

Chapter 12 Financial and Consumer Affairs Authority—Regulating Vehicle Dealers

1.0 MAIN POINTS

The Financial and Consumer Affairs Authority is responsible to regulate Saskatchewan's financial and consumer marketplace, including motor vehicle dealers.

By February 2026, the Authority continued to work on the two outstanding recommendations we first made in 2020 about regulating motor vehicle dealers to protect consumers.

The Authority had not yet fully implemented its risk-based framework for selecting motor vehicle dealers to inspect due to delays in updating its IT system (i.e., Registration Licensing System). The Authority planned to use a manual risk-based selection approach in 2026–27 if IT system delays continue. Documenting clearly defined risk factors and selecting motor vehicle dealers for inspection based on these risks can help the Authority ensure it focuses its limited inspection resources on dealers at higher risk of non-compliance.

In addition, the Authority had yet to formally analyze the results of its inspections of motor vehicle dealers. Analyzing inspection results, such as non-compliance inspection trends, can help focus enforcement resources on areas that can best promote compliance.

A risk-informed approach can help build Saskatchewan motor vehicle consumers' confidence in the Government's ability to protect their consumer rights.

2.0 INTRODUCTION

2.1 Background

The Financial and Consumer Affairs Authority is a Treasury Board Crown corporation created to protect Saskatchewan consumers, public interests, and businesses by providing effective, balanced, and timely market regulation.¹ The Authority works to advance the interests of consumers by ensuring fair trade conduct and minimizing opportunities for unfair, unlawful, or deceitful commercial activity. It is specifically responsible for regulating financial securities and services, insurance and real estate, pensions, and consumer-related businesses, including motor vehicle dealers.

¹ Financial and Consumer Affairs Authority of Saskatchewan, *Annual Report 2024–2025*, p. 7.



The Consumer Protection Division is responsible for regulating consumer protection in Saskatchewan. This includes market regulation; sector-specific business and salesperson licensing; complaint investigation; education initiatives; inter-agency and inter-jurisdictional cooperation; and enforcement action across various industries, including motor vehicle dealers.²

At March 31, 2025, there were 861 motor vehicle dealers in Saskatchewan.³

2.2 Focus of Follow-Up Audit

This chapter describes our second follow-up audit of the Authority's actions on the recommendations we first made in 2020.

We concluded, for the 12-month period ending December 6, 2019, the Financial and Consumer Affairs Authority had effective processes for regulating motor vehicle dealers to protect consumers except for areas reflected in our four recommendations.⁴ By February 2022, the Authority implemented two recommendations.⁵

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Authority's progress toward meeting our recommendations, we used the relevant criteria from the original audit. Authority management agreed with the criteria in the original audit.

To carry out our follow-up audit, we discussed actions taken with Authority management and examined key documents (e.g., risk-based inspection program checklist, inspection tracking document, alerts to dealers).

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at February 13, 2026, and the Financial and Consumer Affairs Authority's actions up to that date.

3.1 Risk-Based Approach for Inspections Not Fully Implemented

We recommended the Financial and Consumer Affairs Authority select motor vehicle dealers for inspection based on a formal analysis of key risks for non-compliance. (2020 Report – Volume 1, p. 76, Recommendation 1; Public Accounts Committee agreement December 14, 2023)

Status—Partially Implemented

² Financial and Consumer Affairs Authority of Saskatchewan, *Annual Report 2024–2025*, p. 9.

³ *Ibid.*, p. 29.

⁴ 2020 Report – Volume 1, Chapter 7, pp. 65–82.

⁵ 2022 Report – Volume 1, Chapter 12, pp. 159–164.

The Financial and Consumer Affairs Authority does not fully use its risk-based dealer inspection framework to analyze risks when selecting motor vehicle dealers to inspect.

In our 2022 follow-up audit, we found the Authority developed its Risk Based Inspection Program containing a risk-based dealer inspection framework, which also included a list of factors to consider when assessing the risk for each motor vehicle dealer.⁶ For example, the framework expects consideration of:

- Vehicle safety factors (e.g., dealer has been warned by the Authority for selling unsafe vehicles in the last three years, dealer sells rebuilds)
- Dealer operations factors (e.g., delinquency in paying Consumer Protection Division licensing fees)
- Business office factors (e.g., dealer does sub-prime loans)
- Dealer compliance factors (e.g., results of previous dealer inspection)

As of February 2026, we found the Authority does not fully use its framework when selecting motor vehicle dealers to inspect. The Authority has four investigators responsible for inspecting dealers and aims to complete 60 inspections total per year. We assessed the 2025–26 plans for the four investigators and found all documented some (e.g., time since last inspection of dealer, results of previous dealer inspection) but not all factors of the framework when planning which dealers to inspect.

Management noted that unexpected vendor delays has not allowed the Authority to automate key aspects of the vehicle dealers' inspection rating process in its Registration Licensing System.

In late 2025, the Authority developed a Risk Based Inspection Program checklist that includes the key risk factors investigators must assess to help determine whether a motor vehicle dealer should be inspected or another dealer should be selected instead (see **Figure 1**). The Authority plans to assign a risk rating for each risk factor to each motor vehicle dealer in its Registration Licensing System. These risk ratings will be used to help determine which dealers get inspected. Management indicated that if the vendor does not meet the Authority's expected deadline for updating its IT system by April 30, 2026, the Authority plans to use this risk-based selection approach in a manual way in 2026–27.

Figure 1—Key Risk Factors to Consider in Motor Vehicle Dealer Inspection Selection

- Dealer leases vehicles
- Dealer received complaints in the last three years
- No inspection records within the last three years
- Dealer consigns vehicles
- Delinquencies with licence (renewals, change of circumstances, etc.)
- Licence documentation is or was non-compliant
- Dealer received warning letters in the last three years
- Dealer sells rebuilds
- Dealer imports vehicles for resale
- Dealer sells vehicles under \$5,000
- Enforcement action taken within previous five years

Source: Adapted from the Consumer Protection Division Risk Based Inspection Program checklist.

⁶ *2022 Report – Volume 1, Chapter 12*, p. 160.



Not fully assessing risk factors when selecting licensed motor vehicle dealers for inspection increases the risk of an inconsistent selection process and using inspection resources on dealers at lower risk of non-compliance. Documenting rationale for selecting dealers to inspect helps to demonstrate the use of a fair and consistent regulatory approach.

3.2 Formal Analysis of Inspection Results Needed

We recommended the Financial and Consumer Affairs Authority formally analyze the results of its enforcement activities for motor vehicle dealers to support a risk-informed enforcement approach. (2020 Report – Volume 1, p. 81, Recommendation 4; Public Accounts Committee agreement December 14, 2023)

Status—Partially Implemented

The Financial and Consumer Affairs Authority does not formally analyze inspection results to identify non-compliance trends.

The Authority maintains a spreadsheet of inspections completed each year listing the dealer business name, licence number, city, date inspection scheduled, date inspection completed, and inspection results. The Authority did not summarize the trends of non-compliance identified in the inspections (e.g., most pervasive nature and types of non-compliance).

We found the Authority also does not formally document its analysis of non-compliance trends from inspections. Authority management indicated they informally assess data for trends and, if a common issue is identified, the Authority may send out an alert to all motor vehicle dealers to provide relevant information on an issue to educate and encourage compliance with the relevant laws of Saskatchewan.

For example, in March 2024, the Authority sent an alert to all motor vehicle dealers informing them not to use terms such as “as-is” and “as-traded” on bills of sale or advertisements as legislation requires dealers to disclose all material facts about a vehicle. Per our review of the inspection results, we found it was a common issue identified during inspections. Our review of the April 1, 2024, to September 30, 2025, inspection results also found other common issues such as no odometer readings recorded on some purchases and sales records and licensees not providing the Vehicle Identification Number (VIN) search as required. The Authority did not send out alerts for these issues.

Management indicated they are developing templates for analyzing and reporting on inspections results. In 2026–27, the Authority plans to formally analyze the 2025–26 inspection results using these templates. It also plans to report the results to senior management and educate dealers about non-compliance trends.

Lack of formal analysis of inspection results (such as non-compliance trends) for motor vehicle dealers increases the risk of not focusing enforcement resources on the highest risk areas of non-compliance or on areas that can best promote compliance.