

Chapter 47

Finance – Quality of Annual Reports

1.0 MAIN POINTS

By July 31, 2014, the Ministry of Finance (Finance) had implemented the recommendation we made in our *2011 Report – Volume 2* to encourage Ministries and Treasury Board agencies to disclose performance targets for their performance measures in their annual reports.

Finance updated the Government's Planning and Accountability Framework to include performance targets. The *Annual Report Guide*, which directs annual report preparation for Ministries and Treasury Board agencies, has been updated to reference the revised framework, best practices in performance reporting, and our prior recommendation. Also, we found that most of the agencies we selected included performance targets in their 2013-14 annual reports.

2.0 INTRODUCTION

For many years, we have encouraged meaningful public reporting and improvements to public performance reports by the Government and its agencies. Through various reports, we have reminded the Legislative Assembly of the importance of annual reports for government accountability.¹ Through these reports, we provided legislators with our assessments of the quality of the Government's annual reporting guidelines and the content of annual reports of various government agencies.²

This chapter describes our follow-up of actions taken by Finance on the recommendation we made in our *2011 Report – Volume 2*, Chapter 26B. This recommendation was the result of our assessment of annual reports of certain ministries and Treasury Board agencies, and of Finance's related guidance against best practices for public performance reporting.³

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Finance's progress towards meeting our recommendation, we used the relevant criteria from the original audit. To conduct our work, we examined guidance provided by Finance to government agencies regarding the content of annual reports. We also examined the content of certain annual reports.

¹ *2008 Report – Volume 3* (Chapter 20 – Government Accountability) and *2009 Report – Volume 3* (Chapter 19 – Government Accountability).

² *2005 Report – Volume 1* (Chapter 12 – Crown Investments Corporation of Saskatchewan), *2006 Report – Volume 3* (Chapter 14 – Public Plans and Annual Report Assessments), *2007 Report – Volume 3* (Chapter 9 – Finance), and *2011 Report – Volume 2* (Chapter 26 – Quality of Annual Reports).

³ Best practices are set out in the *Statement of Recommended Practice SORP-2 Public Performance Reporting*, published by the Canadian Public Sector Accounting Board (PSAB) and in *Public Performance Reporting – Guide to Preparing Public Performance Reports*. The *Guide* is a companion document to SORP-2. The *Guide* is available at www.frascanada.ca/standards-for-public-sector-entities/resources/reference-materials/item14604.pdf (15 August 2014).



3.0 STATUS OF RECOMMENDATION

This section sets out the recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at July 31, 2014, and Finance's actions up to that date.

3.1 Agencies Encouraged to Disclose Performance Targets

We recommended that the Ministry of Finance encourage ministries and Treasury Board agencies to disclose performance targets for their performance measures in their annual reports. (2011 Report – Volume 2; Public Accounts Committee agreement January 13, 2014)

Status – Implemented

Finance leads the Government's accountability system for ministries and Treasury Board agencies (agencies). In 2013, Finance updated the Government of Saskatchewan's Planning and Accountability Framework to include "financial and non-financial measures and targets" as part of performance measurement and reporting.⁴ Finance expects agencies to fully implement the revised framework within three to five years.

Each year, Finance updates its *Annual Report Guide* to assist agencies in preparing annual reports. While the *2013-14 Annual Report Guide*⁵ did not explicitly require agencies to include performance targets in their annual reports, it highlights disclosure of performance targets as best practice. For example, the *Guide* refers to the recent changes to the Government's Planning and Accountability Framework and reinforces expected implementation of the changes. Also, one of the *Guide*'s appendices describes key principles of public reporting included in SORP-2³ and includes an electronic link to our *2011 Report – Volume 2*, Chapter 26B.

We assessed the most recently available annual reports of selected agencies, as outlined in **Figure 1**, to determine whether agencies are disclosing performance targets for their performance measures in their annual reports. We found that all annual reports except one contained performance targets.

⁴ <http://finance.gov.sk.ca/PlanningAndReporting/PlanningandAccountabilityFrameworkDiagram.pdf> (15 August 2014).

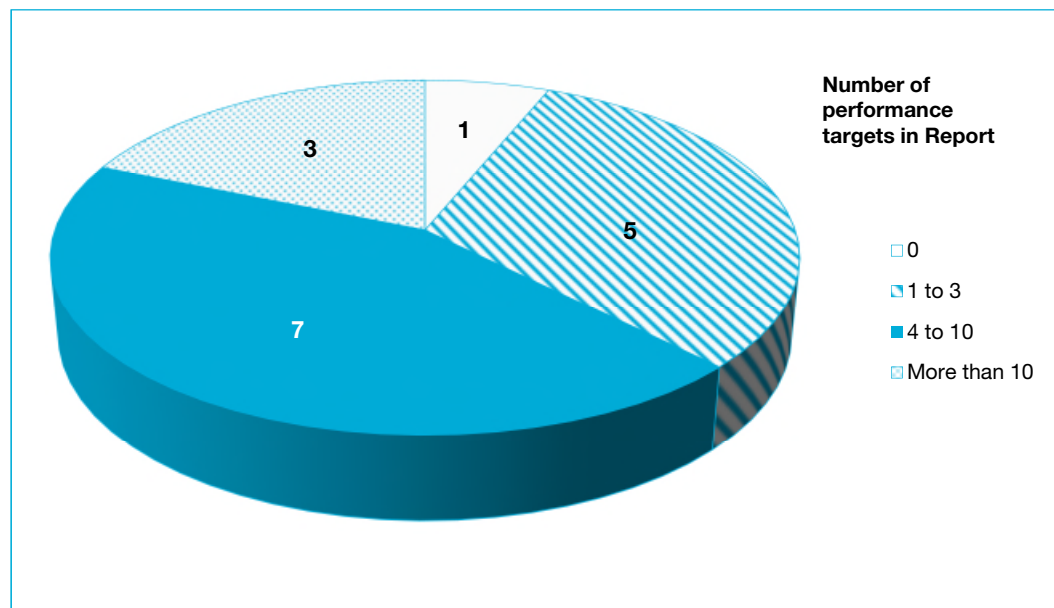
⁵ <http://finance.gov.sk.ca/PlanningandReporting/2013-14AnnualReportGuidelines.pdf> (9 September 2014).

Figure 1 – Listing of Selected Ministries and Treasury Board agencies*

| Ministries (year ended March 31, 2014) | Treasury Board Agencies (year ended March 31, 2014 unless otherwise noted) |
|--|---|
| Advanced Education Agriculture Education Economy Finance Government Relations Health Highways and Infrastructure Central Services Social Services | Saskatchewan Crop Insurance Corporation Saskatchewan Liquor and Gaming Authority Regina Qu'Appelle Regional Health Authority Saskatoon Regional Health Authority Saskatchewan Institute of Applied Science and Technology – SIAST (June 30, 2013) Workers Compensation Board (December 31, 2013) |

* The agencies listed are similar to those we assessed in 2011.⁶

As shown in **Figure 2**, the number of performance targets included in annual reports varied. Also, targets for certain measures listed in the reports were still under development. For most of the targets disclosed, consistent with best practice, the reports compared actual results to the performance targets.

Figure 2 – Selected Agencies with Performance Targets in Annual Reports

Source: Provincial Auditor of Saskatchewan (September 2014).

⁶ Changes resulted from the government reorganization of ministries in May 2012.

