



PROVINCIAL AUDITOR
of Saskatchewan

June 23, 2021

The Honourable R. Weekes
Speaker of the Legislative Assembly
Room 129, Legislative Building
Regina, Saskatchewan
S4S 0B3

Dear Honourable R. Weekes:

I have the honour of submitting my *Annual Report on Operations For the Year Ended March 31, 2021*, to be laid before the Legislative Assembly in accordance with the provisions of section 14.1 of *The Provincial Auditor Act*. The information in this Report reflects known events up to June 21, 2021.

Respectfully submitted,

A handwritten signature in black ink that reads "Judy Ferguson".

Judy Ferguson, FCPA, FCA
Provincial Auditor

/dd



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Message from the Provincial Auditor



Sunset on Wascana – Ken Yee



Message from the Provincial Auditor

This is my final report as the the Provincial Auditor of Saskatchewan. Since 2013, I have had the privilege of leading the Office (first as Acting, then in 2015 as the Provincial Auditor). It has been a rewarding opportunity—one that has capped a forty-year career with the Office and serving the people of Saskatchewan. I am proud that our team is highly skilled and professional.

Our Office, through audit, has and continues to promote openness and transparency of the Government and its management. We work hard in publishing timely reports with quality and impartial information about the administration of government programs and services. Legislators and the public can use those reports to oversee the Government and hold it accountable.

During my tenure, I lead the publishing of 19 different reports containing the results of our work including one special report, and two studies. They included the results of 232 annual integrated, 148 performance, and 299 follow-up audits. Audit areas have focused primarily on health and education, and touched on many regulatory areas (drainage, liquor, special care homes, invasive species, oil and gas incidents). I appreciate and value the cooperation of government officials and appointed auditors in this work. Furthermore, I thank the Standing Committees on Public Accounts and on Crown and Central Agencies for their attention to and support of the work of the Office. Their careful public review of the Office's reports is critical.

Our Office recognizes that how we carry out our audits and report affects public confidence. Our reports set out audit results fairly and as we see them—whether those results are positive or negative. We make carefully considered recommendations for improvement, and, through our follow-up audits, systematically assess the status of their implementation. This approach encourages change, and keeps legislators and the public informed about the Government's progress. The Government's high implementation of our recommendations shows our work contributes to better management in the public sector.

Also under my tenure, our Office moved from selecting areas of audit focus on an annual basis to a rolling three-year plan that is published in conjunction with our business and financial plan. Making our plans transparent shows legislators and the public how we plan to use the public resources on which we rely to operate. It also helps us solicit input into future areas of audit focus.

This Annual Report completes the accountability cycle that began when the Office tabled its *2021 Business and Financial Plan* in November 2019. It provides information on both the Office's use of public money and its operations. The unqualified independent external audit reports on key aspects of the Office's operations, finances, and controls give legislators and the public confidence in the reliability of the Office's administration.

As evident by the content of this report, our Office operates wisely and prudently. It operated within its approved 2020–21 appropriation, prepared reliable financial statements, maintained effective financial-related controls, and complied with its governing authority—*The Provincial Auditor Act*.

During 2020–21, we met seven of our ten performance targets. Like others during 2020–21, we operated during the COVID-19 pandemic. We carried out almost all audits virtually with staff continuing to be adaptable and innovative. We successfully met financial statement audit deadlines, and completed most other work within a reasonable timeframe. However, the pandemic did create some inefficiencies and adjustments of priorities. Pandemic travel restrictions resulted in us spending 6% of staff available hours on training activities instead of the 7% anticipated. Making modifications to work processes for staff and adjusting to completing audits virtually resulted in tabling our *2020 Report—Volume 1* two weeks later than planned.



Also, we did not achieve our target of increasing awareness of the Office with a 2% decline from prior year. Over this past year, we lost some of the increases previously gained. The focus on the COVID-19 pandemic along with turnover of temporary communication personnel contributed to this loss.

In closing, over my career, I have had the opportunity to work with and for many amazing individuals from which I have learnt a great deal. It has been a career which always challenged me to learn and grow. Moreover, it afforded me the privilege of serving the people of Saskatchewan and contributing to a better government. I now look forward to the next phase in life.

Judy Ferguson, FCPA, FCA
Provincial Auditor



Understanding the Office of the Provincial Auditor



Castle Butte





Purpose of the Office of the Provincial Auditor

As shown in **Exhibit 1** the Office of the Provincial Auditor contributes to the Legislative Assembly's accountability process. The Office's work and reports affect public confidence in the Government. They provide legislators and the public with critical information on whether the Government issues reliable financial and other reports, uses effective processes to safeguard public resources (i.e., resources with which it is entrusted), and complies with governing authorities.

In addition, the Office:

- Supports and adheres to Canadian generally accepted assurance standards as published by the Chartered Professional Accountants of Canada (CPA Canada)
- Recommends improvements to the Government's management of public resources and compliance with authorities
- Encourages discussion and debate about public sector management and accountability issues
- Assists the Standing Committee on Public Accounts and the Standing Committee on Crown and Central Agencies in carrying out their mandates in holding the Government to account
- Develops professionals for the public service

The Office's work and reports contribute to informed decision making in government. This, in turn, helps the Government carry out its responsibilities using sound management practices.

For the parliamentary system of government to work properly, it must have the public's confidence. To merit this confidence, the Government's programs must be effective, open, and accountable to the public. One important responsibility of the Legislative Assembly is to hold the Government of Saskatchewan accountable for its management of public resources.

Accountability of the Office

The Office is accountable to the Legislative Assembly through the Standing Committee on Public Accounts (Public Accounts Committee, the Committee). Key accountability mechanisms in *The Provincial Auditor Act* require the Provincial Auditor to:

- Prepare and submit to the Committee key accountability documents—an annual business and financial plan, and an annual report on operations that includes audited financial statements¹
- Present to the Committee, for its review and approval, the Office's annual funding request and supplementary estimates (if any)
- Table with the Committee, for its information, the Office's human resources and financial management policies, and quarterly financial forecasts
- Use Canadian generally accepted assurance standards to carry out the Office's audits
- Be a member in good standing of the Institute of Chartered Professional Accountants of Saskatchewan, including maintaining firm and member licensing requirements for the provision of professional accounting services²

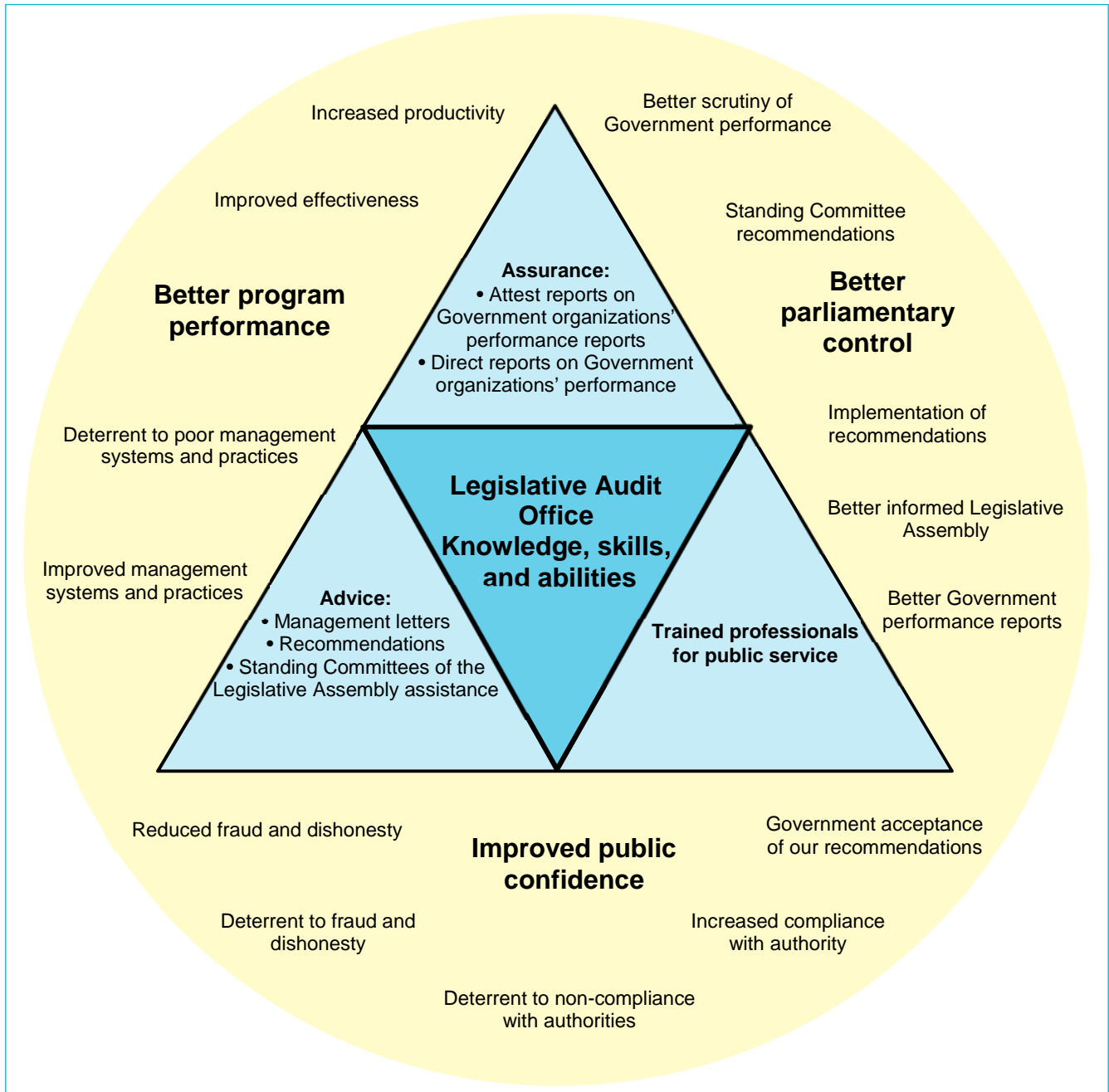
¹ When the Assembly is not in session, Public Accounts Committee receives these reports upon their submission to the Speaker.

² *The Provincial Auditor Act* deems the Provincial Auditor a firm for the purposes of *The Accounting Profession Act*.



The Rules and Procedures of the Legislative Assembly of Saskatchewan require the Committee to review and report to the Assembly on the results of its review of the Provincial Auditor's reports. The Committee's reports include whether the Committee agrees with recommendations the Office makes in its reports.

Exhibit 1—The Value and Benefits of a Legislative Audit Office



Light yellow: Value and benefits of a Legislative Audit Office
Light blue: Key services and products of a Legislative Audit Office
Adapted from a Canadian Legislative Auditors Working Group



Office Values

The Office uses the following Value Statements to guide the Office and its staff. The Value Statements highlight specific behaviours expected of the Office and its staff; adherence to them is critical to the Office's achievement of its mandate and success.

Independence—We maintain objectivity

Trust and Integrity—We are professional, honest, courteous, and fair

Accountability—We take responsibility for our work and performance

Leadership—We lead by example, motivate others to act, and promote teamwork

Flexibility—We support a flexible and healthy work environment

Learning—We promote ongoing development and improvement

Diversity of Thought—We respect strength gained from our varied experiences, knowledge, and backgrounds

Auditor Independence

Auditor independence is critical for a successful legislative audit regime. Auditor independence allows auditors to exercise objectivity—to not be compromised by bias, conflict of interest, or undue influence of others. Independence also enhances professional skepticism (i.e., appropriate challenge of management's assertions).

The Provincial Auditor Act provides the legislative framework for the independence of the Office and its staff. The framework enables the Provincial Auditor, the Office, and its staff to be independent of the Government and be able to exercise that independence—that is, make decisions without being affected by influences that would compromise their judgment. The Act:

- Creates an independent Officer of the Legislative Assembly called the Provincial Auditor with the responsibility to audit all government agencies and report the results directly to the Legislative Assembly.
- Ensures the Provincial Auditor is independent from elected and appointed officials including the Assembly's committees and boards.
- Requires an order of the Legislative Assembly based on a unanimous recommendation of the Public Accounts Committee to appoint the Provincial Auditor for an eight-year, non-renewable term. The Public Accounts Committee is an all-party committee that does not include Cabinet ministers.
- Requires an order of the Legislative Assembly to remove the Provincial Auditor from office for cause.
- Sets the Provincial Auditor's salary and benefits (e.g., equal to the average salary of all the deputy ministers and acting deputy ministers of the Government of Saskatchewan calculated at April 1 in each year).
- Makes the Office's employees part of the Legislative Branch of Government. They are neither part of the Executive Branch of Government nor members of the public service of Saskatchewan.
- Gives the Office's employees access to similar benefits as those available to public servants.



- Requires the Public Accounts Committee (an all-party committee chaired by a member of the opposition) to review the Office's annual *Business and Financial Plan* and recommend the Office's annual funding to the Assembly.
- Gives the Provincial Auditor administrative independence—the power to administer, manage, and control the Office, its general business, as well as oversee and direct the Office's staff. This includes the ability to decide which employees to hire and at what rate, and what audit work to do and how.

The Office has put into place additional safeguards to enable staff to act with integrity, and exercise objectivity and professional skepticism.

Maintaining Effective Systems and Practices

Sound risk management, and effective systems and practices, are essential for the Office's management and use of public resources. As part of risk management, the Office identifies and assesses possible adverse consequences that it may experience from events or circumstances. The Office accepts some risks because it is not cost effective to have no risks. It uses established systems and practices to reduce risks to an acceptable level and implements strategies to manage residual risks.

The Office maintains strong systems and practices supported by policies and procedures so that:

- It provides quality services and products at a reasonable cost
- Its work is relevant—it assists in strengthening and advancing the Government's ability to achieve intended results
- The scope of its work covers all government agencies accountable to the Legislative Assembly and the people of Saskatchewan
- Stakeholders understand and value the Office's work

The following briefly describes the Office's key systems and practices for each of these areas. It includes the results of the current year audits of the Office highlighted in yellow. The Office's external auditor audits the Office's operational and financial performance.³

Quality Work at a Reasonable Cost

Doing independent, reliable, and quality work at a reasonable cost is vital to the Office's success. These attributes are also essential for the Office's stakeholders to value its work. The Office must understand the challenges that the Government faces, so its work helps to improve the performance of government programs.

The Office keeps abreast of changes to, and complies with, the accounting and auditing profession's generally accepted standards of practice as published by CPA Canada. The objective of these standards is to maintain and enhance the quality of audit work.

The Office's **established quality control system** includes documented quality control policies and procedures. This system also includes the following elements: leadership responsibilities for quality within the Office, ethical

³ The external auditor of the Office is appointed by the Lieutenant Governor in Council on the recommendation of the Public Accounts Committee pursuant to section 27 of *The Provincial Auditor Act*.



requirements, acceptance of specific assurance work, human resources, engagement performance, and monitoring.

The Office's quality control system promotes quality as essential in audit work and helps ensure the Office and its staff comply with professional standards and legal requirements. This system also ensures the Office's audit reports are reliable. Furthermore, the Office's internal documentation, training materials, and performance management processes not only make certain staff are aware of, and adhere to, the Office's quality control policies and procedures, but also reinforce quality as essential in audit work.

The Office closely monitors potential threats to its independence and reports to the Assembly when it is concerned about such threats. It maintains objectivity and independence in its work. Accordingly, the Office asks staff to confirm annually, in writing, that they comply with its objectivity and independence standards. The Office also changes senior staff on significant audits at reasonable intervals.

Having skilled legislative auditors is essential to quality audits. The Office maintains hiring, training, and performance evaluation policies. These help the Office attract and retain staff with the required knowledge and expertise, provide staff with the necessary knowledge, skills, and abilities to do their work, and provide compensation competitive with the Government. These also help the Office broaden staff skills in key sectors (e.g., health, education, and social services), IT, and general management. Where the Office does not have the knowledge and expertise needed on staff for a specific audit, it contracts for such.

In addition, because the quality and cost of its work is directly related to its employees' productivity, the Office actively plans for the use of its employees' time and monitors their use of time. It compares planned to actual results, and explains and acts on differences. It plans for and manages staff turnover. Also, it monitors its employees' views of the Office's working environment and makes adjustments so it provides a positive and respectful working environment and one that fosters a culture consistent with the Office's values.

The Office's external auditor reported in the **Independent Auditors' Report on the Schedule of Actual Time Spent on Tasks** that the information is reliable. The **Schedule of Actual Time Spent on Tasks** compares the actual use of the Office's employees' time with planned use. The actual information for 2019, 2020, and 2021 is audited. (See the **Operating Performance** section for details.)

The Office's **established management practices promote effective use of resources**. These practices include setting direction and performance targets, monitoring values, training staff, maintaining procedural manuals, delegating authority, processing transactions, and monitoring and reporting results.

In addition, the Office uses standard methods for carrying out its work, continually adjusting its methods to reflect best practice. To identify best practice, it continually compares its methods with other legislative auditors and private sector auditors. Its methods cover how it plans, executes, supervises, reviews, and reports its work. It monitors all of its work so that the work meets its standard methods. Also, it has well-defined procedures for working with private sector auditors who audit government agencies (appointed auditors).

The Office's **established monitoring and reporting processes** help ensure reporting of its work by established deadlines and within the planned costs set out in its annual business and financial plan. The Office tracks, monitors, and forecasts the cost of each audit. It explains and acts on differences between planned and actual costs. It also routinely compares its costs with private sector auditors' costs to audit government agencies.



The Office maintains **effective financial management systems and practices** that include using an appropriate code of conduct, written policies and procedures, and an organizational structure that segregates incompatible duties.

The Office includes in this Report the reports of its external auditor on the effectiveness of its financial management processes and compliance with the law to provide the legislators and the public with this assurance on the Office. These types of assurances (audit reports) are important to legislators and the public.

The **Independent Auditors' Report on Effectiveness of Financial-Related Controls** indicates the Office's controls are effective. **The Independent Auditors' Report on Compliance with Authorities** indicates the Office complies with the provisions of *The Provincial Auditor Act*. These reports provide the Legislative Assembly with the assurance that the Office fulfills its responsibilities.

Relevant Work

The Office's strategic plan includes goals and priorities designed to result in the Office providing its stakeholders with relevant and reliable assurance and advice. The strategic plan provides a foundation for developing the Office's annual business and financial plans provided to the Public Accounts Committee.

To help direct its efforts toward relevant issues, the Office's planning processes seek external input. These processes include identifying external forces, emerging trends, and risks facing the Government and the Office; and assessing their impact on the Office and its plans. How the Government manages its risks affects the nature and extent of the Office's work.

The Office uses a risk-based model to focus its work. It focuses its efforts on helping its stakeholders address the challenges and opportunities emerging from external forces and trends.

The Office's reporting processes include reporting its assurance and advice directly to the Legislative Assembly and the Government. Its reports contain the matters that, in the Office's view, are significant to the Assembly and the public.

Before submitting its reports to the Assembly, the Office prepares and discusses the results of each audit with the applicable agency. This includes meeting with agencies to confirm the findings and gain support for its recommendations. When deciding what to report, the Office considers whether the matter:

- Affects the Assembly's ability to control the financial activities of the Government or to hold the Government accountable for how it administers public money
- Involves improving how the Government administers public money or its compliance with legislative authorities
- Involves non-compliance with legislative authorities

At the end of each audit, the Office issues a final report to the Minister responsible, senior officials of the agency and, if applicable, the Chair of the agency's governing body (e.g., board) with a copy to the Chair and Secretary of the Treasury Board and to the Provincial Comptroller.

The Office uses surveys to assess the satisfaction of agencies it audits with its work. It also continuously seeks advice from stakeholders when it works with appointed auditors.





During 2020–21, the Office updated its Strategic Plan creating a Plan for a three-year period—from April 1, 2021 to March 31, 2024.

Scope of Work

As part of its annual business and financial planning process, the Office prepares an annual work plan that covers all government agencies. Because the Legislative Assembly, Cabinet, and government agencies create or wind-up other government agencies, the Office monitors their actions and continually updates its list of government agencies. It estimates the costs of carrying out the work plan and asks the Assembly for the money to carry out the plan.

In the **Independent Auditors' Report on the Schedule of Actual Costs to Audit Government Agencies**, the Office's external auditor reported that the actual cost information is reliable. The audited **Schedule of Actual Costs to Audit Government Agencies** compares the Office's actual costs to examine government agencies for their fiscal years ending in the period January 1, 2020 to December 31, 2020, with its planned costs.

Stakeholders Understand and Value Work

Gaining and keeping the trust of legislators and the public is essential to the viability of the Office. The Office must provide independent, relevant, and reliable information consistent with legislators' objectives. To do this, the Office works closely with the following legislative committees:

- **The Standing Committee on Public Accounts** helps the Assembly hold the Government accountable for its management of public resources. The Committee reviews, examines, and evaluates the activities of government ministries and Crown agencies. The Committee is required to review and report to the Assembly on the results of its review of the Public Accounts and of the reports of the Office. Because of its scrutiny role, the Committee functions as the audit committee for the Legislative Assembly and thus, for the public. The Office works with the Committee to carry out its mandate. In 2020-21, the Committee approved the Office's 2021-22 request for resources as set out in its *2022 Business and Financial Plan*, and met two times to review the Office's audit reports.
- **The Standing Committee on Crown and Central Agencies** helps the Legislative Assembly hold the Government accountable for its management of the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiary corporations, supply and services (e.g., Ministry of SaskBuilds and Procurement), central government agencies (e.g., Ministry of Finance), liquor, gaming, and all other revenue-related agencies and entities. The Committee does this, in part, by reviewing chapters in the Office's reports, and the annual reports and financial statements of agencies within its subject area. It reports to the Assembly on the results of its review. These reports may contain recommendations resulting from the Office's audit work. In 2020-21, none of the Committee's meetings included a review of the Office's reports.

The Office has processes to prepare reliable plans and performance reports. It seeks and monitors the views of its stakeholders on its plans and performance. Each year, it provides the Assembly with its annual business and financial plan and an annual report on operations. These documents convey vital information about the Office in that they set out what the Office is, its plans, the results of its work, and its performance. The Public Accounts Committee reviews and provides its advice on these documents.

The Office has established processes to gain the support of legislators in providing the Office with sufficient resources. Each year, it uses its business and financial plan, and annual report on operations to explain its request for and use of resources. To fulfill its statutory duties, the Office must have sufficient resources to



employ competent people. It also must have enough resources to equip, support, and house its employees. Not having sufficient resources would result in the Office reducing the size of its staff, which in turn, would result in the Office not doing all of the work the law requires it to do. Hence, it would not fulfill its mandate.

The Office uses processes to report its assurance and advice to the Legislative Assembly and its other stakeholders in a clear, accessible, and timely manner. It monitors legislators' and the Government's acceptance of its recommendations and routinely follows up on unimplemented recommendations. It makes its plans and reports readily accessible to legislators, the public, and government officials. It monitors the use of its reports (e.g., by legislators, legislative committees, and the public).

The Office's Employees

The Office's employees are its most valuable resource in the delivery of quality and timely products and services to its stakeholders. To have the right balance of skills, knowledge, and expertise, the Office needs professional staff with a mix of financial and non-financial related skills.

During 2021, the Office employed 63 full-time equivalent positions. At March 2021, 32 of its employees were professional accountants and 18 were training to become professional accountants. Approximately one-third of the Office's employees, in addition to being professional accountants, have other training or hold non-accounting designations (e.g., human resources, risk management, information systems audit, pension plan administration, internal audit, public administration).

Creating and maintaining an environment that encourages and rewards ongoing learning is crucial to the Office's success. The Office supports employees in broadening their knowledge and skills through their participation and leadership roles on relevant provincial and national committees (such as professional accounting bodies and legislative audit forums). During 2021, 9 employees were involved in 12 national and 6 provincial committees/boards, including the Canadian Council of Legislative Auditors, Institute of Chartered Professional Accountants of Saskatchewan, Institute of Internal Auditors of Canada, and Chartered Professionals in Human Resources Saskatchewan.

The Office trains professionals for the public service (primarily professional accountants). During the year ended March 31, 2021, five employees left the Office to accept public sector positions. Their experience with the Office provides them with a strong foundation to contribute to improved management systems and practices in those agencies.





The Provincial Audit Team





The Provincial Audit Team





Operating Performance





Management Discussion and Analysis

Background for Measuring the Office's Performance

As reflected in **Exhibit 1—The Value and Benefits of a Legislative Audit Office** and explained in its *2021 Business and Financial Plan*, the Office has the following three primary services and products—assurance (audit reports), advice (recommendations), and trained professionals for the public service. These provide value and benefits including improved public confidence in government and better performance in the delivery of government programs.

The Office provides assurance through its reports on the reliability of financial statements, compliance with authorities, and the effectiveness of management systems and practices on the Government, sectors of the Government, and on each government agency. The Office's advice is a by-product of its assurance work.

The Office provides assurance and advice to:

- Government officials through management letters setting out its conclusions, findings, and recommendations for improvement.
- The Legislative Assembly and the public through its public reports tabled in the Assembly. These reports summarize the results of its work at government agencies including recommendations to encourage improvements in the delivery of government programs and services.

2021 Operating Results by Strategic Goal

Introduction

This Section compares the Office's current year actual results to planned results (target) for each measure of success toward meeting its 2017–2021 strategic goals. This section should be read along with the audited **Schedule of Results for Key Performance Measures**.

The 2017–2021 four strategic goals are from the Office's Strategic Plan for the period from April 1, 2016 to March 31, 2021. The Office used this Plan to develop its *2021 Business and Financial Plan*. See **Exhibit 2—2017 – 2021 Strategic Plan** for the Office's measures for each of its four strategic goals.

The complete *2017 – 2021 Strategic Plan* is available at auditor.sk.ca/about/2017-2021-strategic-plan.

Consistent with prior years, the Office's external auditor reported in the **Independent Auditors' Report on the Schedule of Results for Key Performance Measures** that the Office's performance information was relevant, reliable, and understandable.





Exhibit 2—2017 – 2021 Strategic Plan

VISION

A valued and independent legislative audit office
advancing excellence
and inspiring confidence in public sector
performance

MISSION

We promote accountability and better management by providing
legislators and the public with an independent assessment of the
government's use of public resources

STRATEGIC GOALS

Demonstrate
focus on the
most relevant
audit areas

Sustain an engaged
work force that
contributes to the
Office's success

Improve our delivery
of reliable audits at
a reasonable cost

Increase the
awareness of the
role of the Office

STRATEGIC PRIORITIES

- Seek input from key stakeholder groups to identify areas of focus
- Streamline processes to determine areas of focus
- Communicate multi-year work plan with key stakeholders

- Support leadership development
- Enhance strategies to recruit/retain staff
- Equip staff to effectively manage change

- Continuously improve our work
- Meet professional standards
- Deploy resources based on reasonable budgets and deadlines

- Educate the legislators, public, and public sector agencies about the work we do
- Enhance accessibility to the work we do

PERFORMANCE MEASURES

- Government acts on the Office's recommendations
- Assembly's acceptance of the Office's recommendations
- Auditees' value of and satisfaction with the Office's work

- Employees' satisfaction with their working environment
- Proportion of working hours spent on training

- Timely assurance reports to agencies and to the Assembly
- Work completed within planned costs
- External reviews do not report any significant deficiencies

- Public familiarity with the Office

The complete 2017 – 2021 Strategic Plan is available at <https://auditor.sk.ca/about/2017-2021-strategic-plan>.



Goal 1 – Demonstrate focus on the most relevant audit areas

The *Provincial Auditor Act* makes the Office the auditor of all provincial government ministries and agencies. As an independent legislative audit office, the Office is uniquely positioned to carry out objective and unbiased audits independent of the Government.

The Office carries out various types of audits (e.g., integrated [financial-related], performance, and follow-up) using Canadian professional assurance standards. The Act gives the Office the power to decide what work to do, how to carry it out, and when.

For the Office's work to be relevant, it must focus its efforts on areas of public interest, and on where it can add value to its clients, and other key stakeholders. The Office must consult with key stakeholders to understand their needs and perspectives, share its plans, and explain the impact and value of its work.

The Office measures its success in demonstrating focus on the most relevant audit areas using the following measures:

- Assembly's acceptance of the Office's recommendations
- Government acts on the Office's recommendations
- Auditees' value of and satisfaction with the Office's work

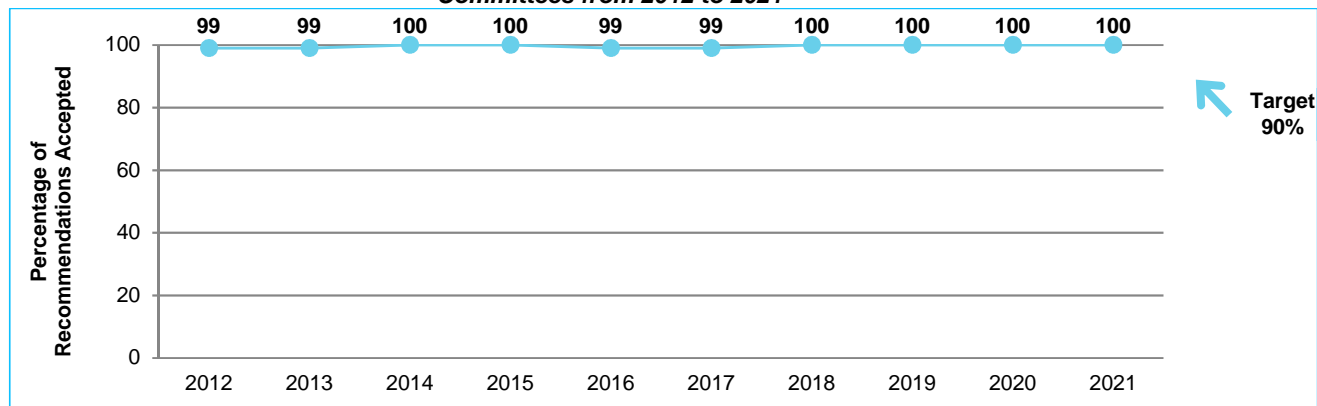
Assembly's Acceptance of the Office's Recommendations

2021 Target: Committees accept 90% of the Office's recommendations.

2021 Results: Target met – For 2021, the Committees accepted, or partly accepted, 100% of the Office's recommendations that they considered. **Exhibit 3—Percentage of Recommendations Considered and Accepted by Legislative Committees from 2012 to 2021** shows that the Office achieved its target in each of the past 10 years.

From April 1, 2020 to March 31, 2021, the Public Accounts Committee held six meetings and considered 34 recommendations from the Office's reports at two of those meetings. During the same period, the Crown and Central Agencies Committee held five meetings and did not consider any recommendations from the Office's reports at those meetings.

Exhibit 3—Percentage of Recommendations Considered and Accepted by Legislative Committees from 2012 to 2021



Rationale and description of measure: The support of the Standing Committees on Public Accounts and Crown and Central Agencies (Committees) is critical to help to hold the Government accountable and help





improve public sector management. Each committee decides whether they agree with the Office's recommendations in their review and consideration of the Office's reports.

The Committees' acceptance of the Office's recommendations is an indication of the Assembly's confidence in and satisfaction with the Office's work.

The extent to which each Committee accepts recommendations demonstrates the Committee thinks the recommendations reflect areas that are important to improve public sector management and/or accountability.

The Office tracks the Committees' consideration of its recommendations over a five-year period using Committee decisions as reflected in the Committees' minutes (i.e., from April 2016 to March 2021 for the current reporting period).

Government Acts on the Office's Recommendations

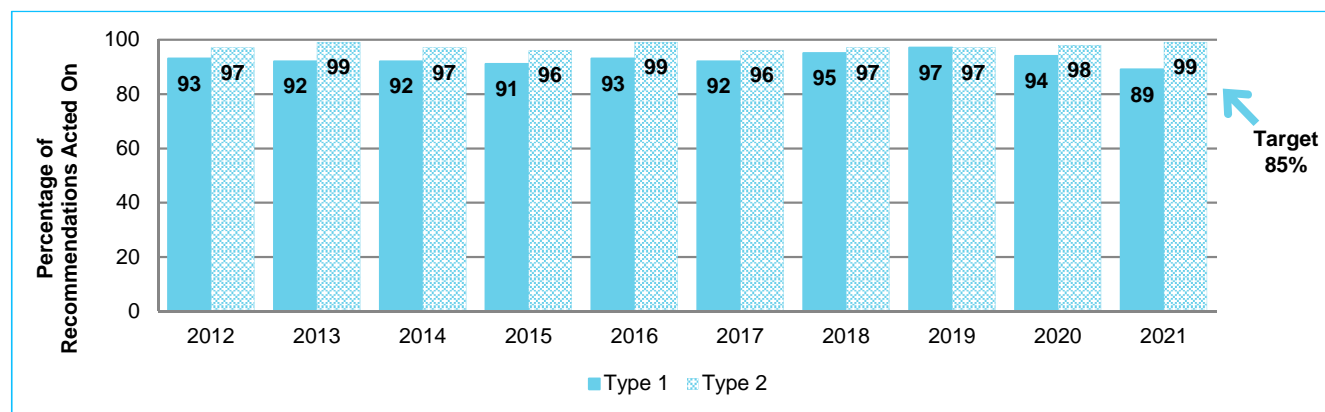
2021 Target: The Government acts on 85% of the Office's recommendations.

2021 Results: Target met – The Government acted on 89% of Type 1 and 99% of Type 2 recommendations. **Exhibit 4—Percentage of Recommendations Acted on by the Government from 2012 to 2021** shows the 10-year trend for percentage of recommendations acted on by the Government. The results for 2021 are based on 192 Type 1 and 454 Type 2 recommendations.

Type 1 recommendations are those that are less complex, easier to carry out, and can be implemented in one year.

Type 2 recommendations are those that are more difficult to carry out and may take up to five years to implement.

Exhibit 4—Percentage of Recommendations Acted on by the Government from 2012 to 2021



Rationale and description of measure: The Office makes recommendations to help improve accountability and the Government's delivery of programs. The extent to which the Government acts on recommendations demonstrates that the recommendations reflect areas that are important to improve public sector management and, in part, the impact of the Office's work. The Office groups its recommendations into two types:

- **Type 1** are tracked over a five-year period (e.g., April 2016 to March 2021 for the current reporting period)
- **Type 2** are tracked over a 10-year period (e.g., April 2011 to March 2021 for the current reporting period)

The Office determines and tracks the extent to which the Government implements each of its recommendations.



Auditees' Value of and Satisfaction with the Office's Work

2021 Target: Post-audit feedback shows agencies acknowledge the value of and indicate satisfaction with the Office's work.

2021 Results: Target met – survey responses indicate agencies value and are satisfied with the Office's audit work. See **Exhibit 5—Agencies' Value of and Satisfaction with the Office's Work from 2017 to 2021** for details.

From April 2016 to March 2021, 72% of agencies responded to the Office's survey (175 survey responses out of 243 surveys sent) (2020 response rate: 63%).

Exhibit 5—Agencies' Value of and Satisfaction with the Office's Work from 2017 to 2021

Criteria	2017	2018	2019	2020	2021
Reports	very valuable	very valuable	very valuable	very valuable	very valuable
Recommendations	very valuable	very valuable	very valuable	very valuable	very valuable
Responsiveness	very satisfied	very satisfied	very satisfied	very satisfied	very satisfied
Professionalism	very satisfied	very satisfied	very satisfied	very satisfied	very satisfied

Rationale and description of measure: For the Office to be successful in its vision and mission, auditees must view the Office's work as relevant and valuable. Auditees are the management/governing bodies of public sector ministries and agencies the Office audits.

The Office surveys auditees to obtain feedback on their satisfaction with the Office's work. It tracks their survey responses over a five-year period. The survey asks auditees to:

- Acknowledge the value of the Office's work related to whether:
 - Reports to the agency's Minister were understandable, accurate, and relevant
 - Recommendations to the agency were feasible and result in proper management of public resources and accountability
- Indicate their level of satisfaction with the Office's work related to whether:
 - Planned work for the agency met its needs and the Office carried out its work according to the plan (responsiveness)
 - Office employees were knowledgeable and carried out their work professionally and courteously (professionalism)

Goal 2 – Sustain an engaged work force that contributes to the Office's success

The Office operates within an environment of constant change with ever shifting priorities. Recent key changes directly affecting the Office include new professional assurance and accounting standards for non-financial and financial work, the continued impact of the amalgamation of the professional accountancy profession on staff training and employment opportunities, a robust job market for professional and training accountants, and fiscal pressures across government. In addition, the COVID-19 pandemic and related restrictions (in place since March 2020) has significantly impacted how we plan and conduct our work, and communicate with government agencies and each other.

The Office carries out both financial and non-financial audits. Approximately 20% of the Office's work relates to non-financial audits. Besides training staff to become professional accountants and strategically contracting



expertise for its performance audits, the Office must attract and retain staff with diverse skill sets (e.g., financial, IT, internal control systems, performance management, governance, risk management).

The Office's staff are its most valuable resource because the quality and timeliness of the Office's work depends on their knowledge, skills, and professionalism. The Office must make sure its staff have and maintain the necessary knowledge and skills; it must provide staff with a supportive work environment conducive to facilitating timely and quality work.

The Office measures its success in sustaining an engaged work force that contributes to the Office's success using the following measures:

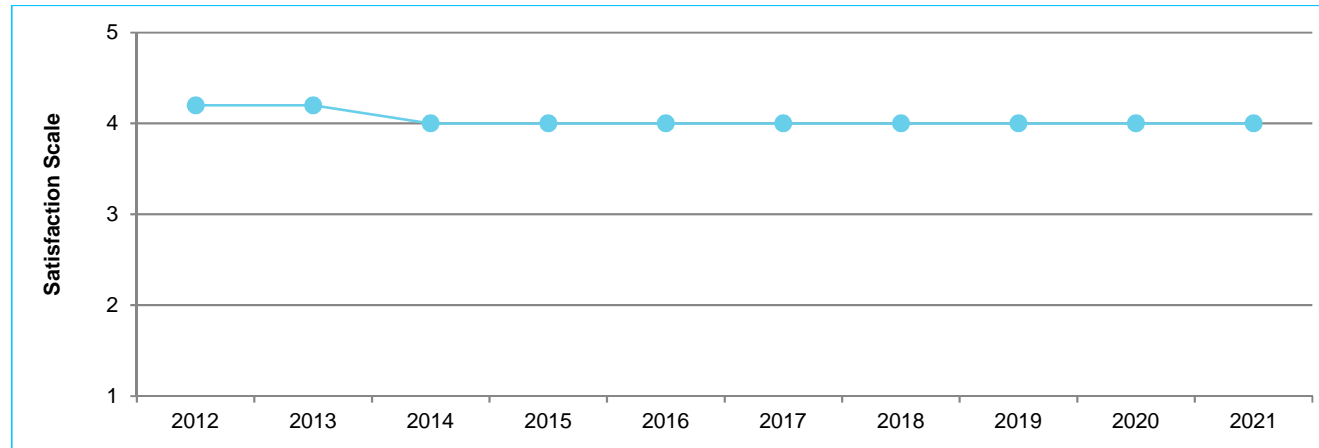
- Employees' satisfaction with their working environment
- Proportion of working hours spent on training

Employees' Satisfaction with their Working Environment

2021 Target: Survey results show a positive level of employee satisfaction with the Office's working environment.

2021 Results: Target met – Employee satisfaction remained positive over the past year. **Exhibit 6—Cumulative Average Response for All Indicators of Employee Satisfaction from 2012 to 2021** shows employee satisfaction remained stable over the last 10 years. In 2021, 86% of staff responded to the Office's employee satisfaction survey (2020: 91%).

Exhibit 6—Cumulative Average Response for All Indicators of Employee Satisfaction from 2012 to 2021



Rationale and description of measure: A good working environment for employees assists with employee productivity and retention. The Office surveys employees on satisfaction each year. The survey gives employees an opportunity to express their level of satisfaction on 11 key indicators of the Office's working environment. The survey uses a rating scale of one through five where five is the most positive response.



Proportion of Working Hours Spent on Training

2021 Target: Time spent on training activities averages a minimum of 7% of available working hours.

2021 Results: Target not met – the Office spent 6% of available working hours on training activities (2020: 6%). See **Schedule of Actual Time Spent on Tasks** for details. During 2021, the COVID-19 pandemic restrictions resulted in less training-related travel time.

Rationale and description of measure: To maintain employee competencies and its status as a training office for legislative auditors, the Office must allocate sufficient resources for training activities. The Office tracks the time each employee spends on training activities in its time and project management system.

Available working hours are the amount of time available after deducting vacation leave, statutory holidays and sick leave.

Goal 3 – Improve the Office’s delivery of reliable audits at a reasonable cost

The Office’s advice, findings, and recommendations must be accurate, fair, timely, and understandable for them to be of value to legislators, the public, and those we audit.

The Office must keep its audit methodology current and aligned with professional standards. In addition, it must implement its methodology efficiently and economically. This includes accepting new ideas and change.

The Office measures its success in improving its delivery of reliable audits at a reasonable cost using the following measures:

- Timely assurance reports to agencies and the Assembly
- Work is completed within planned costs
- External reviews by CPA Saskatchewan practice inspectors, Canadian Council of Legislative Auditors (CCOLA) peer reviewers, and the Office’s external independent auditor do not report any significant deficiencies

Timely Assurance Reports to Agencies and the Assembly

2021 Targets: The Office submits Volume 1 for tabling within the first two weeks of June and Volume 2 within the first two weeks of December. The Office provides at least 75% of its reports to government agencies by agreed upon dates.

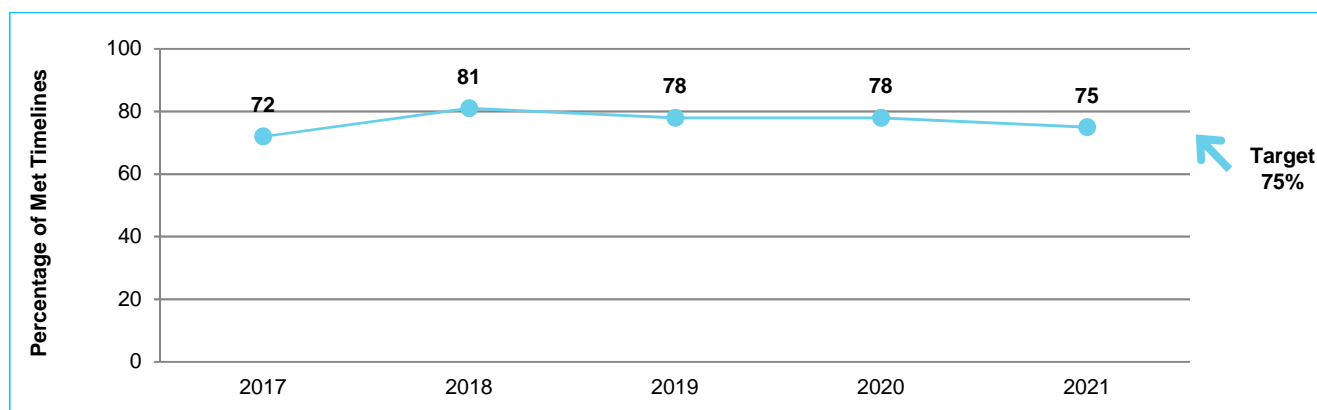
2021 Results: Target not met – The Office tabled its *2020 Report – Volume 1* on June 23, 2020, and *2020 Report – Volume 2* on December 8, 2020. The declaration of the COVID-19 pandemic resulted in the Office delaying the submission of *2020 Report – Volume 1* by two weeks. The Office spent this time modifying work processes to better accommodate the majority of staff working remotely from home, and support auditing virtually as staff of most of the agencies it audits were also working remotely from home.

Target met – The Office provided 75% of its reports to government agencies by the agreed upon dates (2020: 78%). **Exhibit 7— Percentage of Reports Provided to Government Agencies by Agreed Upon Dates from 2017 to 2021** shows the Office provided most reports to government agencies by agreed upon dates. The COVID-19 pandemic adversely impacted, to some extent, the timeliness of the Office’s work. The Office continues to work on improving the timeliness of its issuance of reports (management letters) to agencies even though auditee survey responses reflect agencies are satisfied with the responsiveness of the Office’s work.





**Exhibit 7—Percentage of Reports Provided to Government Agencies
by Agreed Upon Dates from 2017 to 2021**



The Office's independent auditor began auditing this information in 2019. Prior years are unaudited.

Rationale and description of measure: Legislators, the public, and government agencies need timely assurance to have confidence in the Office's findings and recommendations.

The Office regularly schedules the completion of its reports of the results of its work to the Assembly (e.g., Volume 1). The Office reports the results of audits in the report following their completion. Consistent with *The Provincial Auditor Act*, the Office submits its reports to the Speaker for tabling in the Assembly.

The Office compares the timeliness of its reports to government agencies to established planned dates.

The Office establishes deadlines when planning each audit. Audit plans provided to government agencies include planned dates discussed with and agreed upon with agencies. For financial statement audits, they include planned dates consistent with statutory tabling deadlines, and requirements of the Summary Financial Statement audit.

Work is Completed within Planned Costs

2021 Target: The Office completes audits within planned costs as set out in its approved budget.

2021 Results: Target met – The Office substantively completed its work within planned costs as set out in its *2021 Business and Financial Plan*. The footnotes to the **Schedule of Actual Costs to Audit Government Agencies** explain significant differences between planned and actual costs.

Rationale and description of measure: Providing relevant, reliable, and timely products and services at a reasonable cost helps the Office show it uses public resources wisely. The Office tracks the planned and actual costs to carry out each examination in its time and project management system.

The Office's annual *Business and Financial Plan* sets out planned costs to examine government agencies for the year of the Plan. The Office's *Annual Report on Operations* compares the planned to actual costs to examine agencies for that year and explains significant differences, if any.

External Reviews Do Not Report Any Significant Deficiencies

2021 Target: None of the external reviewers reported significant deficiencies on the Office's policies and practices.

2021 Results: Target met

The 2018 CPA Saskatchewan practice inspection of the Office did not identify any reportable deficiencies.

As part of the CCOLA Peer Review Process, the Office of the Auditor General of Alberta's review of two of the Office's financial audit files in February 2020 found the Office's work complied with professional standards.



The external auditor of the Office reached unqualified opinions and had no significant matters to report to the Assembly. The Office's external auditor reports the following:

- The Office's 2020-21 financial statements are reliable, it complied with *The Provincial Auditor Act*, and it had effective financial controls as set out in the **Independent Auditors' Report on the Financial Statements**, the **Independent Auditors' Report on Compliance with Authorities**, and the **Independent Auditors' Report on Effectiveness of Financial-Related Controls**
- The Office's performance information is reliable as set out in the **Independent Auditors' Report on the Schedule of Results for Key Performance Measures**
- There are no significant matters to report to the Assembly as set out in the **Independent Auditors' Report on Significant Matters**

Rationale and description of measure: The following three external reviewers assess the Office's quality of and compliance with policies and practices to provide quality audits.

- CPA Saskatchewan conducts practice inspections of the Office at least once every four years. In its inspections, it determines whether the Office has policies, practices, and procedures in place that would enable it to provide public accounting services in accordance with the standards of the Canadian accounting profession. Positive results are achieved when there are no reportable deficiencies that result in the requirement for re-inspection within one year.
- As a member of CCOLA (Canadian Council of Legislative Auditors), the Office voluntarily participates in the Inter-Jurisdictional Peer Review Process of CCOLA. Every second year, it asks another legislative audit office to review a number of its audit files. This review determines whether the Office's audit work complied with generally accepted auditing standards published by CPA Canada (professional standards). Positive results are achieved when the reviewer reports compliance with the professional standards.
- The Assembly, through *The Provincial Auditor Act*, requires an annual audit of the Office by an auditor who is independent of the Office. It gives this auditor the same audit responsibilities as the Office. Positive results are achieved when the auditor of the office issues unqualified opinions (no significant reportable matters).

Annual audit: Each year, the independent external auditor of the Office provides the Assembly with his/her opinion on the following:

- The reliability of the Office's financial statements
- The Office's compliance with *The Provincial Auditor Act*
- The effectiveness of the Office's financial controls
- The reliability of the Office's key performance indicators

Goal 4 – Increase the Awareness of the Role of the Office

Gaining and keeping the trust of legislators and the public is key to the Office being a credible and trusted advisor to legislators and the public.

The Office must be well positioned to clearly communicate its purpose, its independence, its work, and its accountability. This includes explaining how it manages potential or perceived threats to its independence. Concise and open communications will help ensure legislators, the public, and others have a clear and accurate understanding of its role and responsibilities.

The Office measures its success in increasing awareness of the role of Office using the following measure:

- Public familiarity with the Office

Public Familiarity with the Office

2021 Target: Results from an annual survey of public familiarity with the Office indicate a positive trend over a five-year period (i.e., from 2017 to 2021 for the current reporting period).

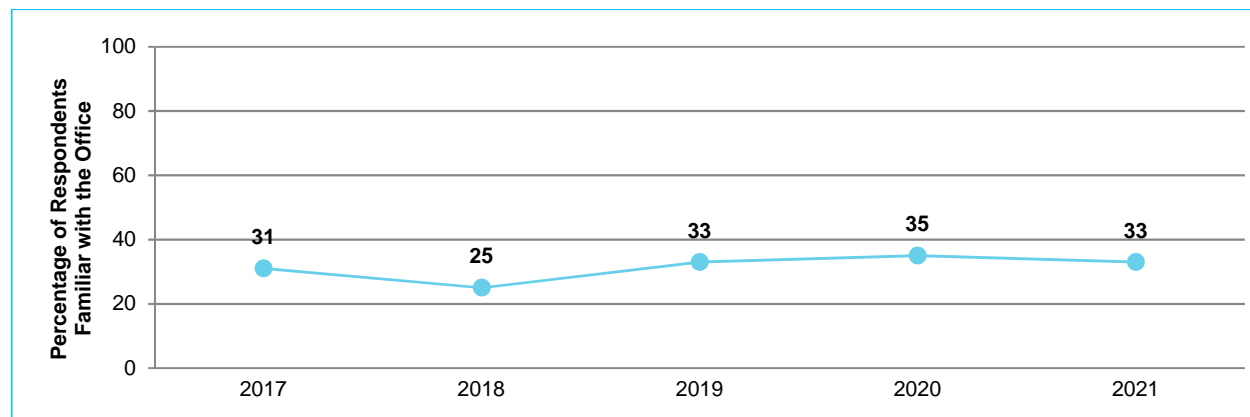




2021 Results: Target not met – The results of the March 2021 survey indicate that 33% of respondents had some familiarity with the Office—a 2% decrease from the prior year (2020: 35%). In 2021, 801 residents of Saskatchewan responded to the online survey question (2020: 801 residents). **Exhibit 8—Public Familiarity with the Office from 2017 to 2021** shows the level of public awareness of the Office has remained relatively consistent since 2019.

In May 2018, the Office initiated a social media presence (Twitter and LinkedIn). The Office is monitoring its impact on the public's familiarity with the Office and its work.

Exhibit 8—Public Familiarity with the Office from 2017 to 2021



Rationale and description of measure: To achieve the Office's vision and mission, it is important that the public is aware of the Office's work and the role of the Provincial Auditor as an independent Officer of the Legislative Assembly.

To measure the public's awareness of the Office, each year, the Office participates in an online Omnibus survey of Saskatchewan residents and tracks its results.

The Omnibus survey asks Saskatchewan residents how familiar they are with the Office of the Provincial Auditor.



Management's Representation on the Schedule of Results for Key Performance Measures and Schedule of Actual Time Spent on Tasks

The Office's management is responsible for the accompanying Schedule of Results for Key Performance Measures and Schedule of Actual Time Spent on Tasks (Schedules). Management prepared the Schedule of Results for Key Performance Measures in accordance with reporting principles as set out in the Schedule. Management prepared the Schedule of Actual Time Spent on Tasks in accordance with accounting principles as set out in the notes to the Schedule.

The Office maintains a comprehensive system of internal controls including an appropriate code of conduct, written policies and procedures, and an organization structure that segregates incompatible duties. It designed its system of controls to provide reasonable assurance that its transactions are recorded and executed in compliance with applicable legislation and authorities, its assets are properly safeguarded, and it maintains reliable statistical records.

Management is also responsible for the integrity of other information included in this *Annual Report on Operations*. The statistical information presented elsewhere in this *Annual Report on Operations* is consistent with that in the Schedules.

Virtus Group LLP audits the Office's Schedule of Results for Key Performance Measures and Schedule of Actual Time Spent on Tasks.

Virtus Group LLP reports to the Legislative Assembly that each of these Schedules are reliable. Each report of Virtus Group LLP states the scope of its audit and opinion. Each of these is included in this *Annual Report on Operations*.

Judy Ferguson, FCPA, FCA
Provincial Auditor

Angèle Borys, CPA, CA, CPHR
Deputy Provincial Auditor and
Chief Operating Officer

June 21, 2021
Regina, Saskatchewan





Independent Auditors' Report on the Schedule of Results for Key Performance Measures

To the Members of the Legislative Assembly of Saskatchewan

We have undertaken a reasonable assurance engagement of the accompanying Schedule of Results for Key Performance Measures (the "Schedule") of the Office of the Provincial Auditor for the year ended March 31, 2021, which is prepared in accordance with reporting principles as set out in the Schedule.

Management's Responsibility

Management is responsible for the preparation and presentation of the Schedule in accordance and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on the Schedule based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3000 *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the Schedule is fairly stated, in all material respects.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material misstatement. Material misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of the users of the report. A reasonable assurance engagement involves performing procedures to obtain evidence about the Schedule. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of material misstatement in the Schedule, whether due to fraud or error, and involves obtaining evidence about the Schedule.

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Independence and Quality Control

We have complied with the ethical requirements of the Chartered Professional Accountants of Saskatchewan *Rules of Professional Conduct*, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply the *Canadian Standard on Quality Control 1* issued by CPA Canada and accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion

In our opinion, the Schedule of Results for Key Performance Measures of the Office of the Provincial Auditor for the year ended March 31, 2021, is fairly stated in all material respects.

Virtus Group LLP

June 21, 2021
Regina, Saskatchewan

Chartered Professional Accountants



OFFICE OF THE PROVINCIAL AUDITOR SCHEDULE OF RESULTS FOR KEY PERFORMANCE MEASURES

For the Year Ended March 31, 2021

The Office uses performance measures and targets to measure its progress towards achieving its strategic goals and priorities. The following sets out the 2021 Results as compared to targets for each measure. Measures are grouped under the related goal as set out in the *2017–2021 Strategic Plan*.

The Office prepared this performance information in accordance with the following reporting principles:

- The performance information is relevant. It is related to stated strategic goals and performance targets and enables an assessment of our progress towards achieving the goals and targets. It shows how the Office achieved the results and how it measured its progress in achieving its performance targets.
- The performance information is reliable. It is based on data that is accurate, complete, and available over a long period of time and at a reasonable cost. It is derived from data that is fair and unbiased and capable of being replicated by independent and knowledgeable observers.
- The performance information is understandable. It provides the level of detail needed to enable a proper understanding of performance and is limited to a key set of performance measures that are comparable over time and aggregated at appropriate and meaningful levels.

<i>Strategic Goals and Priorities</i>	<i>Performance Measures and Targets</i>	<i>2021 Actual Results</i>
Demonstrate focus on the most relevant audit areas Priorities <ul style="list-style-type: none"> – Seek input from key stakeholder groups to identify areas of focus – Streamline processes to determine areas of focus – Communicate multi-year work plan with key stakeholders 	The Standing Committees on Public Accounts and Crown and Central Agencies accept 90% of our recommendations	Target met 100% (2020 – 100%)
	The results are based on recommendations considered by each Standing Committee during their meetings over the last five-year period (e.g., for 2021 – April 2016 to March 2021)	
	Government acts on 85% of the Office's recommendations	Target met
	Results for Type 1 recommendations are based on all recommendations that are more than one year old and do not involve major changes made in a five-year period (e.g., for 2021 – April 2016 to March 2021)	Type 1 – 89% (2020 – 94%)
	Results for Type 2 recommendations are based on all recommendations that are more than five years old and involve major changes made in a 10-year period (e.g., for 2021 – April 2011 to March 2021)	Type 2 – 99% (2020 – 98%)



Strategic Goals and Priorities	Performance Measures and Targets	2021 Actual Results
Demonstrate focus on the most relevant audit areas (continued)	<p>Auditees' post-audit feedback acknowledges value and satisfaction with our work</p> <p>Results are based on the responses to surveys sent to agencies during a five-year period (e.g., for 2021 – April 2016 to March 2021)</p>	<p>Target met</p> <p>Agencies value, and are satisfied with the Office's work</p> <p>72% of agencies responded to 243 surveys sent</p> <p>(2020 – Agencies value, and are satisfied with the Office's work. 63% of agencies responded to 262 surveys sent)</p>
Sustain an engaged work force that contributes to the Office's success Priorities <ul style="list-style-type: none"> – Support leadership development – Enhance strategies to recruit/retain staff – Equip staff to effectively manage change 	<p>Results of annual staff survey indicate a positive level of satisfaction with the Office's working environment</p> <p>Employees, through an annual survey, are asked to express their level of satisfaction with 11 key indicators of the Office's working environment</p> <p>Training in the Office averages a minimum percentage of 7% of available working hours</p>	<p>Target met</p> <p>Employees are satisfied</p> <p>86% of staff responded to the survey</p> <p>(2020 – Employees are satisfied. 91% of staff responded to the survey)</p> <p>Target not met</p> <p>6%</p> <p>During 2021, the COVID-19 pandemic restrictions resulted in more training being available virtually and reduced time travelling. Staff continue to access specialized training available via webinar. Refer to Schedule of Actual Time Spent on Tasks</p> <p>(2020 – 6%)</p>
Improve our delivery of reliable audits at a reasonable cost Priorities <ul style="list-style-type: none"> – Continuously improve our work – Meet professional standards – Deploy resources based on reasonable budgets and deadlines 	<p>The Office provides assurance within agreed upon timelines</p> <ul style="list-style-type: none"> ➤ Submits Volume 1 within first two weeks of June and Volume 2 within first two weeks of December ➤ Provides at least 75% of reports to Government agencies by agreed upon dates <p>Results are based on whether the Office provided planned reports (e.g., management letters) to government agencies by agreed upon dates</p>	<p>Target not met</p> <p><i>2020 Report – Volume 1</i> tabled June 23, 2020, and <i>2020 Report – Volume 2</i> tabled December 8, 2020</p> <p>The Office delayed the submission of <i>2020 Report – Volume 1</i> by two weeks given the declaration of the COVID-19 pandemic, and related restrictions. During this time, it modified work processes to better accommodate staff remotely from home and doing audits virtually.</p> <p>Target met</p> <p>75%</p> <p>(2020 – 78%)</p>



—Audited—

Strategic Goals and Priorities	Performance Measures and Targets	2021 Actual Results
Improve our delivery of reliable audits at a reasonable cost (continued)	Office completes audits within planned costs as set out in its approved budget	<p>Target met</p> <p>Most audits completed within planned costs as set out in the 2021 approved budget. Refer to Schedule of Actual Costs to Audit Government Agencies</p> <p>(2020 – Completed within planned costs)</p>
	<p>External reviewers (i.e., CPA Saskatchewan practice inspectors, Canadian Council of Legislative Auditors (CCOLA) peer reviewers, and the Office's external independent auditor on the work of the Office) do not report any significant deficiencies on the Office's policies and practices</p> <p>CPA Saskatchewan periodically inspects the Office's practice for compliance with professional standards</p> <p>The Office participates in the CCOLA Inter-Jurisdictional Peer Review Process every second year</p> <p>The external auditor of the Office provides audit opinions on the Office's:</p> <ul style="list-style-type: none"> ➤ Financial statements ➤ Schedule of Actual Costs to Audit Government Agencies ➤ Schedule of Actual Time Spent on Tasks ➤ Schedule of Results for Key Performance Measures ➤ Effectiveness of its financial controls to safeguard public resources ➤ Compliance with authorities 	<p>Target met</p> <p>None of the external reviewers reported significant deficiencies</p> <p>The 2018 CPA Saskatchewan practice inspection did not identify any reportable deficiencies</p> <p>The February 2020 CCOLA peer review reported that the Office's work complied with professional assurance standards</p> <p>The Office's external auditor issued an unqualified opinion for each of the areas listed</p> <p>(2020 – no significant deficiencies reported)</p>
Increase the awareness of the role of the Office Priorities <ul style="list-style-type: none"> – Educate the legislators, public, and public sector agencies about the work we do – Enhance accessibility to the work we do 	<p>Results of annual survey of public familiarity with the Office indicate a positive trend over a five-year period</p> <p>Each year, the Office participates in an online Omnibus survey of Saskatchewan residents that asks how familiar they are with the Office of the Provincial Auditor</p>	<p>Target not met</p> <p>A decreased percentage of respondents expressed familiarity with the Office</p> <p>33% of 801 respondents were somewhat or very familiar with the Office</p> <p>(2020 – 35%, 801 respondents) (2019 – 33%, 800 respondents) (2018 – 25%, 804 respondents) (2017 – 31%, 801 respondents)</p>





Independent Auditors' Report on the Schedule of Actual Time Spent on Tasks

To the Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the accompanying Schedule of Actual Time Spent on Tasks of the Office of the Provincial Auditor for the year ended March 31, 2021, which is prepared in accordance with the accounting principles as set out in the notes to the statistical information.

In our opinion, the accompanying Schedule presents fairly, in all material respects, the actual time spent on tasks of the Office of the Provincial Auditor for the year ended March 31, 2021, in accordance with the accounting principles set out in the notes to the schedule of statistical information.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statistical Information* section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the statistical information in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with the Governance for the Statistical Information

Management is responsible for the preparation and fair presentation of this statistical information in accordance with the accounting principles set out in the notes to the schedule, and for such internal control as management determines is necessary to enable the preparation of statistical information that is free from misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Office's reporting process.

Auditor's Responsibilities for the Audit of the Statistical Information

Our objectives are to obtain reasonable assurance about whether the statistical information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statistical information.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statistical information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure, and content of the statistical information, including the disclosures, and whether the statistical information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Virtus Group LLP

June 21, 2021

Regina, Saskatchewan

Chartered Professional Accountants



OFFICE OF THE PROVINCIAL AUDITOR SCHEDULE OF ACTUAL TIME SPENT ON TASKS

For the Year Ended March 31

<i>Employee time</i>	Actual			Planned	
	2019	2020	2021	2021	2022
Working hours	86%	85%	85%	85%	85%
Vacation leave and statutory holidays ¹	12%	13%	13%	13%	13%
Sick leave	2%	2%	2%	2%	2%
Total paid hours	100%	100%	100%	100%	100%
 <i>Working hours tasks</i>					
Audits	71%	72% ³	72% ⁴	70%	70%
Support services	11%	11%	10%	11%	11%
Office administration	11%	11%	12%	12%	12%
Training	7%	6% ³	6% ⁴	7%	7%
Total work hours	100%	100%	100%	100%	100%
 Total full-time equivalent positions ²	 61	 61	 63 ⁵	 62	 62

(See accompanying notes)

Explanations of statistical differences in the use of employee time.

- ¹ The Office provides vacation leave and statutory holidays similar to those provided to employees in the public service. Periodically, there is one more statutory holiday (Good Friday) in the period or one less (i.e., 2019).
- ² Includes employees and contracted assistance.
- ³ During 2020, some management and specialized training was deferred to meet audit deadlines. In addition, some specialized training was available via webinar or in Saskatchewan thereby decreasing travel time.
- ⁴ Training-related travel time was reduced due to COVID-19 pandemic restrictions resulting in more time spent on audits.
- ⁵ This represents 62 full-time equivalent employees and 1 full-time equivalent contracted assistance.





OFFICE OF THE PROVINCIAL AUDITOR NOTES TO THE SCHEDULE OF ACTUAL TIME SPENT ON TASKS

For the Year Ended March 31, 2021

1. Purpose

This schedule shows work tasks and the percentage of time spent on these tasks. The schedule shows actual percentages for the years ended March 31, 2019 to March 31, 2021, and planned percentages for these tasks for the years ended March 31, 2021 and 2022.

2. Definitions

Working Hours – This is the time available after deducting vacation leave, statutory holidays, and sick leave.

Vacation Leave and Statutory Holidays – Vacation leave is based on years of service. Employees also receive paid provincial statutory holidays similar to those provided in the public service.

Sick Leave – Sick leave is based on approved leave taken prior to being eligible for long-term disability benefits.

Total Paid Hours – This is the total of working hours, vacation leave, statutory holidays, and sick leave. Employees must work a minimum of 1950 hours per year to receive full pay.

Audit Hours – This is the time spent on the audits set out in the **Schedule of Actual Costs to Audit Government Agencies**. Audit hours do not include the time spent on support services, office administration, and training.

Support Services – This is the time spent on accounting, IT network maintenance and support, and other administrative support.

Office Administration – This is time spent on human resource activities, internal committees and working groups, office-wide and division planning activities, and time that does not fall within any other working hours task category.

Training – This is time spent on staff development, courses, and seminars. The time includes both employee attendance time and instructor time when employees instruct courses.

Full-Time Equivalent Positions – Total paid hours divided by 1950 hours.

3. Time Allocation Policies

Employees and contract staff are required to record actual time spent on each task to the nearest quarter hour. Staff supervisors approve all time recorded. The Office uses the staff time information to pay employees and contract staff, and monitor productivity. The Office also uses this information to determine and monitor the costs to audit government agencies.

4. Planned Time

The percentages of planned time set out in the Schedule are those presented to the Standing Committee on Public Accounts in the **Schedule of Planned Time Spent on Tasks** in the Office's *Business and Financial Plans* for the related fiscal year.



Financial Performance





Financial Discussion and Analysis

Introduction

The following financial discussion and analysis should be read with our audited **Financial Statements** and our audited **Schedule of Actual Costs to Audit Government Agencies**.

The financial discussion and analysis provides reasons for significant differences between our actual expenses as compared to budget and to the prior year. Our audited schedule of actual costs to audit government agencies compares our actual to planned costs, and provides reasons for key differences.

	Difference Between 2021 Actual and 2021 Budget	Difference Between 2021 Actual and 2020 Actual
Operating Expense	(000's)	
Salaries	\$ 277	\$ 405
Employee benefits	118	134
Facilities and equipment	(33)	(15)
Administration	(157)	(115)
Agent and advisory services	(207)	(158)
Training and development	(58)	(57)
Total operating expense	\$ (60)	\$ 194

Comparison of 2021 Results to Planned (Budget)

Total 2021 revenue of \$8,745 thousand was \$16 thousand less than planned because of less Other revenue. Planned 2021 revenue included the Legislative Assembly approved an appropriation (vote 28) for the Office of \$8,208 thousand and a contingency appropriation of \$537 thousand, and other revenue of \$16 thousand. Other revenue is typically small and includes bank interest.

Total 2021 operating expenses of \$8,149 thousand were \$60 thousand less than planned as set out our 2021 *Business and Financial Plan* (Plan). The key reasons for the difference are as follows:

- **Increase in salaries of \$277 thousand** – Primarily due to the impact of economic adjustments of 1.0% effective April 1, 2019 and 1.3% effective April 1, 2020 made to salaries in line with those provided to public servants (totalling 2.3%). The 2021 planned expenses did not include these costs as the Government announced these changes subsequent to the preparation of our 2021 budget. *The Provincial Auditor Act* gives the Office's employees access to similar benefits as those available to public servants. In addition, staff turnover was lower than anticipated during the year. Actual 2021 salaried FTE positions was 62 as compared to budgeted 60 FTEs.
- **Increase in employee benefits of \$118 thousand** – Due to increased salary-based benefit premiums resulting from the increase in salaries as noted, and a 1% increase to the employer pension plan rate effective April 1, 2020. The Government announced these increases subsequent to the preparation of our 2021 budget.
- **Decrease in facilities and equipment of \$33 thousand** – Due to less maintenance required and less IT equipment purchased than anticipated.



- **Decrease in administration of \$157 thousand** – Due to lower audit travel costs than anticipated due to COVID-19 restrictions and savings associated with the Provincial Auditor's decision to not lease a vehicle.
- **Decrease in agent and advisory services of \$207 thousand** – Mainly due to reduced need for use of contract staff resulting from lower than anticipated staff turnover.
- **Decrease in training and development of \$58 thousand** – Mainly due to reduced travel costs for attending conferences and increased availability of on-line training resulting from COVID-19 restrictions, and lower registration fees for courses and webinars than anticipated.

Comparison of 2021 Results to Prior Year

Total 2021 operating expenses of \$8,149 thousand were \$194 thousand more than the prior year. The key reasons for the difference are as follows:

- **Increase in salaries of \$405 thousand** – Mainly due to the 1.3% economic adjustment effective April 1, 2020 and lower staff turnover compared to prior year. Actual 2021 salaried positions was 62 as compared to 59 in 2020.
- **Increase in employee benefits of \$134 thousand** – Mainly due to the increase in salary-based benefit premiums as noted above.
- **Decrease in administration of \$115 thousand** – Due to lower audit travel costs compared to prior year due to COVID-19 restrictions.
- **Decrease in agent and advisory of \$158 thousand** – Mainly due to reduced need for use of contract staff in 2021 resulting from lower staff turnover than in 2020.
- **Decrease in training and development of \$57 thousand** – Mainly due to decreased travel costs for training events as noted above. In addition, in 2020, the Office provided a new audit course for staff that was not held again in 2021.

The transfer to the General Revenue Fund of \$572 thousand includes the return of unused appropriations and other revenue as required by *The Provincial Auditor Act*.

Comparison of 2021 Costs to Audit Government Agencies to Planned

The Office's costs to audit government agencies is directly influenced by the types and amounts of revenues and expenses of the Government, the number of government agencies, the quality of the Government's and its agencies' records, the co-operation the Office receives, and the nature and extent of changes in professional standards.

In 2021, the Office was involved in the audits of 267 agencies for a total cost of \$8,079 thousand as compared to planned costs of \$8,208 thousand. As noted in the audited **Schedule of Actual Costs to Audit Government Agencies**, the Office completed most 2021 audits within the planned costs as set out in its *2021 Business and Financial Plan*. Footnotes to the Schedule explain differences between 2021 actual costs and planned costs greater than \$75 thousand.

List of Payees

Consistent with the Legislative Assembly's expectation that all government agencies provide a list of persons who received money, the **Additional Information** section of this Report includes a list of persons who provided goods and services over \$50 thousand to the Office.



Management's Responsibility for the Financial Statements and Schedule of Actual Costs to Audit Government Agencies

The Office's management is responsible for the accompanying financial statements and Schedule of Actual Costs to Audit Government Agencies. Management prepared the financial statements in accordance with Canadian public sector accounting standards issued by the Public Sector Accounting Board, and the Schedule of Actual Costs to Audit Government Agencies in accordance with accounting principles as set out in the notes to the Schedule.

The Office maintains a comprehensive system of internal controls including an appropriate code of conduct, written policies and procedures, and an organizational structure that segregates incompatible duties. It designed its system of controls to provide reasonable assurance that its transactions are recorded and executed in compliance with applicable legislation and authorities, its assets are properly safeguarded, and it maintains reliable financial records.

Management is also responsible for the integrity of other information included in this *Annual Report on Operations*. The financial information presented elsewhere in this *Annual Report on Operations* is consistent with that in the financial statements and the schedule of financial information.

Virtus Group LLP audits the Office's financial statements and Schedule of Actual Costs to Audit Government Agencies. Virtus Group LLP also audits the effectiveness of the Office's controls over safeguarding public resources, and its compliance with applicable legislative authorities.

Virtus Group LLP reports to the Legislative Assembly that the Office's financial statements and Schedule of Actual Costs to Audit Government Agencies are both reliable, the Office's financial-related controls are functioning effectively, and the Office complied with applicable legislative authorities. Each report of Virtus Group LLP states the scope of its audit and opinion. Each of these is included in this *Annual Report on Operations*.

Judy Ferguson, FCPA, FCA
Provincial Auditor

Angèle Borys, CPA, CA, CPHR
Deputy Provincial Auditor and
Chief Operating Officer

June 21, 2021
Regina, Saskatchewan



Independent Auditors' Report on the Financial Statements

To the Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Office of the Provincial Auditor, which comprise the statement of financial position as at March 31, 2021, and the statements of operations, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Office of the Provincial Auditor as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.





Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Virtus Group LLP

June 21, 2021
Regina, Saskatchewan

Chartered Professional Accountants



› **Statement 1**

**OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF FINANCIAL POSITION**

As at March 31
(thousands of dollars)

	2021	2020
<i>Financial Assets</i>		
Cash (Note 3)	\$ 698	\$ 876
Accounts receivable	9	7
	707	883
<i>Liabilities</i>		
Accounts payable	50	52
Accrued vacation pay	85	81
Due to the General Revenue Fund	572	750
	707	883
Net debt	-	-
<i>Non-Financial Assets</i>		
Tangible capital assets (Note 4)	35	35
Prepaid expenses	97	73
	132	108
Accumulated surplus	\$ 132	\$ 108

(See accompanying notes)





» **Statement 2**

**OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF OPERATIONS**

**For the Year Ended March 31
(thousands of dollars)**

	2021		2020
	Budget (Note 5)	Actual	Actual
Revenue			
General Revenue Fund			
Appropriation	\$ 8,208	\$ 8,213	\$ 8,154
Contingency Appropriation	537	532	531
Other	16	-	17
Total revenue	8,761	8,745	8,702
Expense			
Salaries	5,459	5,736	5,331
Employee benefits (Note 6)	984	1,102	968
Facilities and equipment	769	736	751
Administration	419	262	377
Agent and advisory services	408	201	359
Training and development	170	112	169
Total operating expense	8,209	8,149	7,955
Transfer to General Revenue Fund (Note 7)	553	572	766
Total expense	8,762	8,721	8,721
Annual surplus (deficit)	\$ (1)	24	(19)
Accumulated surplus, beginning of year		108	127
Accumulated surplus, end of year		\$ 132	\$ 108

(See accompanying notes)



» **Statement 3**

**OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF CHANGE IN NET DEBT**

**For the Year Ended March 31
(thousands of dollars)**

	2021		2020
	Budget	Actual	Actual
Annual surplus (deficit)	\$ (1)	\$ 24	\$ (19)
Acquisition of tangible capital assets	(28)	(14)	(30)
Amortization of tangible capital assets	29	14	33
	1	-	3
Acquisition of prepaid expenses	-	(97)	(73)
Use of prepaid expenses	-	73	89
	-	(24)	16
(Increase) decrease in net debt	-	-	-
Net debt, beginning of year	-	-	-
Net debt, end of year	\$ -	\$ -	\$ -

(See accompanying notes)





» **Statement 4**

**OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF CASH FLOWS**

**For the Year Ended March 31
(thousands of dollars)**

	2021	2020
<i>Operating Activities</i>		
Cash received from:		
General Revenue Fund		
Appropriation	\$ 8,213	\$ 8,154
Contingency appropriation	532	531
Other	1	17
	8,746	8,702
Cash paid for:		
Salaries	5,738	5,330
Supplies and other	3,172	3,422
	8,910	8,752
Cash provided by (used in) operating activities	(164)	(50)
<i>Capital Activities</i>		
Cash used to acquire tangible capital assets	(14)	(30)
Cash used in capital activities	(14)	(30)
Increase (decrease) in cash	(178)	(80)
Cash, beginning of year	876	956
Cash, end of year (Note 3)	\$ 698	\$ 876

(See accompanying notes)



OFFICE OF THE PROVINCIAL AUDITOR NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

1. General Information

The Provincial Auditor Act establishes the Office of the Provincial Auditor as part of the Legislative Branch of Government independent of the Executive Branch of the Government of Saskatchewan. The Office:

- Examines the administration of government programs and activities carried out by government ministries, health and education institutions, commissions, boards, and Crown corporations (e.g., the Executive Branch)
- Reports the results of examinations to the Legislative Assembly and the public
- Helps the Standing Committees on Public Accounts and Crown and Central Agencies in their review of the Provincial Auditor's reports, the Public Accounts, and other reports

2. Summary of Accounting Policies

The Office uses Canadian public sector accounting standards to prepare its financial statements. A statement of remeasurement gains and losses has not been presented in these financial statements because all financial instruments are measured at amortized cost. The following accounting policies are considered to be significant.

(a) Revenue

The appropriations from the General Revenue Fund are recorded when authorized by the Legislative Assembly.

Other revenue consists of bank interest that is recorded when earned.

(b) Transfer to General Revenue Fund

The Provincial Auditor Act requires that all other revenue received by the Office be deposited to the General Revenue Fund. The Act also requires the Office return any unspent appropriations, as determined using the expenditure basis of accounting, to the General Revenue Fund.

(c) Tangible Capital Assets

Tangible capital assets are reported at cost less accumulated amortization. Amortization is recorded on a straight-line basis at rates based on estimated useful lives of the tangible capital assets as follows:

Computer hardware	3 years
Computer software	3 years
Furniture (desks, file cabinets)	10 years
Other furniture	5 years
Other equipment	3 years





(d) Financial Instruments

The Office's financial instruments include accounts receivable, accounts payable, accrued vacation pay, and due to the General Revenue Fund. All financial instruments are carried at amortized cost, which approximates fair value due to their immediate or short-term maturity. These instruments have no significant exposure to interest rate, credit, or liquidity risks.

3. Cash

Cash consists of interest-bearing money on deposit with the bank. The interest rate was 0% during the year (2020: 0% to 1.45%).

4. Tangible Capital Assets

The recognition and measurement of tangible capital assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Office.

	2021 (000's)			2020 (000's)
	Hardware & Software	Furniture & Equipment	Total	Total
Opening costs	\$ 512	\$ 375	\$ 887	\$ 860
Additions during the year	6	8	14	30
Disposals during the year	(31)	(1)	(32)	(3)
Closing cost	487	382	869	887
Opening accumulated amortization	502	350	852	822
Annual amortization	4	10	14	33
Disposals	(31)	(1)	(32)	(3)
Closing accumulated amortization	475	359	834	852
Net book value	\$ 12	\$ 23	\$ 35	\$ 35

Annual amortization is included in facilities and equipment expense in the Statement of Operations.

5. Budget

The budget shown in the Statement of Operations is presented using the expense basis of accounting.

Under *The Provincial Auditor Act*, the Standing Committee on Public Accounts is charged with the review and approval of the Office's funding request (appropriation and contingency appropriation).



On December 4, 2019, the Standing Committee on Public Accounts approved the Office's funding request of \$8,745 thousand that was prepared using the expenditure basis of accounting.

The 2021 Budget and Actual using the expenditure basis of accounting are as follows:

	2021 (000's)	
	Budget	Actual
Revenue		
General Revenue Fund		
Appropriation	\$ 8,208	\$ 8,213
Contingency Appropriation	537	532
Other	16	-
Total revenue	8,761	8,745
Expenditure		
Salaries	5,459	5,736
Employee benefits	984	1,094
Facilities and equipment	768	775
Administration	419	263
Agent and advisory services	408	201
Training and development	170	104
Total operating expenditure	8,208	8,173
Transfer to General Revenue Fund (Note 7)	553	572
Total expenditure	8,761	8,745
Excess of revenue over expenditure	\$ -	\$ -

6. Employee Future Benefits

The Office participates in a defined contribution pension plan: *The Public Employees Pension Plan*. The Office's financial obligation to the plan is limited to contributions of 8.6% of employees' salaries for current service. The Office's annual pension expense for 2021 of \$495 thousand (2020: \$407 thousand) is included in employee benefits.

The Office also participates in *The Public Employees Disability Income Plan*. The Office's financial obligation to the plan is limited to contributions of 2.14% of employees' salaries for current service. The Office's annual expense for 2021 of \$118 thousand (2020: \$107 thousand) is included in employee benefits.



7. Transfer to General Revenue Fund

The \$572 thousand transfer (2020: \$766 thousand) includes the Office's unspent appropriations of \$572 thousand and other revenue (i.e., bank interest). In 2021, no other revenue was earned.

8. Contractual Obligations

In 2011–12, the Office entered into a 10-year lease commencing April 1, 2012, for its accommodations. Annual lease payments are \$488 thousand before escalation adjustments.

For the following fiscal years, the Office is also committed to make future annual payments for operating leases of:

2022	\$ 62 thousand
2023	\$ 41 thousand
2024	\$ 6 thousand



Independent Auditors' Report on the Schedule of Actual Costs to Audit Government Agencies

To the Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the accompanying Schedule of Actual Costs to Audit Government Agencies of the Office of the Provincial Auditor for the period as described in Note 1, which is prepared in accordance with accounting principles as set out in the notes to the schedule of financial information.

In our opinion, the accompanying Schedule presents fairly, in all material respects, the actual costs to audit government agencies of the Office of the Provincial Auditor for the period described in Note 1, in accordance with the accounting principles set out in the notes to the schedule of financial information.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Information* section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Information

Management is responsible for the preparation and fair presentation of the financial information in accordance with accounting principles set out in the notes to the schedule, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Office's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Virtus Group LLP

June 21, 2021

Regina, Saskatchewan

Chartered Professional Accountants





OFFICE OF THE PROVINCIAL AUDITOR

SCHEDULE OF ACTUAL COSTS TO AUDIT GOVERNMENT AGENCIES

For the Year Ended March 31
(thousands of dollars)

Government Sector/Agency

	2021			2020	
	Planned Costs		Actual Costs		Actual Costs
Advanced Education	\$ 837		\$ 740	¹	\$ 818
Agriculture	245		268		192
Corrections, Policing and Public Safety	253		284		141
Education	663		485	²	604
Energy and Resources	178		175		241
Environment	221		232		325
Executive Council	16		19		23
Finance	931		858		812
Government Relations	205		177		267
Health	1,392		1,125	³	1,308
Highways	185		262	⁴	149
Immigration and Career Training	168		172		163
Justice and Attorney General	447		486		527
Labour Relations and Workplace Safety	21		32		37
Legislative Assembly	114		123		132
Parks, Culture and Sport	298		336		382
Public Service Commission	85		99		82
Saskatchewan Liquor and Gaming Authority	322		285		227
SaskBuilds and Procurement	275		205		199
Social Services	232		253		235
Trade and Export Development	19		19		18
Workers' Compensation Board	30		27		29
Crown Investments Corporation of Saskatchewan	55		41		53
Saskatchewan Gaming Corporation	15		11		18
Saskatchewan Government Insurance	84		69		74
Saskatchewan Opportunities Corporation	11		5		6
Saskatchewan Power Corporation	71		53		174
Saskatchewan Telecommunications Holding Corporation	62		56		44
Saskatchewan Transportation Company	-		-		6



**For the Year Ended March 31
(thousands of dollars)**

Government Sector/Agency

	2021			2020		
	Planned Costs		Actual Costs		Actual Costs	
Saskatchewan Water Corporation	14		7		26	
SaskEnergy Incorporated	42		28		155	
Government-Wide and Sectoral Work	273		122	⁵	116	
Legislative Committees and Public Reports	444		408		391	
	\$ 8,208		\$ 7,462		\$ 7,974	
Estimated costs to complete audits not complete at March 31, 2021 (Note 3)	-		617		-	
TOTAL COSTS (Note 4)	\$ 8,208		\$ 8,079		\$ 7,974	

(See accompanying notes)

Explanation of differences between 2021 actual costs and planned costs greater than \$75 thousand (in thousands of dollars):

- ¹ **Advanced Education** – In 2021, the Office's actual costs to March 31 combined with estimated costs to complete of \$50 were \$47 less than planned primarily because of less travel than planned due to COVID-19 pandemic restrictions.
- ² **Education** – In 2021, the Office's actual costs to March 31 combined with estimated costs to complete of \$96 were \$82 less than planned because of fewer significant issues related to accounting standards requiring research, staffing continuity, and less travel than planned due to COVID-19 pandemic restrictions for school divisions.
- ³ **Health** – In 2021, the Office's actual costs to March 31 combined with estimated costs to complete of \$215 were \$52 less than planned because of the delay in the implementation of a centralized accounting system and staffing efficiencies related to the Saskatchewan Health Authority audit. These savings were somewhat offset by increased costs to audit Saskatchewan Cancer Agency's colorectal screening processes and the Ministry's critical incident reporting processes.
- ⁴ **Highways** – In 2021, the Office's actual costs were \$77 more than planned. In 2021, the Office audited the Ministry's process to select contractors for roadworks instead of its winter maintenance of highways; this audit was larger and took more time than expected to complete. In addition, the annual audit of the Ministry took additional time due to significant internal control weaknesses (e.g., purchasing firearms, ammunition).
- ⁵ **Government-Wide and Sectoral Work** – In 2021, the Office's actual costs to March 31 combined with estimated costs to complete of \$97 were \$54 less than planned because of fewer complex matters requiring research than originally anticipated.





OFFICE OF THE PROVINCIAL AUDITOR

NOTES TO THE SCHEDULE OF ACTUAL COSTS TO AUDIT GOVERNMENT AGENCIES

For the Year Ended March 31, 2021

1. Purpose

This schedule shows the Office's actual costs incurred up to March 31, 2021, and estimated costs to complete the audits of the various Government agencies as compared to the prior year. The results of the Office's 2021 work is reported in its *2020 Report – Volume 2* and *2021 Report – Volume 1* reports tabled in the Legislative Assembly and available on the Office's website. Also, each year, the Office sets out its Annual Work Plan in its *Business and Financial Plan – Schedule of Planned Costs to Audit Government Agencies* (Annual Work Plan).

2. Cost Allocation Policies

Government agencies have various fiscal year-ends (e.g., March 31, June 30, August 31, and December 31). Due to the nature of auditing, audit activity related to an agency occurs before and after its fiscal year-end. As such, while most do, not all audits start and finish within the Office's fiscal year. As a result, the Office's total annual operating expenditure is allocated to pay for portions of more than one Annual Work Plan.

Total Operating Expenditure is the total operating expenditure as reported in the audited financial statements for the related fiscal year. It reflects total costs incurred to March 31 in that fiscal year.

Each year, the Office allocates its total operating expenditure to the audit categories set out in its Annual Work Plan. It uses hours reported for each audit in approved employee time sheets as the basis of its allocation. It applies direct costs to their relevant audit agency and year. It determines cost-per-hour based on employees' pay and benefits and a portion of other costs (e.g., facilities and equipment, administration, training and development) allocated based on the planned time spent on audits (audit hours). Cost-per-hour is adjusted periodically to reflect changing employee and office-wide circumstances.

Planned costs for 2021 were originally presented to the Standing Committee on Public Accounts in the *2021 Business and Financial Plan*. As a result of the ministry reorganization in November 2020 and changes to ministerial responsibilities, we reclassified our actual and planned work plan costs to reflect the new structure.

Actual Costs per government agency shown on the schedule are the sum of actual direct costs related to relevant audits plus the product of actual time (hours) spent by employees multiplied by cost-per-hour.

3. Additional Cost Information

At March 31, 2021, the Office estimated total costs to complete its 2021 Annual Work Plan would be \$8,079 thousand. The estimated total costs includes \$617 thousand to complete audits not done at March 31. At March 31, 2021, the 2020 Annual Work Plan was complete.



Actual		
	2021	2020
Average Cost-Per-Hour	\$ 107.36	\$ 106.42
Direct Costs (in thousands)	\$ 56	\$ 165

Average cost-per-hour is the total operating expenditure for the year less direct costs divided by total hours for all employees for the year. Direct costs are costs other than salaries that are directly related to specific audits (e.g., travel).

4. Source of Funds

The following provides the amount of operating expenditure by fiscal year used to pay for auditing government agencies.

Fiscal Year Costs Incurred	2021 Actual Costs	2020 Actual Costs
	(000's)	
2022 (estimate)	\$ 617	\$ -
2021	5,544	543
2020	1,918	5,666
2019	-	1,765
Total Actual Costs to Audit Government Agencies	\$ 8,079	\$ 7,974





Independent Auditors' Report on Effectiveness of Financial-Related Controls

To the Members of the Legislative Assembly of Saskatchewan

We have undertaken a reasonable assurance engagement of the Office of the Provincial Auditor's operating effectiveness of internal controls as of March 31, 2021, to express an opinion as to the effectiveness of its internal controls related to the following objectives.

- To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial statements.
- To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

CPA Canada defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

The Office of the Provincial Auditor's management is responsible for effective internal controls related to the objectives described above. Our responsibility is to express an opinion on the effectiveness of internal controls, based on our audit.

We used the control framework included in COSO's *Internal Control-Integrated Framework* to make our judgments about the effectiveness of the Office of the Provincial Auditor's internal controls. We did not audit certain aspects of internal controls concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

We conducted our reasonable assurance engagement in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001, *Direct Engagements*. This standard requires that we plan and perform this engagement to obtain reasonable assurance as to the effectiveness of the Office of the Provincial Auditor's internal controls related to the objectives stated above. The nature, timing and extent of procedures performed depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error, and involves obtaining evidence about the effectiveness of internal controls. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks, and examining, on a test basis, evidence relating to control.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material misstatement when it exists.

Our audit on the effectiveness of the Office of the Provincial Auditor's internal controls related to the above objectives does not constitute an audit of internal control over financial reporting performed in conjunction with an audit of financial statements in *CPA Canada Handbook – Assurance* Section 5925 *An Audit of Internal Control over Financial Reporting that is Integrated with an Audit of Financial Statements*.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgment in decision-making, human error, collusion to circumvent control activities and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance and not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, subject to the limitations noted above, the Office of the Provincial Auditor's internal controls were operating effectively, in all material respects, to meet the objectives stated above as of March 31, 2021 based on COSO's *Internal Control-Integrated Framework*.

This report is provided solely for the purposes of assisting the Provincial Auditor in discharging her responsibilities and for preparing her annual report to the Legislative Assembly of Saskatchewan and should not be used for any other purpose. Any use that a third party makes of information contained in this report, or any reliance or decisions based on such information, is the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on information contained in this report.

We have complied with the ethical requirements of the Chartered Professional Accountants of Saskatchewan *Rules of Professional Conduct*, founded on fundamental principles of integrity, objectivity, professional competency and due care, confidentiality and professional behaviour.

We apply the *Canadian Standard on Quality Control 1* issued by CPA Canada and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Virtus Group LLP

June 21, 2021
Regina, Saskatchewan

Chartered Professional Accountants



Independent Auditors' Report on Compliance with Authorities

To the Members of the Legislative Assembly of Saskatchewan

We have undertaken a reasonable assurance engagement of the Office of the Provincial Auditor's compliance with the provisions of *The Provincial Auditor Act* pertaining to its financial reporting, safeguarding of assets, spending, revenue raising, borrowing, and investment activities during the year ended March 31, 2021.

Compliance with the provisions of the stated legislative and related authorities is the responsibility of management of the Office of the Provincial Auditor. Management is also responsible for such internal control as management determines necessary to enable the Office of the Provincial Auditor's compliance with the specified requirements.

Our responsibility is to express an opinion on this compliance based on our audit.

We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3531 *Direct Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance whether the Office of the Provincial Auditor complied with the criteria established by the legislation and related authorities referred to above, in all significant respects. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of risks of significant non-compliance, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material misstatement when it exists.

We believe the evidence is sufficient and appropriate to provide a basis of our opinion.

In our opinion, for the year ended March 31, 2021, the Office of the Provincial Auditor has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities.

We do not provide a legal opinion on the Office of the Provincial Auditor's compliance with the aforementioned legislative and related authorities.

This report is provided solely for the purpose of assisting the Provincial Auditor in discharging her responsibilities and for preparing her annual report to the Legislative Assembly of Saskatchewan and should not be used for any other purposes. Any use that a third party makes of information contained in this report, or any reliance or decisions based on such information, is the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on information contained in this report.

We have complied with the ethical requirements of the Chartered Professional Accountants of Saskatchewan *Rules of Professional Conduct*, founded on fundamental principles of integrity, objectivity, professional competency and due care, confidentiality and professional behaviour.

We apply the *Canadian Standard on Quality Control 1* issued by CPA Canada and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Virtus Group LLP

June 21, 2021
Regina, Saskatchewan

Chartered Professional Accountants





Independent Auditors' Report on Significant Matters

To the Members of the Legislative Assembly of Saskatchewan

Re: Audit of the Office of the Provincial Auditor for the year ended March 31, 2021

We have completed the above noted audit and have issued our reports on the financial statements, internal controls and legislative compliance dated June 21, 2021.

In accordance with *The Provincial Auditor Act*, our responsibilities to report to the members of the legislative assembly also appear to include:

To report matters that, in our judgment, are significant (exceptions/deficiencies), if any, which may impact the annual financial statements and related controls.

This report is based only on matters assessed and relied upon for purposes of our audit opinions on the Office's financial statements, internal controls and legislative compliance. This form of report is referred to as a derivative report, i.e., it is derived from the process, procedures, and findings related to the audit.

Based on the above noted reporting requirements, we provide the following observations:

Governance and Management Control

- No reportable matters identified.

Systems Control

- No reportable matters identified.

Financial Statement Presentation and Disclosure

- No reportable matters identified.

Other Matters

- No reportable matters identified.

Detailed findings and observations with respect to internal controls, and/or financial statement presentation and disclosure are discussed with the Office's management during the course of and completion of our work.

June 21, 2021
Regina, Saskatchewan

Chartered Professional Accountants



Additional Information





List of Payees

Salaries

List of employees earning \$50,000 or more and their earnings (e.g., salary, vacation pay, flexible benefit account) for the year ended March 31, 2021.

Ahmad, Rahil	\$ 63,161	Olanipekun, Faith	\$ 57,702
Amjad, Ahsan	53,865	O'Quinn, Carolyn	179,731
Borys, Angèle	183,217	Pituley, Jonathan	104,203
Clemett, Tara	179,731	Reimer, Dane	89,120
Deis, Kelly	183,217	Ring, Maygen	58,104
Dickin, Deann	96,000	Robertson, Jennifer	106,241
Dressler, Nicole	104,203	Russell, Stephanie	104,962
Drotar, Charlene	155,344	Schwab, Victor	155,344
Eze, Wilfred	67,360	Shaw, Jason	141,094
Ferguson, Judy	235,338	Sparrowhawk, Kaylee	77,953
Fischer, Dean	81,992	St. John, Trevor	169,087
Heebner, Melanie	141,094	Sych, Larissa	60,777
Iles, Amanda	99,061	Tahir, Rahat	68,486
Kasozzi, Doreen	75,357	Tamke, Lorisa	77,953
Klassen, Linda	139,894	Tomlin, Heather	96,000
Lam, Betty	88,841	Volk, Rosemarie	155,344
L'Heureux, Desirée	117,097	Wandy, Jason	149,569
Lindenbach, Michelle	125,844	Wellman, Evan	51,325
Lowe, Kimberley	155,344	Yanyu, Melissa	101,573
MacDonald, Chelsea	77,953	Yee, Ken	75,000
McNaughton, Jordan	81,992	Young, Kristen	89,120
Ojaide, Maro	79,014		

Benefits

List of pension and benefit payments of the Office of the Provincial Auditor for \$50,000 or more for the year ended March 31, 2021.

Public Employees Dental Plan	\$ 67,057
Public Employees Disability Income Plan	117,501
Public Employees Pension Plan	494,936
Receiver General for Canada – Canada Pension Plan	179,714
Receiver General for Canada – Employment Insurance	63,089
Saskatchewan Blue Cross	72,970
Workers' Compensation Board	53,299



Goods and Services

List of persons or organizations that provided goods and services to the Office of the Provincial Auditor for \$50,000 or more for the year ended March 31, 2021.

Compugen Inc.	\$ 55,844
CPA Western School of Business	56,173
Kimco Enterprises Inc. (Chateau Tower)	527,490
Powerland Computers Ltd.	86,078

Public Reports

The Office submitted the following reports for tabling in the Legislative Assembly in 2020–21:

- Audit-related:
 - *2020 Report – Volume 1* (June 2020)
 - *2020 Report – Volume 2* (December 2020)
- Administrative:
 - *Annual Report on Operations For the Year Ended March 31, 2020* (June 2020)
 - *Business and Financial Plan For the Year Ended March 31, 2022* (November 2020)

The Reports are publicly available on the Office's website—www.auditor.sk.ca as soon as they are tabled.





Glossary of Terms

Agency – an entity of Government accountable for public money

Auditee – management of public sector ministries and agencies audited by the Office

CCOLA – the Canadian Council of Legislative Auditors is an organization devoted to sharing information and supporting the continued development of auditing methodology, practices, and professional development in legislative auditing. CCOLA's membership consists of the provincial Auditors General or Provincial Auditors of the Canadian provinces and the federal Auditor General.

CPA Canada – Chartered Professional Accountants Canada represents Canada's Chartered Professional Accountant profession both nationally and internationally

Crown and Central Agencies Committee (CCAC) – the Standing Committee on Crown and Central Agencies considers matters relating to the Crown Investments Corporation of Saskatchewan and its subsidiaries, central government agencies, liquor, gaming, and all other revenue related agencies and entities

General Revenue Fund (GRF) – is the main fund that receives government revenue. The GRF is available for appropriation by the Legislative Assembly for the public services of Saskatchewan. The GRF financial statements account for transactions of the GRF

Mission – the fundamental purpose or reason for being, what it does, for what purpose, and who its clients are

Performance Measure – an indicator of success that marks progress towards goals and is fundamental to measuring alignment to the organization's vision, mission, and values

Public Accounts Committee (PAC) – the Standing Committee on Public Accounts scrutinizes the fiscal management, administration, and stewardship of public assets by the Government of Saskatchewan

Strategic Goal – statement that establishes time bound 'stretch' that, if achieved, would advance the organization towards its vision

Strategic Priority – a change condition necessary to achieve the organization's goal that requires investment (i.e., people, time, money, other resources)

Target – a clear and measurable definition of success that signals what is important, tells what is expected (e.g., how much by when), and helps focus attention

Vision – a description of the preferred state written as an aspirational statement