



## Chapter 15 Municipal Affairs

### 1.0 MAIN POINTS

This chapter reports the results of the annual audit of the Ministry of Municipal Affairs (Municipal Affairs) for the year ended March 31, 2012.

Effective May 25, 2012, Municipal Affairs became part of the Ministry of Government Relations.

Municipal Affairs complied with the authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. Municipal Affairs had effective rules and procedures to safeguard public resources except that Municipal Affairs did not make certain that user access to its information systems for its former employees was removed promptly. Promptly removing unneeded user access reduces the risk of unauthorized access to Municipal Affairs' information systems and data.

### 2.0 INTRODUCTION

Municipal Affairs' mandate is to work 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 and urban, rural, and northern municipalities.<sup>1</sup>

Municipal Affairs consists of five program branches: Community Planning, Grants Administration and Financial Management, Northern Municipal Services, Policy Development, and Strategy and Sector Relations. In 2011-12, Municipal Affairs had 127 full-time equivalent staff throughout the province with offices in Regina, Saskatoon, La Ronge and Buffalo Narrows. Programs and services are provided to 786 municipalities comprised of 15 cities, 451 urban municipalities, 296 rural municipalities and 24 northern municipalities.<sup>1</sup>

### 2.1 Financial Overview

For the year ended March 31, 2012, Municipal Affairs had revenues of \$90.4 million (including \$88.7 million from the Federal Government) and expenses of \$374.9 million. The following is a list of Municipal Affairs' major programs and spending. **Figure 1** compares actual spending to budget by program and **Figure 2** compares actual spending to budget by object. For further details and variance explanations, see Municipal Affairs' *2011-12 Annual Report* available on its website [www.municipal.gov.sk.ca](http://www.municipal.gov.sk.ca).

<sup>1</sup> Ministry of Municipal Affairs. (2012). *2011-12 Annual Report*.

**Figure 1—Comparison of Estimates to Actual Spending by Major Programs**

	Estimates 2011-12	Actual 2011-12
	(in millions of dollars)	
Central Management Services	\$ 4.9	\$ 4.4
Municipal Relations	7.4	7.1
Municipal Financial Assistance	317.2	307.2
Federal Municipal Assistance	57.8	55.0
Saskatchewan Municipal Board	1.4	1.2
<b>Total Appropriation and Expense</b>	<b>\$ 388.7</b>	<b>\$ 374.9</b>

Source: Saskatchewan Provincial Budget 11-12 Estimates (vote 30); Ministry of Municipal Affairs (2012). 2011-12 Annual Report

**Figure 2—Comparison of Estimates to Actual Spending by Object**

	Estimates 2011-12	Actual 2011-12
	(in millions of dollars)	
Salaries	\$ 10.1	\$ 9.6
Goods and services	4.0	3.4
Transfers – operating	240.5	241.2
Transfers – capital	134.1	120.7
<b>Total Appropriation and Expense</b>	<b>\$ 388.7</b>	<b>\$ 374.9</b>

Source: Saskatchewan Provincial Budget 11-12 Estimates (vote 30); Public Accounts 2011-12 Volume 2 Details of Revenue and Expense

### 3.0 AUDIT CONCLUSIONS, SCOPE AND FINDINGS

In our opinion, for the year ended March 31, 2012:

- › The Ministry of Municipal Affairs had effective rules and procedures to safeguard public resources except for the matter reported in this chapter
- › The Ministry of Municipal Affairs complied with the following authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:



*The Government Organization Act*  
*The Government Organization Exemption Regulations*  
*The Ministry of Municipal Affairs Regulations, 2007*  
*The Department of Rural Development Act<sup>2</sup>*  
*The Department of Urban Affairs Act<sup>3</sup>*  
*The Assessment Management Agency Act*  
*The Assessment Management Agency Regulations*  
*The Municipalities Act*

*The Municipal Board Act*  
*The Northern Municipalities Act, 2010*  
*The Urban Municipalities Act, 1984*  
*The Municipal Grants Act*  
*The Municipal Grants Regulations*  
*The Crown Employment Contract Act*  
*The Federal-Provincial Agreements Act*  
*The Financial Administration Act, 1993*  
*The Tabling of Documents Act, 1991*  
Orders in Council issued pursuant to the above legislation

We used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of Municipal Affairs' controls. The CICA defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

In our 2011-12 audit, we examined the effectiveness of Municipal Affairs' financial-related controls used to administer the spending listed in **Figure 1**, its revenues, and its obligations. Also, we examined the effectiveness of the controls it uses to keep reliable financial records and prepare reliable financial reports.

Since Municipal Affairs receives significant funds from the Federal Government and provides those funds to municipalities for their operations and infrastructure, we paid particular attention to Municipal Affairs' controls for managing grant payments to municipalities. This included assessing its processes for awarding grants, approving grant payments, and for monitoring municipalities' compliance with federal and provincial funding agreements.

### **3.1 Timely Removal of User Access Needed**

Municipal Affairs is responsible for having adequate policies and procedures to ensure only approved people can use the network and data systems. Removing user access from individuals who no longer work for Municipal Affairs should be completed in a timely manner. If unneeded access is not removed promptly, it increases the risk of inappropriate access and unauthorized changes to the systems and data.

During 2011-12, we noted eight instances where the Ministry did not request removal of unneeded user access on a timely basis. The Ministry communicated some guidance to staff regarding removal of unneeded access. However, that guidance did not require removal of user access upon employee termination. Staff did not follow the guidance during the year.

- 1. We recommend that the Ministry of Government Relations document and implement procedures to ensure unneeded user access to its information technology systems and data is removed promptly.**

<sup>2</sup> Shared responsibility with the Minister of the Economy and the Minister of Agriculture.

<sup>3</sup> Shared responsibility with the Minister of Social Services.