on their returns. For one party, this income was earned on money in a trust fund, while the second on money held by constituency associations. The Electoral Office did not obtain the names of the original donors or the amounts donated in these cases. Disclosure of contributions is key to a transparent electoral process.

Chapter 20 – Standing Committee on Public Accounts

The Standing Committee on Public Accounts (Committee) is a key agent of change for improving the Government's management of public

resources. The Committee reviews the activities, performance, and reports of all government departments, agencies, and Crown corporations included in the public accounts. During its review, the Committee can inquire about current concerns, future objectives, and past performance. Increasingly, the Committee's discussions relate to broader issues including strategic plans, key risks to achieving goals and objectives, and performance measurement.

Through its work and recommendations, the Committee helps the Legislative Assembly hold the Government accountable for its spending of taxpayers' money and for its stewardship over public assets. The Government has fully implemented 83% of the Committee's recommendations. Of the recommendations that are not yet fully implemented 57% are partially implemented.

In the exhibit to this chapter, we set out the status of the Committee's outstanding recommendations and indicate whether the Government has partially implemented them or has not implemented them. Where possible, we also indicate the progress made since our 2003 Report – Volume 1.