

Chapter 4

Executive Council

1.0 MAIN POINTS

During 2017-18, Executive Council had effective rules and procedures to safeguard public resources and it complied with authorities governing its activities other than in the following areas.

Executive Council did not sufficiently review its periodic financial reports resulting in a significant error in its financial records. Not detecting and correcting errors in financial records within a reasonable time may result in management making decisions based on inaccurate financial information.

In addition, Cabinet set remuneration rates for legislative secretaries inconsistent with Board of Internal Economy directives. *The Legislative Assembly Act, 2007* gives the Board of Internal Economy clear authority to set remuneration rates of legislative secretaries through directives, and the Board has done so. Executive Council needs to work with the Board to make sure remuneration rates align with the Board's approved rates. Not operating within laws and directives increases the risk of decreasing public confidence in government.

2.0 INTRODUCTION

Executive Council provides administrative support to the Premier, Cabinet, and Cabinet committees.¹ It also develops and advances the Government's plan for Saskatchewan, and manages implementation of the plan across government.

Its other functions include co-ordinating government business in the Legislative Assembly; maintaining all Cabinet documents, Orders in Council, and regulations on behalf of the Government of Saskatchewan; providing strategic direction in communications throughout government; administering policies on communications procurement, visual identity, and online development; and operating the Government's web, mobile, and social presence.²

2.1 Financial Overview

Executive Council spent about \$14.7 million in 2017-18. Details of its programs and services are available on its website.³ Details of its spending are available in *Public Accounts – Volume 2*.⁴ Executive Council does not prepare and table an annual report.

¹ *The Executive Government Administration Act* (section 25) establishes Executive Council.

² www.saskatchewan.ca/government/government-structure/executive-council-and-office-of-the-premier (14 August 2018).

³ *Ibid.*

⁴ www.publications.gov.sk.ca/deplst.cfm?d=15&c=5826 (14 August 2018).

**Figure 1 – Financial Results for 2017-18 by Program**

| | Estimates 2017-18 | Actual 2017-18 |
|----------------------------------|-------------------------|-------------------------|
| | (in thousands) | |
| Central Management and Services | \$ 5,648 | \$ 5,959 |
| Premier's Office | 479 | 440 |
| Cabinet Planning | 1,107 | 943 |
| Cabinet Secretariat | 451 | 487 |
| Communications Office | 1,319 | 1,149 |
| House Business and Research | 255 | 275 |
| Members of the Executive Council | 133 | 133 |
| Intergovernmental Affairs | 4,243 | 3,959 |
| Francophone Affairs | 690 | 650 |
| Lieutenant Governor's Office | <u>707</u> | <u>698</u> |
| Total Expense | <u>\$ 15,032</u> | <u>\$ 14,693</u> |

Source: Saskatchewan Provincial Budget 17-18 Estimates (vote 10); Executive Council 2017-18 financial records.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **Executive Council had effective rules and procedures to safeguard public resources except for the matter described in this chapter**
- **Executive 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 matter described in this chapter:**

The Executive Government Administration Act
The Government Organization Exemption Regulations
The Members of the Executive Council Expense Regulations, 1988
The Financial Administration Act, 1993
The Provincial Secretary's Act (clause 3(d.1))
 Orders in Council issued pursuant to the above legislation

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 Executive Council'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.

We examined the effectiveness of Executive Council's controls to keep reliable financial records and prepare reliable financial reports. This included examining its financial-related

controls used to administer its spending, including processes used to process travel and business expense claims and to make accurate, public semi-annual reports on ministerial travel expenses.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 More Detailed Review of Financial Reports Needed

During 2017-18, Executive Council did not sufficiently review its periodic financial reports resulting in a significant error in its financial records.

During the audit, Executive Council did not identify, during review of its quarterly revenue forecasts, that it missed recording in its financial records a federal grant of \$760,000. Staff responsible for reviewing the quarterly revenue forecasts were not aware of the receipt of this grant.⁵

Management indicated it had undergone personnel changes during 2017-18 and it plans to implement new processes for reviewing periodic financial reports in 2018-19.

Appropriate review of financial reports includes considering whether all transactions are recorded correctly (right amount in the correct account), and are reasonable (valid and appropriate financial transactions). Not reviewing financial reports in adequate detail or with sufficient attention increases the risk of errors occurring and going undetected. In addition, not detecting and correcting errors in financial records within a reasonable time may result in management making decisions based on inaccurate financial information.

1. We recommend that Executive Council review, in detail, its periodic financial reports.

4.2 Remuneration Rates for Legislative Secretaries Inconsistent with Board of Internal Economy Approved Rates

During 2017-18, Cabinet, through Orders in Council, set remuneration rates of legislative secretaries without clear legislated authority to do so. Its rates differ from rates that the Board of Internal Economy has approved in its directives.⁶

While *The Executive Government Administration Act* gives the Lieutenant Governor in Council (Cabinet) clear authority to appoint Members of the Legislative Assembly as legislative secretaries with or without remuneration, it does not explicitly give Cabinet the authority to set the remuneration rate of legislative secretaries.⁷ Rather *The Legislative Assembly Act, 2007* gives the Board of Internal Economy clear authority to set remuneration rates of legislative secretaries through directives, and the Board has done so.

⁵ Under the Canada-Saskatchewan Agreement on French-Language Services, the federal Minister of Canadian Heritage provides Executive Council with a grant to support planning and delivery of French-language services in Saskatchewan.

⁶ The Board of Internal Economy is comprised of the Speaker of the Legislative Assembly (Chair), two Cabinet ministers, two government private members, and two opposition members.

⁷ *The Executive Government Administration Act*, section 7(1).



The Board directed, under *The Legislative Assembly Act, 2007*, that legislative secretaries be paid an annual allowance of \$14,311.⁸ Contrary to this directive, Cabinet, through various Orders in Council issued in May 2018 under *The Executive Government Administration Act*, appointed various legislative secretaries with remuneration rates of \$3,000 per year.^{9,10}

While Executive Council is aware of the differing rates, we did not see evidence of it working with the Board to make sure rates align with Board-approved remuneration rates for legislative secretaries (e.g., it did not ask the Board to reconsider its approved rates). Under *The Legislative Assembly Act, 2007*, Cabinet appoints the Speaker of the Legislative Assembly and nominates members as members of the Board.¹¹ The Board consists of the Speaker, two Executive Council-nominated Cabinet members, two government caucus-nominated members, and two opposition caucus-nominated members.

Laws and directives set standards and controls to govern actions. Not operating within those parameters or taking steps to always do so increases the risk of decreasing public confidence in government.

2. We recommend that Executive Council work with the Board of Internal Economy to remunerate legislative secretaries at rates consistent with Board of Internal Economy approved rates.

⁸ Annual allowance is set in Board of Internal Economy Directive #21—Annual Indemnity and Allowances issued under section 62 of *The Legislative Assembly Act, 2007*. Directives are available at www.legassembly.sk.ca/mlas/board-of-internal-economy/directives/d21 (14 August 2018).

⁹ Orders in Council 239-2018, 240-2018, 241-2018, 242-2018, 243-2018, 244-2018, 245-2018, 246-2018, 247-2018, 248-2018, 249-2018, 250-2018.

¹⁰ Executive Council pays Cabinet-appointed legislative secretaries using the amounts set in Orders in Council. Legislative secretaries agreed to forego the amount set by the Board of Internal Economy and accept a lesser amount.

¹¹ *The Executive Government Administration Act*, section 67.