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Main points

The Ministry of Municipal Affairs did not comply with the law in two areas. First, it spent about \$700,000 without proper authority because it exceeded its appropriation. Second, it tabled its 2009 Annual Report later than the law required.

Introduction

The Ministry of Municipal Affairs (Municipal Affairs) works closely with municipalities, their representative organizations, and other provincial ministries to help ensure effective local government and sustainable municipal infrastructure and services. Municipal Affairs also provides the legislative framework as well as some technical and policy support for cities, urban, rural and northern municipalities.¹

Special purpose funds and agencies

At March 31, 2009, Municipal Affairs was responsible for the following Crown agencies and special purpose funds (agencies):

	<u>Year-end</u>
Municipal Potash Tax Sharing Administration Board	December 31
Northern Revenue Sharing Trust Account	December 31

Each year, the Legislative Assembly (Assembly) receives the annual audited financial statements of each of the above agencies.²

Financial overview

For the year ended March 31, 2009, Municipal Affairs had revenues of \$47.6 million (2007-08 - \$38.6 million) including \$45.9 million from the Federal Government and had expenses of \$397.4 million (2007-08 - \$214.9 million). The following is a list of major programs and spending for the year ended March 31, 2009.

	<u>Original Estimates</u>	<u>Actual</u>
	(in millions of dollars)	
Central Management and Services	\$ 4.4	\$ 4.3
Municipal Financial Assistance	206.5	336.6
Municipal Relations	6.6	6.6
Federal Municipal Assistance	32.4	48.7
Saskatchewan Municipal Board	1.3	1.2
Subtotal	251.2	397.4
Supplementary Estimates	145.4	---
	<u>\$ 396.6</u>	<u>\$ 397.4</u>

¹ Government of Saskatchewan, *Saskatchewan Provincial Budget 09-10; Saskatchewan: Strong and Steady; Estimates*, p. 119.

² Reports are available at <http://www.finance.gov.sk.ca/paccts/paccts09/compendium/compintro.htm>.

Municipal Affairs' 2008-09 Annual Report contains information about its revenues and expenses including reasons for significant differences between actual amounts and estimates.

Audit conclusions and findings

In our opinion, for the year ended March 31, 2009:

- ♦ **Municipal Affairs had adequate rules and procedures to safeguard public resources**
- ♦ **Municipal Affairs 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**

Approved appropriation exceeded

Municipal Affairs did not comply with the law when it incurred \$734 thousand of spending without proper authority.

The Legislative Assembly, through appropriation acts, provides authority for ministries to spend money out of the General Revenue Fund (appropriation). Cabinet can, through an order in council called a special warrant issued under *The Financial Administration Act, 1991* (section 14), provide authority for additional spending in certain circumstances. For example, it can provide authority for spending when the Assembly is not in session and the approved amount of money is already spent or insufficient. If Cabinet provides authority for spending through a special warrant, the special warrant must be submitted to the Assembly for approval as part of the next appropriation act.

Also, *The Financial Administration Act, 1991* (section 33) states that “no agreement or undertaking shall be entered into in a fiscal year that would result in a charge to an appropriation for that fiscal year in excess of the unencumbered balance of that appropriation” unless the excess is a result of reimbursement of services provided by another ministry.

For the year ending March 31, 2009, the Assembly gave Municipal Affairs the authority to spend up to \$396.6 million. Municipal Affairs spent \$397.4

million including about \$12,000 more than it expected to reimburse the Information Technology Office for information technology services. Municipal Affairs did not request or obtain a special warrant. As a result, Municipal Affairs spent \$734 thousand without proper authority.

Annual Report tabled late

Municipal Affairs did not comply with the law because it tabled its annual report late.

The Government Organization Act (section 21) requires Municipal Affairs to prepare an annual report and follow the reporting deadlines set out in *The Tabling of Documents Act, 1991* (Act). This Act requires Municipal Affairs to submit its annual report to the Minister by June 30th and the Minister to table the Report in the Legislative Assembly by July 29th.

The Minister tabled Municipal Affairs' 2008-09 Annual Report on September 17, 2009.

