

Government Relations

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Main points

The Department of Government Relations (Department) is responsible for the Northern Revenue Sharing Trust Account (NRSTA). The Department has made progress in addressing our previous recommendation to better supervise the operations of NRSTA. However, more progress is needed.

Also, the Department needs to monitor fuel product prices for a northern community to ensure the prices are consistent with those set out in the fuel supply contract.

Introduction

The Department of Government Relations (Department) is continued under *The Department of Government Relations Regulations*. Its mandate is to promote Saskatchewan's interests through management of the Province's relations with other governments, in Saskatchewan, in Canada and abroad.¹ The Department's website (www.gr.gov.sk.ca) contains its annual report, performance plan, and further information about its programs.

The Department is responsible for the Northern Revenue Sharing Trust Account (NRSTA).

The Northern Municipalities Act (Act) establishes NRSTA and its Management Board (Board). Cabinet appoints the Board. The Board advises the Minister on the allocations of northern revenue sharing grants, northern capital grants, and any changes to the law concerning NRSTA.

NRSTA includes all revenues of the Northern Saskatchewan Administration District (a designated area in the northern part of the Province) and money appropriated by the Assembly for the purposes of northern revenue sharing and grant programs.

NRSTA primarily provides money to northern municipalities for operations, water and sewer systems, and municipal facilities. In 2005, NRSTA had revenues of \$15.7 million, expenses of \$16.4 million, and held assets of \$28.3 million as at December 31, 2005.

This chapter reports the results of our audit of NRSTA for the year ended December 31, 2005. For the results of our March 31, 2005 audit of the Department, see our 2005 Report – Volume 3.

¹ Annual report 2004-2005: Saskatchewan Government Relations, p. 6.

Our conclusions and findings

In our opinion, for the year ended December 31, 2005:

- ◆ **the Department had adequate rules and procedures to safeguard NRSTA’s public resources except for the matters described below**
- ◆ **the Department complied with the authorities governing NRSTA’s activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing**
- ◆ **the financial statements of NRSTA are reliable**

Monitoring operations

Over the last few years, we have recommended that the Department of Government Relations set out the reports it needs to adequately monitor NRSTA’s operations and set up a process to oversee its operations. The Standing Committee on Public Accounts considered this matter in January 2005 and agreed with our recommendations.

The Department has now set out the key information (i.e., financial, operational, and compliance) that it must receive regularly from staff assigned to manage NRSTA. Also, the Department has set up processes to oversee NRSTA including review of reports such as quarterly financial statements prepared in accordance with generally accepted accounting principles (GAAP).

During the year, staff prepared quarterly financial reports. However, those reports were not adequate as they were not prepared in accordance with GAAP. For example, they did not include all revenues from lease fees, all amounts NRSTA owes to others, and all amounts others owe to NRSTA.

We continue to recommend that the Department of Government Relations set up a process to oversee the Northern Revenue Sharing Trust Account’s operations.

Monitoring of fuel supply contract needed

The Department needs to monitor fuel product prices for a northern community to ensure the prices are consistent with those set out in the fuel supply contract.

To help ensure residents and businesses (public) of northern Saskatchewan have a steady and reliable source of fuel products, the Department buys bulk fuel and stores it in a northern community. Instead of selling it directly to the public, the Department has made a fuel supply contract with a local company (contractor) to sell fuel products at the retail level in the designated northern community. Under the contract, the contractor buys fuel products from the Department at an agreed upon price and is allowed to sell to the public at a price that is no more than the selling price described in the contract.

The Department, however, does not monitor the price the contractor charges for selling fuel products to the public in the designated community. The Department needs to do this to ensure the contractor complies with the terms of the contract when selling fuel products to the public. Because the Department does not monitor the prices, the public in the designated community may pay more for fuel products than the contract specifies.

- 1. We recommend that the Department of Government Relations monitor fuel product prices in the northern community to ensure they are consistent with the prices set out in the fuel supply contract.**

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