

## Regional Economic and Co-operative Development

# 21

|  |            |
|--|------------|
| <b>Main points</b> .....   | <b>366</b> |
| <b>Introduction</b> .....  | <b>367</b> |
| <b>Financial overview</b> .....                                      | <b>367</b> |
| <b>Our audit conclusions and findings</b> .....                      | <b>367</b> |
| Better control over employees' pay needed .....                      | 368        |
| Payments to Saskatchewan Snowmobile Fund made without approval ..... | 368        |

## **Main points**

The Department of Regional Economic and Co-operative Development (Department) did not review the accuracy of key payroll data for each pay period prior to paying employees. This weakness increases the risk that employees may be paid at incorrect amounts.

The Department needs Order in Council approval before making agreements requiring payments greater than \$50,000. During the year, it paid \$705,080 to the Saskatchewan Snowmobile Fund under an agreement that was not approved by Order in Council.

## Introduction

The mandate of the Department of Regional Economic and Co-operative Development (Department) is to lead, coordinate, and implement policies, strategies, and programs that stimulate and facilitate regional economic development. The Department provides entrepreneurs, small businesses, co-operatives, organizations, and communities with services and advice which focus on business information, opportunities, business retention and expansion, and strategic partnerships.<sup>1</sup>

## Financial overview

The following is a list of the Department's major programs and spending:

|                                 | <u>Original Estimates</u> | <u>Actual</u>    |
|---------------------------------|---------------------------|------------------|
|                                 | (in thousands of dollars) |                  |
| Central management and services | \$ 1,967                  | \$ 2,112         |
| Policy and planning             | 680                       | 688              |
| Investment programs             | 4,850                     | 4,712            |
| Industry development            | 2,967                     | 3,167            |
| Cooperatives                    | 647                       | 655              |
| Capital asset amortization      | <u>40</u>                 | <u>27</u>        |
|                                 | <u>\$ 11,151</u>          | <u>\$ 11,361</u> |

The Department also made loans to small business associations of \$4,080,555 (Original Estimates – \$5,650,000) and received repayments of \$3,708,349 (Original Estimates – \$4,400,000).

## Our audit conclusions and findings

In our opinion, for the year ended March 31, 2007:

- ◆ the Department had adequate rules and procedures to safeguard public resources except for the matter reported in this chapter

<sup>1</sup> Source: [www.recd.gov.sk.ca/Strategy](http://www.recd.gov.sk.ca/Strategy) (Accessed 20 August 2007)

- ◆ **the Department complied with authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the matters reported in this chapter**

## **Better control over employees' pay needed**

The Department needs to better control employees' pay.

During the year, the Department reviewed its payroll costs during its review of monthly financial reports. However, it did not adequately review the accuracy of key payroll data for each pay period prior to paying employees. As a result, the Department did not approve employees' pay in accordance with *The Financial Administration Act, 1993*.

This weakness increases the risk that employees may be paid incorrect amounts.

1. **We recommend that the Department of Regional Economic and Co-operative Development adequately review the payroll for accuracy prior to paying its employees to ensure that it approves all employees' pay in accordance with *The Financial Administration Act, 1993*.**

## **Payments to Saskatchewan Snowmobile Fund made without approval**

The Department did not obtain the required approval for payments made to the Saskatchewan Snowmobile Fund (Fund) totalling \$705,080.

*The Economic and Co-operative Development Act* requires the Department to obtain Order in Council approval before making agreements where it is liable to make payments greater than \$50,000. In 2006, the Department made a three-year agreement to pay the Fund an amount equal to the amount of snowmobile registration fees collected by the Government. The Department paid the Fund \$705,080 under this agreement in 2006-2007. It did not obtain Order in Council approval for this agreement.

2. **We recommend that the Department of Regional Economic and Co-operative Development obtain Order in Council approval for agreements where it is liable to make payments greater than \$50,000 as required by *The Economic and Co-operative Development Act*.**

This page left blank intentionally.