

## Chapter 24

### Saskatchewan Research Council

#### 1.0 MAIN POINTS

Saskatchewan Research Council (SRC) had reliable financial statements. SRC had effective rules and procedures to safeguard public resources. SRC complied with the authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except that it did not obtain Lieutenant Governor in Council approval, as required by law, for the remuneration it pays to its Board members. Also, SRC did not report, to the Provincial Comptroller, losses resulting from fraud or potential illegal acts as required by the *Financial Administration Manual*.

#### 2.0 INTRODUCTION

SRC was established pursuant to section 3 of *The Research Council Act*. SRC conducts research and investigation in the fields of the physical sciences as they relate to the economy of the Province of Saskatchewan.<sup>1</sup>

#### 2.1 Financial Overview

In 2013-14, SRC had revenues of \$59.0 million and expenses of \$62.3 million. It held assets of \$44.0 million including tangible capital assets of \$28.4 million. Each year, SRC gives its annual report, including its audited financial statements, to the Legislative Assembly. The annual report can be found at [www.src.sk.ca](http://www.src.sk.ca).

#### 3.0 AUDIT CONCLUSIONS AND SCOPE

**In our opinion, for the year ended March 31, 2014:**

- › **The Saskatchewan Research Council had effective rules and procedures to safeguard public resources**
- › **The Saskatchewan Research Council complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the matters reported in this chapter:**

*The Research Council Act*  
*The Financial Administration Act, 1993*  
*The Tabling of Documents Act, 1991*  
 Orders in Council issued pursuant to the above Legislation

- › **The Saskatchewan Research Council had reliable financial statements**

We used the control framework developed by the Canadian Institute of Chartered Accountants to make our judgments about the effectiveness of the Saskatchewan Research Council's controls. The control framework defines control as comprising

<sup>1</sup> Saskatchewan Research Council *Annual Report 2013-14*, p. 18.



elements of an organization that, taken together, support people in the achievement of an organization's objectives.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we outline key observations from our assessments and the resulting recommendations.

### 4.1 Board Remuneration Needs Proper Approval

SRC has not obtained the appropriate approval of or made its board remuneration rates public.

Section 6 of *The Research Council Act* (Act) specifies that "Each member of the council who is not a government employee shall be paid any remuneration for his services and allowances for travelling and other expenses that may be determined by the Lieutenant Governor in Council."

An Order in Council is a directive issued by the Lieutenant Governor on the advice of Cabinet that authorizes a payment and makes the decision public.

In November 2009, Treasury Board approved an increase in board remuneration rates for members of SRC's Board. However, SRC has not obtained the Lieutenant Governor in Council's approval of this increase in rates. As such, the rates it pays its Board are not approved consistent with the requirements of its Act, or made public.

- 1. We recommend that the Saskatchewan Research Council obtain Lieutenant Governor in Council approval, as required by law, for the remuneration it pays to its Board members.**

### 4.2 Losses Not Reported as Required

SRC did not report to the Provincial Comptroller as required by the *Financial Administration Manual* (FAM). FAM requires certain agencies (including SRC) to report losses resulting from fraud or potential illegal acts to the Provincial Comptroller. The Provincial Comptroller uses this information to prepare its public quarterly reports on losses.

In 2013-14, SRC incurred a loss as a result of a third party failing to remit to SRC proceeds from the sale of assets that SRC had consigned to the third party. These assets, when transferred to the third party, had a book value of about \$139,000. SRC does not know the amount of proceeds that the third party received from their sale, as the third party filed for bankruptcy.

- 2. We recommend that the Saskatchewan Research Council report losses resulting from fraud or potential illegal acts as required by the Financial Administration Manual.**