

Chapter 1

Municipal Potash Tax Sharing Administration Board

1.0 MAIN POINTS

The Municipal Potash Tax Sharing Administration Board's 2017 financial statements were reliable and it had effective rules and procedures to safeguard public resources. The Board complied with authorities governing its activities related to financial reporting and safeguarding public resources, other than it did not submit its financial statements within the required timeframes nor obtain Minister approval of board remuneration rates.

2.0 INTRODUCTION

The Municipal Potash Tax Sharing Administration Board administers the municipal potash tax-sharing program established under *The Municipal Tax Sharing (Potash) Act* (Act).¹ Under this program, the Board redistributes municipal property taxes on potash mines to eligible rural and urban municipalities within the areas of influence of a potash development—a 20 mile radius of a potash mine's shaft and head frame.²

The Board determines the amounts to redistribute using the formula prescribed in regulations to the Act.

A three-person Cabinet-appointed board administers the program.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended December 31, 2017:

- **The Municipal Potash Tax Sharing Administration Board had effective rules and procedures to safeguard public resources**
- **The Municipal Potash Tax Sharing Administration Board 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 related to submitting financial statements within the required timeframes and Minister approval of board remuneration rates:**

The Municipalities Act (Section 272)
The Municipal Tax Sharing (Potash) Act
 General Regulations under *The Municipal Tax Sharing (Potash) Act*
The Executive Government Administration Act
 Orders in council pursuant to the above

- **The Municipal Potash Tax Sharing Administration Board had reliable financial statements**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Board's

¹ The Board was established under section 3 of *The Municipal Tax Sharing (Potash) Act*.

² www.saskatchewan.ca/government/municipal-administration/taxation-and-service-fees/municipal-potash-sharing, (13 February 2018).



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.

We focused our efforts on the Board's processes for making tax-sharing distributions to rural municipalities. We verified amounts paid by potash mines and amounts received by municipalities.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Timely Submission of Financial Statements Needed

The Board did not submit its audited financial statements for tabling in the Legislative Assembly within the timeframes required by law.

The law requires the Board to report its activities to the Minister of Government Relations.³ By law, its financial statements must be tabled within 120 days of its year-end.⁴

The 2016 financial statements were tabled on September 7, 2017, instead of by April 30, 2017, as required by law. The Board indicated personnel issues caused a delay in the submission of its financial statements for tabling.

1. We recommend that the Municipal Potash Tax Sharing Administration Board submit its audited financial statements within the timeframes required by *The Municipal Tax Sharing (Potash) Act*.

4.2 Minister's Formal Approval of Board Remuneration Rates Required

The Municipal Potash Tax Sharing Administration Board did not obtain formal approval from the Minister of Government Relations of board member per diem remuneration rates as required by law. Section 6 of *The Municipal Tax Sharing (Potash) Act* requires the Minister to approve board member remuneration rates and expense rates. The Act expects these rates to be based on those fixed by the Saskatchewan Association of Rural Municipalities.

During 2017, the Board paid board per diems totalling \$2,820 using rates set by the Saskatchewan Association of Rural Municipalities.

Although the Board made the Minister aware of the rates used to determine per diems, it did not receive formal ministerial approval of those rates prior to making payments. Thereby, the Board made and is making these payments without proper approval.

2. We recommend that the Municipal Potash Tax Sharing Administration Board obtain the Minister responsible's written approval of the remuneration and expense rates it pays its board members. It should obtain this approval prior to changing remuneration rates.

³ Section 11 of *The Municipal Tax Sharing (Potash) Act*.

⁴ Section 13 of *The Executive Government Administration Act* requires agencies to submit reports to their Minister responsible within 90 days of their fiscal year end. The Minister responsible must table the report in the Legislative Assembly within 120 days of the fiscal year end.