

## Chapter 8

### Government Relations

#### 1.0 MAIN POINTS

This chapter contains the results of our 2015-16 annual audit of the Ministry of Government Relations (Ministry). The Ministry complied with authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

During 2015-16, the Ministry had effective rules and procedures to safeguard public resources except that it needs to give staff guidance for analyzing and taking action on issues arising from its monitoring of the 2002 Gaming Framework Agreement. It also needs to remove unneeded user access to its computer systems and data promptly.

#### 2.0 INTRODUCTION

The Ministry is responsible for municipal relations; public safety; and First Nations, Métis, and northern affairs.<sup>1</sup> Its responsibilities include co-ordinating, developing, promoting, and implementing policies and programs related to cities, municipalities (urban, rural, northern), and matters of an inter-municipal nature. These responsibilities include policies and programs related to:

- › Community planning, development, and diversification of cities and municipalities
- › Joint ventures related to municipalities
- › Administrative and technical advice provided to administrators/councils to support the effective and efficient operation of municipal governments
- › Community facilities
- › Local government elections

Also, the Ministry is responsible for co-ordinating, developing, promoting, and implementing policies:

- › With respect to matters affecting First Nations and Métis people
- › To foster and advance development in northern Saskatchewan
- › For emergency management, disaster assistance, fire commissioner services, and building accessibility and other safety standards
- › For public safety (e.g., safety standards for boilers, pressure vessels, gas equipment and installations)<sup>2</sup>

<sup>1</sup> [www.saskatchewan.ca/government/government-structure/ministries/government-relations](http://www.saskatchewan.ca/government/government-structure/ministries/government-relations) (22 August 2016).

<sup>2</sup> *The Ministry of Government Relations Regulations.*



## 2.1 Financial Overview

For the year ended March 31, 2016, the Ministry had revenues of \$117.7 million (including \$89.4 million from the Federal Government) and expenses of \$529.8 million.

The following lists the Ministry's expenses by major programs. For further details, see the Ministry's *2015-16 Annual Report* available on its website.<sup>3</sup>

**Figure 1 – Expenses by Major Program**

	Estimates 2015-16 <sup>A</sup>	Actual 2015-16
	(in millions)	
Central Management and Services	\$ 9.9	\$ 9.0
First Nations and Métis Engagement	77.1	84.9
Municipal and Northern Engagement	372.5	360.2
Saskatchewan Municipal Board	1.8	1.7
Public Safety	<u>11.1</u>	<u>72.7</u>
<b>Total Appropriation</b>	<u>472.4</u>	<u>528.5</u>
Capital Asset Acquisitions	(1.8)	(1.3)
Amortization of Capital Assets	2.7	2.6
<b>Total Expense</b>	<u>\$ 473.3</u>	<u>\$ 529.8</u>

Source: *Ministry of Government Relations 2015-16 Annual Report*.

<sup>A</sup>The Ministry obtained additional funding through supplementary estimates of \$56.3 million.

## 3.0 AUDIT CONCLUSIONS AND SCOPE

**In our opinion, for the year ended March 31, 2016:**

- › **The Ministry complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

*The Assessment Management Agency Act*  
*The Assessment Management Agency Regulations*  
*The Cities Act*  
*The Crown Employment Contracts Act*  
*The Executive Government Administration Act*  
*The Financial Administration Act, 1993*  
*The Government Organization Exemption Regulations*  
*The Government Relations Administration Act*  
 (effective May 14, 2015)  
*The Indian and Native Affairs Act*  
*The Ministry of Government Relations Regulations*  
*The Métis Act*  
*The Municipalities Act*  
*The Municipal Boards Act*  
*The Municipal Grants Act*

*The Municipal Grants Regulations*  
*The Northern Municipalities Act, 2010*  
*The Provincial Disaster Assistance Program Regulations, 2011*  
*The Public Services Act, 1998*  
*The Purchasing Act, 2004*  
*The Rural Affairs Act* (to May 14, 2015)  
*The Saskatchewan Gaming Corporation Act* (Part III.01, and III.1)  
*The Saskatchewan Natural Resources Transfer Agreement (Treaty Land Entitlement) Act*  
*The Urban Affairs Act* (to May 14, 2015)  
 2002 Gaming Framework Agreement  
 Orders in Council issued pursuant to the above legislation

<sup>3</sup> [www.saskatchewan.ca/government/government-structure/ministries/government-relations](http://www.saskatchewan.ca/government/government-structure/ministries/government-relations) (22 August 2016).

› **The Ministry had effective rules and procedures to safeguard public resources except as described in this chapter**

We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Ministry's controls. The control framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

Since the Ministry receives significant federal funding for various municipal programs and provides significant grants to municipalities, we paid particular attention to the Ministry's controls for managing grant payments to municipalities. This included testing its processes for awarding grants, approving grant payments, and monitoring municipalities' compliance with federal and provincial funding agreements. Also, the Ministry provides significant financial assistance to individuals and organizations for provincial disaster claims and expects to receive significant reimbursements from the Federal Government for a portion of the amount it pays. We tested the Ministry's controls over managing disaster claims and recovering amounts from the Federal Government, including processes for making and recording significant accounting estimates.

In accordance with the 2002 Gaming Framework Agreement (Agreement) and *The Saskatchewan Gaming Corporation Act* (for the First Nations Trust [FNT]), the Ministry provides significant funding annually to the FNT and six Community Development Corporations (CDCs) based on profits Saskatchewan casinos earn. We tested the Ministry's controls for managing these grant payments including monitoring the FNT and CDCs' compliance with the Agreement.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

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

### 4.1 Better Guidance for Monitoring the 2002 Gaming Framework Agreement Needed

We recommended that the Ministry of Government Relations provide guidance to staff for analyzing and taking action on issues arising from its monitoring of the 2002 Gaming Framework Agreement. (2015 Report – Volume 2; Public Accounts Committee agreement September 15, 2016)

**Status** – Not Implemented

As described in **Section 3.0** the Ministry provides funding annually to the FNT and six CDCs. The Agreement requires the FNT and CDCs to use these funds for specific purposes.



In 2015-16, the Ministry provided \$78.8 million in funding (\$57.6 million to the FNT and \$21.2 million to the CDCs).

As we previously reported, in 2014-15, management became aware that the FNT planned to pay the Federation of Sovereign Indigenous Nations (FSIN) amounts each year to fund FSIN's normal operations. By March 31, 2016, Ministry management had not documented its analysis supporting its conclusion that the FNT's proposed payments were allowable under the Agreement. The FNT made its first annual payment during 2015-16.

During 2015-16, management indicated it began developing guidance for analyzing and taking action on issues arising from its monitoring of compliance with the Agreement. At March 31, 2016, it had not completed the guidance. Management told us employee turnover in this area contributed to the delay in completing the guidance.

Without a formal, documented process, the Ministry may not be able to show it sufficiently monitors compliance with the Agreement. Without adequate monitoring, there is increased risk that the FNT or CDCs may inappropriately distribute funds or make payments for purposes not intended by the Agreement.

## 4.2 Timely Removal of Unneeded IT User Access Needed

We recommended 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. (2012 Report – Volume 2; Public Accounts Committee agreement January 13, 2014)

**Status** – Partially Implemented

In 2015-16, the Ministry tracked whether unneeded user access to its information technology (IT) systems and data was removed timely. The Ministry identified that unneeded IT network access was not removed promptly for 9 of 95 employees (2014-15: 14 of 20) who left the employ of the Ministry. For those 9 employees, the Ministry did not remove access until 1 to 74 days after termination (2014-15: 2 to 11 days). Also, the Ministry did not follow up to determine the cause of the delays or document action taken, if any.