



# **News Release**

## **Provincial Auditor**

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### **Auditor calls on Government to follow accepted accounting standards when reporting financial results to the public**

For release after the Report has been tabled.

**REGINA, December 8, 2011** – Provincial Auditor Bonnie Lysyk released her report today that highlights the need for the Government to change how it reports to the public on its finances.

The Auditor's 2011 Report – Volume 2 describes how the Government produces two sets of financial statements. One includes all government operations. These are the Summary Financial Statements. The Auditor has given these statements a clean audit opinion. The other is for only part of government operations. These are the financial statements for the General Revenue Fund (GRF). The Auditor's opinion on these concludes that they are not fairly presented.

“The problem is that Government's reporting to the public focuses on the wrong financial statements,” says the Auditor. The GRF financial statements are the wrong financial statements to focus on because:

- ◆ The GRF financial statements contain significant errors. They do not include the portion of Government's debt of over \$6.2 billion related to pension liabilities and inappropriately record transfers from/to a “rainy day fund” as revenue/expense. The Summary Financial Statements do not contain these errors.
- ◆ The GRF financial statements do not include the over 270 entities controlled by the Government (Crown agencies); the Summary Financial Statements do. Only the Summary Financial Statements capture the financial results of all the Government's operations.
- ◆ Referencing financial information from two different sets of financial statements by a government is confusing; focusing public reporting on the Summary Financial Statements would eliminate this confusion.
- ◆ GRF financial earnings can be adjusted to achieve a desired financial picture. For instance, for the year ended March 31, 2011, the GRF financial statements recorded a surplus of \$47.7 million, but the Summary Financial Statements recorded a deficit of \$13.3 million in accordance with generally accepted accounting principles.

The fact that governments can move money into and out of the GRF in order to report desired results has made use of the GRF financial statements appealing to many governments over the years. The Summary Financial Statements, on the other hand, report the results for all of

Government. These statements eliminate the impact on the financial results of a government doing business with itself.

"This is a longstanding issue," said Lysyk. "And, it is an issue where Saskatchewan is not keeping up with other provinces. Other provincial governments and the federal government report publicly using their Summary Financial Statements that are prepared in accordance with generally accepted accounting principles."

"It's time for public reporting to focus on the Summary Financial Statements," said Lysyk. "Focusing public reporting on the Summary Financial Statements will provide citizens with the deficit or surplus result that fairly reflects Government's management of all public monies and resources under its control."

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