



Saskatchewan

# **Business and Financial Plan**

For the Year Ended March 31, 2001

As Presented to the Board of Internal Economy

Provincial Auditor Saskatchewan

December 10, 1999

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

Dear Sir:

I am pleased to present my Business and Financial Plan for the year ended March 31, 2001 to the Board of Internal Economy.

Yours truly,

Wayne Strelloff, CA  
Provincial Auditor

/hdt

# **Our Business and Financial Plan**

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## Glossary

- Estimate** – Future-oriented financial information prepared using actual results where available and assumptions all of which reflect the entity's planned course of action for the period covered given management's judgement as to the most probable set of economic conditions.
- Forecast** – Future-oriented financial information prepared using assumptions that reflect the entity's planned courses of action for the period given management's judgement as to the most probable set of economic conditions (CICA Handbook).
- Projection** – Future-oriented financial information prepared using assumptions that reflect the entity's planned courses of action for the period given management's judgement as to the most probable set of economic conditions, together with one or more hypotheses that are assumptions which are consistent with the purpose of the information but are not necessarily the most probable in management's judgement (CICA Handbook).

## 2000-2001 Funding Request

### Funding request

Our Office requests the Board of Internal Economy to recommend to the Legislative Assembly an appropriation for the operation of the Office of \$4.698 million for 2000-2001 (see Appendix I for details). This amount will ensure our Office can carry out its statutory responsibilities under *The Provincial Auditor Act*.

Our request is a \$256,000 (6%) increase over our 2000 appropriation. The increase is the result of increased salaries and more work we have to do in 2001 caused by new government agencies the Government created, the quality of the Government's systems and practices, and making our work more timely as explained below:

- ◆ This year we increased salaries to respond to salary pressures. The economy continues to grow with the result that there are more job opportunities for professional auditors and auditors training to become professionals. The increased opportunities have increased starting salaries for these jobs. We note the Government responded to this market pressure and provided a special increase to the salaries of professional auditors ranging from 5% to 12%. Also, the Government gave economic adjustments to the salaries of its employees of 2% July 1, 1999 and 2% July 1, 2000. We have responded to these salary pressures with the result that our forecast average salary per employee has increased \$4,000 (6.6%) from 2000 to 2001. With a required work force of 59 employees, this increases our costs approximately \$236,000.
- ◆ The Government created several new government agencies in 2000 that the law requires us to audit. This increases our costs \$42,500. (see pages 47 and 48)
- ◆ Our concern with the quality of the Government's systems and practices for managing its infrastructure. Our work on *Toward 2000* caused us to reconsider how we examine infrastructure. We decided we have to do more work on the Government's systems and practices for managing its risks to its infrastructure beginning with the health system. This decision increases our costs \$73,000.

- ◆ Our concern with the information the Assembly receives to understand and debate Crown corporations' rate increases. We have decided to examine and report on the information the Assembly should have to understand and debate rate increases. This decision increases our costs \$30,000.
- ◆ We want to advance the date we complete our work on the Summary Financial Statements next year and also meet all of our other reporting deadline dates for other agencies. In our *1999 Annual Report on Operations* we state many of our reports to government agencies were late. When our work is late, agencies have difficulty meeting their established deadlines. Also, because our advice is not timely, agencies cannot not make timely improvements to their systems and practices. This decision increases our costs \$40,000.

The extra work and increased salary costs previously discussed cause cost pressures for 2001 totalling over \$420,000. We plan to absorb \$170,000 of these cost pressures by doing our work differently. By absorbing \$165,000, our requested increase is consistent with our performance target for our 2001 appropriation. Our target for 2001 was to absorb inflationary increases to our costs except for economic adjustments to salaries granted by the Government to public servants.

Page 50 of our Plan shows we are reducing our work force. For the year ended March 31, 1997, we had 63 employees. For 2001, we are forecasting we will need 59 employees.

We continue to try to do more work with fewer employees by using better ways to carry out our work. For example, our Business and Financial Plans for the years 1998 to 2001 show increased costs to our Office caused by new agencies the Government created in each of those years. Those Plans show we would require approximately three more employees than we had in 1997 just to audit the new agencies.

We explain the many other factors that impact our request for resources in this Business and Financial Plan.

## **Independent advice for assessing our funding request**

When the Board considered our 1999 Business and Financial Plan in January, 1998, the Board asked us to suggest ways the Board could

obtain independent advice to help it assess our future requests for resources.

We sent a memorandum to the Board on May 12, 1998. The memorandum describes specific processes for the Board to obtain independent advice (see Appendix III). The memorandum sets out two sources for the independent advice.

1. We suggested the Standing Committee on Public Accounts should provide the Board with independent advice. The Committee's advice should be focused on our operating plan (i.e., goals, objectives, strategies, and action plans) because the Committee works closely with our Office to achieve the Committee's objective of achieving maximum accountability to the Legislature. The Committee could advise the Board if we are delivering the products and services necessary to achieve the elected members' objectives. We suggested the Chair and Vice-Chair should attend when the Board meets to review our request for resources and speak for the Committee.
2. We suggested the auditor Cabinet hired to audit our Office should provide assurance to the Board that our request for resources (financial forecast) is reasonable to carry out our operating plan (i.e., our goals, objectives, strategies, and action plans). This is the second year we have had our financial forecast audited. The auditor's report appears at page 37. The auditor reported that our financial forecast is consistent with and reasonable in relation to our operating plan.

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## Introduction

### Assessing our effectiveness

Members of the Legislative Assembly often ask how they can assess our effectiveness when they consider our Business and Financial Plan.

We think Members can do this in three ways.

- ◆ To be effective, we need to do work the Standing Committee on Public Accounts considers useful in carrying out its responsibility. Members can obtain advice from the Committee to determine if the Committee considers our work useful in helping it carry out its responsibility.
- ◆ Members can use our Annual Report on Operations to compare what we told the Assembly we planned to do (i.e., our goals and objectives; and our performance indicators, targets and results) with what we actually did.
- ◆ Members can ask our Office questions on what we do and why. Such questions can be asked at any time as well as at the public meetings of the Board of Internal Economy, the Standing Committee on Estimates, and the Standing Committee on Public Accounts.

Also, we continue to table our Business and Financial Plan so Members of the Legislative Assembly can review the Plan before we appear at the Board of Internal Economy. This allows members the opportunity to advise the Board on the relevance of our planned work.

The Legislative Assembly received our Annual Report on Operations for the year ended March 31, 1999 on June 23, 1999. That report contains information to assess our effectiveness.

In our 1999 Annual Report on Operations, we report on our success in carrying out our 1999 Business and Financial Plan. The Report contains information on each of the measures of success described on pages 54 to 59. The measures include the quality and efficiency of our inputs, the quality of our outputs, and the intermediate outcomes of what we do.

Exhibit 1 may help Members understand and assess what we do and the impact of our work. The exhibit sets out our inputs, outputs, and most importantly expected outcomes.

## **Who We Serve**

### **Our role**

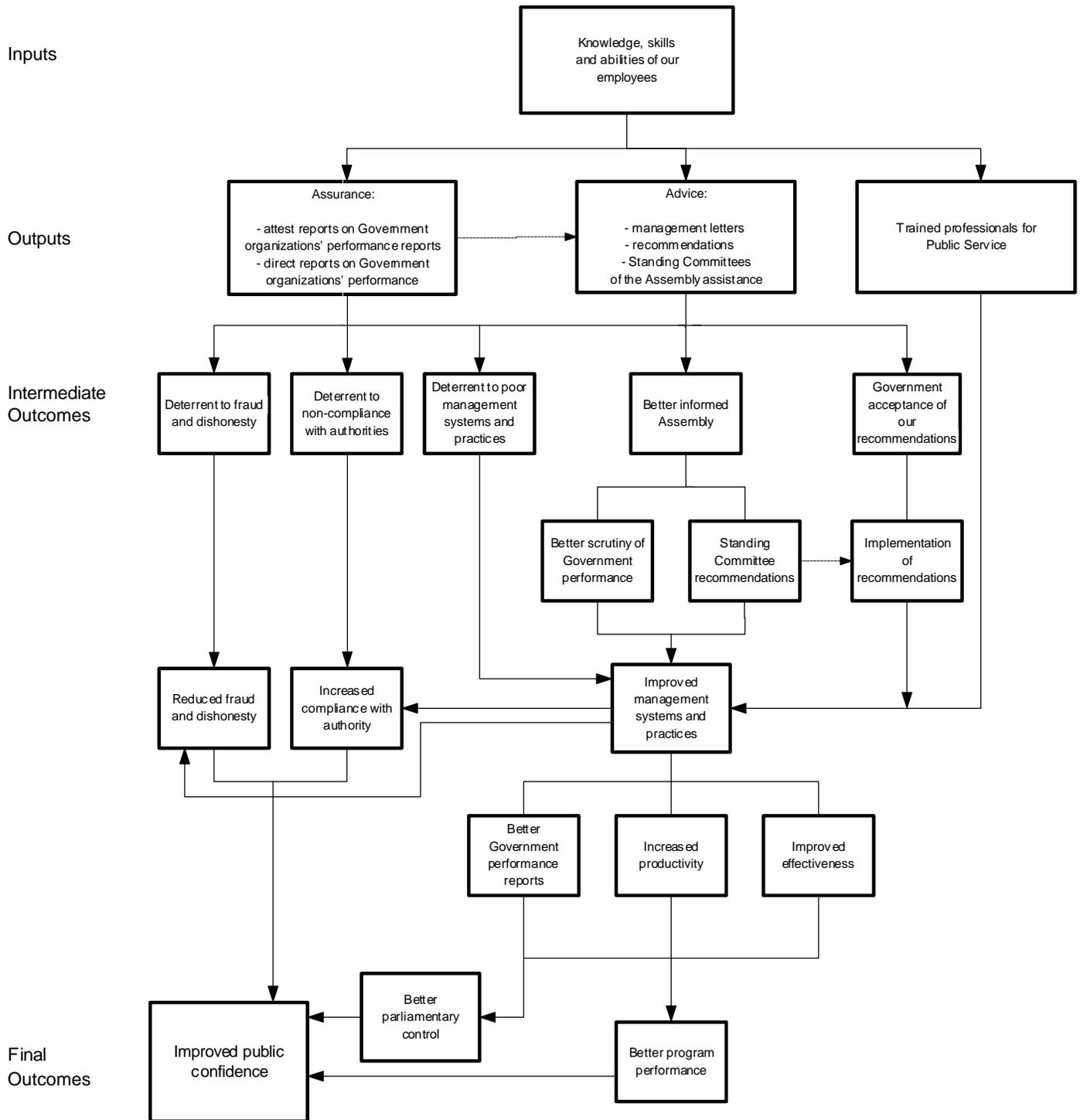
The role of the Office of the Provincial Auditor is to help the Legislative Assembly hold the Executive Government accountable for how it manages public money. Our Office is to audit all public money entrusted to the Government and report our findings to the Assembly.

### **Legal status**

*The Provincial Auditor Act* creates an officer of the Legislative Assembly called the Provincial Auditor. The Act gives the Provincial Auditor the responsibility, authority, and independence to audit and publicly report on all government organizations.

What We Do and the Impact of Our Work

Exhibit 1



## **What We Do**

### **Our vision**

We envision effective, open and accountable government.

### **Our mission**

Our Office serves the people of Saskatchewan through the Legislative Assembly. We are committed to making a difference by encouraging excellence in public sector management and accountability practices.

Our mission shapes what we do and how we respond to key economic, political, social, and technological forces affecting those we serve.

### **How we carry out our mission**

To fulfill our mission, we examine and provide independent assurance on the Government's management of and accountability practices for the public resources entrusted to it. We:

- ◆ Advise the Legislative Assembly on:
  - the reliability of the Government's financial information;
  - the Government's compliance with legislative authorities; and
  - the adequacy of the Government's management of public resources.
- ◆ Encourage discussion and debate about public sector management and accountability issues.
- ◆ Assist the Standing Committees on Public Accounts and Crown Corporations.
- ◆ Develop professionals for public service.
- ◆ Support and adhere to the accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants.

### **Our reports**

We report our conclusions, findings, and recommendations to the Government and to the Assembly.

At the end of each examination, we prepare a draft report of our conclusions, findings, and recommendations. We discuss the draft with senior officials of the related organization and revise the draft when necessary. We issue a final report to the Minister responsible, senior officials of the organization and, if applicable, to the chair of the board of directors. Also, we normally send a copy to the Chair and Secretary of Treasury Board, and to the Provincial Comptroller.

In addition, we provide conclusions on the reliability of financial statements and other performance reports issued by government organizations. These conclusions are provided to the Assembly with the financial statements and other reports of government organizations.

Each year, we present reports directly to the Assembly. These reports contain the matters we think are significant to the Assembly and the public. We decide what matters to report in the context of the following questions.

- ◆ Does the matter affect the Assembly's ability to control the financial activities of the Government?
- ◆ Does the matter affect the Assembly's ability to hold the Government accountable for how it administers public money?
- ◆ Does the matter involve improving how the Government administers public money?
- ◆ Does the matter involve non-compliance with legislative authorities?

We assess these questions in the context of specific government sectors, programs, or organizations and the Government as a whole.

When, in our opinion, an organization's financial statements, compliance with authorities and rules and procedures to safeguard assets are satisfactory, we also report that information to the Assembly.

## **Expected outcome of our work and reports**

Exhibit 1 on page 11 shows the expected outcome of our work.

For our parliamentary system of government to work properly, the system must enjoy public confidence. To merit this confidence, the Government must be open and accountable to the public. Our work and reports directly affect public confidence in the Government. Our work and reports provide the public with confidence that the Government's financial and other reports are reliable, that the Government uses adequate systems and practices to safeguard and control public finances and resources, and that the Government has complied with governing authorities.

One responsibility of the Legislative Assembly is to hold the Government accountable for the management of public resources. Our work and reports help the Assembly to carry out this responsibility.

Our work and reports call for appropriate public accountability for government operations and sound management systems and practices in government organizations. Our work and reports contribute to informed decision making in government and business-like systems and practices. In turn, this helps the Government carry out its responsibility to use sound management systems and practices.

## **Our abilities and knowledge**

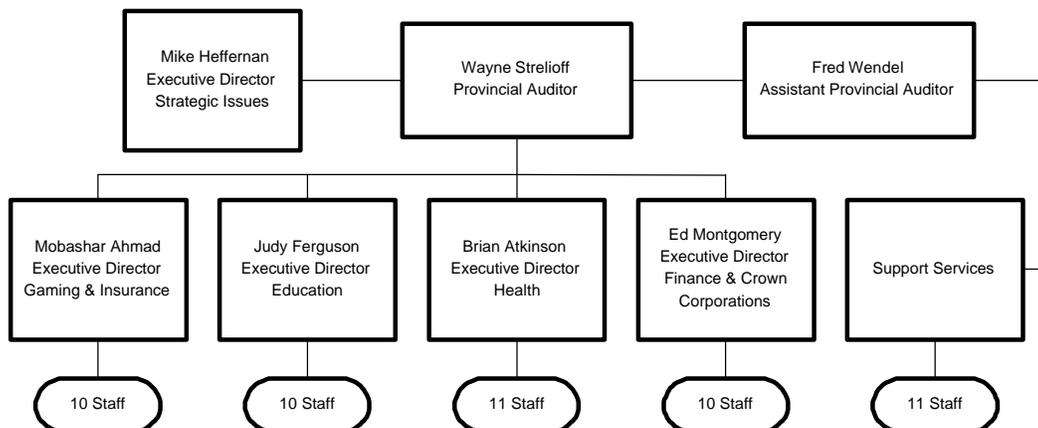
Our abilities and knowledge also affect what we do for the public, the Legislative Assembly, and the Government. We apply the following special abilities and knowledge to our work and reports:

- ◆ objectivity, because of our full independence from the Executive Government;
- ◆ thorough knowledge of the:
  - complex structure and systems the Government uses to manage public resources;
  - structure of legislative authorities governing the activities of government organizations related to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing;
  - audit of information systems; and

- accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants;
- ◆ working knowledge of the issues facing government organizations operating in the businesses of education, health, insurance, pension and benefit plans, energy, telecommunications, gaming, transportation, renewable resources, non-renewable resources, human resources, construction, and financial services; and
- ◆ a business view derived from rigorous professional training that we blend with our practical knowledge of public administration.

## Our Organization

Our planned organization for 2000-2001 follows:



Our Finance and Crown Corporation Division's responsibilities include examining the Government's programs carried out through the Department of Finance and through the Crown Investments Corporation of Saskatchewan. Those programs are complex and affect almost all aspects of government.

Our Gaming and Insurance Division's responsibilities include examining the Government's gaming, insurance, and pension programs. The Government's insurance and pension programs are large. The Government's pension liabilities alone total nearly \$6 billion. Pension and insurance liabilities require our staff to acquire special knowledge on accounting practices for casualty insurance and pension plans. We also must understand the methods used by actuaries to determine liabilities for insurance claims and pensions.

Our Health Division's responsibilities include examining the Government's health and social services programs. Total public spending on health alone during 1998-99 was \$1.979 billion (1997-98 \$1.840 billion; 1996-97 \$1.774 billion). During 2000-2001, nearly one half of the Division's work will continue to focus on examining the thirty-two district health boards created by the Government. We will also make an in-depth review of how the Department manages the risks to the health system infrastructure.

Our Education Division's responsibilities include examining the Government's education, post secondary education and skills training, and infrastructure programs. Our 1997 Spring Report shows spending on education during 1995-96 was \$1.631 billion (1994-95 \$1.617 billion and 1993-94 \$1.594 billion).

Our Support Services Division's responsibilities include administration, research, methodology, training, secretarial, clerical and information technology. In 1998, we decided to have the support services division more directly involved in audit work. As part of the decision, we transferred staff to this division. We want to devote more resources to government wide information technology audits.

During 2000-2001, our Office expects to employ 59 people. At October 31, 1999, 31 of our employees are professional accountants. Eighteen are training to become professional accountants.

We have the services of a health professional, a lawyer, and a librarian. The skills, experience and perspectives of these professionals continue to be particularly valuable as we continue to examine broader and more in-depth issues.

Our employees are our most valuable resource because "what we do" depends on their knowledge and skills. Creating and maintaining an environment that encourages and rewards ongoing learning is crucial to our success.

## What We Plan To Do

### Our goals and objectives

We have three goals. These are:

- ◆ foster well managed government;
- ◆ encourage good reporting by government; and
- ◆ manage our business effectively.

Appendix I pages 54 to 59 sets out our goals and objectives for the period 1998-99 to 2000-01 for pursuing our mission. We also set out our:

- ◆ strategies to manage the risks that might prevent us from achieving our objectives;
- ◆ action plans for 2000-2001; and
- ◆ performance indicators we use to measure our success in achieving our goals and objectives and our performance targets for those indicators.

We have started work on a strategic plan for the next three years. We expect to complete our plan in February 2000.

### Our values

Our values also affect what our Office can accomplish. We believe in:

**Accountability** - We value taking responsibility for explaining one's actions.

**Objectivity** - We value independence, integrity, and professionalism.

**Open Communication** - We value understandable, fair, clear, and honest communication.

**Effectiveness** - We value innovative and effective management.

**Courtesy** - We value polite and equitable treatment for all.

**Public Confidence** - We value earning and keeping the respect and confidence of the public and their elected representatives.

**Our Employees** - Our employees are our strength and major resource in achieving our mission and values. We value fairness and equity; personal development; creativity, challenge, and innovation; teamwork; and leadership. We also value balance and harmony between work, home and community responsibilities.

## **Factors affecting our work plan**

Our detailed work plan for 2000-2001 is set out at pages 42 to 46. The work plan reflects our goals, values and the following additional key factors.

Our work plan for 2000-2001 ensures we fulfill our legislative responsibilities under *The Provincial Auditor Act*. The Act sets out the organizations we must examine.

Our 2000-2001 work plan reflects known information at October 31, 1999 about:

- ◆ the 1999-2000 level of government revenue and spending;
- ◆ the number of government organizations in 1999-2000;
- ◆ the quality of the Government's records, systems and practices;
- ◆ the Government's use of appointed auditors;
- ◆ professional standards;
- ◆ the co-operation we expect to receive from government officials and appointed auditors when we do our work; and
- ◆ public expectations.

## **Forces and trends affecting our work plan**

Forces and trends also affect our work plans. Three major forces affect our stakeholders (i.e., legislators, the public, and government officials) and thus, shape our work.

- ◆ Globalization - creating a more internationally competitive, integrated and interdependent world.
- ◆ Advancing Technology - making new ways of communicating and doing things possible, often at less cost in a more timely manner.
- ◆ Changing Demographics - including a growing aboriginal population and an ageing “baby boomer” population.

The above forces have increased the public’s expectations. For example, current technology gives the public more accessible information and knowledge about services and taxes in other jurisdictions. Changes in demographics will result in increased demands for services (e.g., health care). The Government’s ability to manage scarce public resources and meet the public’s increased expectations, impacts public attitude.

In Saskatchewan, these forces and trends are causing our stakeholders to re-examine the role of government, how it organizes and delivers programs and services, and how it ensures adequate participation in decision making.

## **Our focus**

Over the next several years, we plan to focus our efforts on helping our stakeholders assess the above challenges faced by government. In particular, we will focus on encouraging the Government to:

- ◆ implement a sound government-wide accountability framework that embraces performance management;
- ◆ improve the quality of information provided to legislators and the public on the plans and performance of Crown corporations;

- ◆ identify and manage the risks related to the public's valuable infrastructure;
- ◆ report on how it manages risks related to technology;
- ◆ strengthen its management of and accountability for intergovernmental programs;
- ◆ identify and explain how it manages the impact of risks related to demographic changes; and
- ◆ support a strong professional development program with a focus on performance management.

## Risk Management

### Our Key Risks

Sound risk management is essential to ensure we help the Legislative Assembly hold the Government accountable for its management of public resources. To manage risk, we must identify, assess, and reduce possible adverse consequences the Office may experience from events or circumstances.

We routinely identify and assess our risks. We have established controls to reduce the likelihood that our risks will have an adverse consequence on our ability to carry out our responsibilities under *The Provincial Auditor Act*. However, we accept some risk because it is not cost effective to fully eliminate risks. The following are our key risks:

**Not understanding the challenges and risks faced by the Government.** We must understand the challenges and risks faced by the Government to ensure our assurance and advice is reliable. The way the Government manages a risk impacts on the kind and extent of work we must do to report with confidence to the Assembly. On pages 54 to 59, we set out our goals, objectives, strategies and action plans to ensure we understand the challenges and risks faced by the Government.

**Not knowing what assurance and advice our stakeholders need.** We must ensure our assurance and advice is relevant to our stakeholders. To

be relevant, our assurance and advice should result in better parliamentary control and better program performance. On pages 54 to 59, we set out related goals, objectives, strategies and action plans to ensure the relevance of our work.

**Losing our independence or seen to have lost our independence.**

*The Provincial Auditor Act* makes our Office responsible to examine all public money managed by the Government (e.g., departments, boards, corporations) and the Legislative Assembly (e.g., Board of Internal Economy).

The Act makes our Office independent of appointed and elected officials so we can ensure the proper administration of the Act without fear of reprisal.

The Act decides which organizations the Office must examine. The Office decides what work needs to be done and how the work is carried out for the proper administration of the Act.

We carefully guard our independence and report to the Assembly when we are concerned about our independence.

**Providing inappropriate assurance and advice.** Stakeholders must trust and value our assurance and advice. Gaining and keeping their trust and value in our work and reports is essential for the viability of the Office. On pages 54 to 59 of this Report, we set out our goals, objectives, strategies and action plans to ensure our assurance and advice are reliable.

Also, in the next section (why systems and practices are important), we describe our quality control systems and practices to ensure our assurance and advice is reliable. We think those systems and practices keep the risk our systems and practices may fail to a minimum. However, we recognize systems and practices sometimes fail because of factors such as procedural failures and human error.

**Not having the required competencies and resources.** The quality of our assurance and advice is dependent on the knowledge, skills, and abilities of our employees. We have training programs to ensure our employees have the special knowledge, skills, and abilities we discuss on pages 14 to 15.

To discharge our statutory responsibilities, we need sufficient resources to have the required competent work force and to equip, support, and house that work force. We need the support of legislators to obtain required resources. To obtain this support, we have established controls to ensure our assurance and advice is relevant to legislators and is reliable. Also, we make public a comprehensive business and financial plan annually to build legislators' support for our request for resources. When we do not have sufficient resources to pay for the cost of our work force, we reduce the number of our employees. When this happens, we do not do all the work the law requires us to do and we advise our stakeholders.

**Not managing our resources effectively.** Our management practices must ensure we use our resources effectively. We have established systems and practices to keep this risk at a minimum. These systems and practices include such things as setting direction, setting performance targets, training staff, segregating duties, maintaining procedural manuals, delegating authority, processing transactions, reporting and monitoring results.

## **Why systems and practices are important**

Systems and practices ensure we have appropriate controls to manage the risks that might prevent our office from achieving our goals and to ensure sound financial management. The following briefly describes those systems and practices.

## **Systems and practices for achieving Goals 1 and 2**

For Goals 1 (i.e., foster well managed government) and 2 (i.e., encourage good reporting by government), set out on pages 54 and 56, we need rules and procedures to:

- ◆ ensure the quality of our work;
- ◆ identify and report opportunities for improving government organizations' performance reports and their management systems and practices; and
- ◆ ensure our work covers all government organizations.

The following rules and procedures ensure the quality of our assurances and advice.

- ◆ We use standard methods for carrying out our work and continually change the methods to reflect best practice. The methods cover how we plan, execute, supervise and report our work. We monitor all work to ensure it meets our standard methods.
- ◆ We have hiring and training policies and procedures to help ensure staff have the knowledge, skills and abilities necessary to do their work. These policies also ensure we broaden staff skills including health, education, social services, and general management.
- ◆ We routinely make inquiries of our staff to ensure they comply with our objectivity standards.
- ◆ We have rules and procedures for working with other auditors who audit some government organizations.

The following rules and procedures ensure we encourage the Government to improve its performance information and its management systems and practices.

- ◆ Our personnel policies and procedures ensure employees know our goals and objectives. Each employee's annual work plan shows how the employee will contribute to achieving our goals and objectives. These work plans are continually monitored.
- ◆ We have established standards that require us to report to government organizations in writing our conclusions, findings, and recommendations after each examination. Those standards also require us to meet with management to discuss the findings and conclusions, and gain support for our recommendations.

The following rules and procedures ensure our work covers all government organizations.

- ◆ Government organizations are created or wound up by the Legislative Assembly, Cabinet and existing government organizations. We monitor the actions of these parties and continually change our list of government organizations.

- ◆ We prepare an annual work plan for the Office that covers all government organizations. We estimate the costs of carrying out the plan and ask the Assembly for the money to carry out the plan.

### **Systems and practices for achieving Goal 3**

For Goal 3 (i.e., manage our business effectively), set out on page 58, we need rules and procedures for carrying out our work effectively.

The following rules and procedures help us improve our performance.

- ◆ We make our annual business and financial plan public and monitor our performance.
- ◆ For Goals 1 and 2, we established rules and procedures to ensure the quality of the assurances and advice we provide to legislators and the public. These rules and procedures include systems to ensure best practices. We continually compare the way we do our work with private-sector auditors and other legislative auditors.
- ◆ We forecast the cost of each audit and monitor the actual cost of each audit. We compare planned to actual costs and explain and act on differences. We also routinely compare our costs to audit government organizations with private sector auditors' costs to audit government organizations.
- ◆ We plan the use of each employee's time and monitor that employee's actual use of time. We compare planned to actual results and explain and act on differences.
- ◆ To ensure the continued relevance of our work, we monitor legislators' and the Government's acceptance of our recommendations. We also monitor legislators', Legislative Committees' and the media's use of our reports.
- ◆ We continuously seek advice from stakeholders when we work with appointed auditors.
- ◆ We seek information to monitor government organizations' satisfaction with our work.
- ◆ We monitor our employees' views of our working environment.

- ◆ We have established procedures to ensure we are year 2000 compliant. The Office thinks its year 2000 risk is small because its only critical system is word processing and it is not impacted by the efforts of its clients, suppliers, and other parties. The Office has completed its year 2000 plan. The costs for this plan consisted of salaried employees' time.

## **How We Measure Our Performance**

### **Our key outputs and outcomes**

We have three basic outputs (products). (See Exhibit 1, page 11.) These are assurance (audit reports), advice (recommendations), and trained professionals for public service. Generally, our advice is a by-product of our assurance work. We deliver our products several ways.

We provide assurance and advice to government officials. We provide assurance by way of reports on financial statements, compliance with authorities, and the adequacy of management systems and practices. We provide advice and assurance by way of letters to management which set out our audit conclusions, findings, and recommendations for improvement.

We also provide assurance and advice to the Legislative Assembly and the public in our Spring and Fall reports to the Assembly. These reports summarize our work at government organizations. The reports provide assurance and advice on the Government as a whole, sectors of the Government and on each government organization's financial statements, the organization's compliance with authorities and the adequacy of the organization's management systems and practices.

As shown in Exhibit 1 (page 11), our assurances and advice result in two final outcomes. These outcomes are improved public confidence in government and improved performance in the delivery of government programs. We think the Government can gain improved public confidence by improving its performance reports (i.e., business and financial plans and annual reports). We also think the Government can improve the delivery of its programs by acting on our recommendations.

Our trained professionals often leave our Office to work in government organizations. They contribute to improved management systems and practices in government organizations. In 1998-99, five of the nine employees who left the Office went to work in government organizations.

Our major input cost to produce our products is salaries and benefits. Salaries and benefits account for nearly 80% of our spending. We carefully monitor the use of staff time. Page 50 shows actual and planned use of employee time for five years.

## **Measuring our performance**

On pages 54 to 59, we set out our key performance indicators for our goals and objectives and our targets of performance for those indicators.

Our Annual Report on Operations for the year ended March 31, 1999 sets out our success in achieving performance targets set out in our 1999 Business and Financial Plan

## **Our Financial Plan**

### **Historical comparison of the costs of our work plans**

As stated earlier, the cost of our work plan is directly affected by several factors including the state of the Government's management systems and practices, the number of government organizations, and the use of appointed auditors. Our financial and work plans reflect what we know about these factors at October 31, 1999.

The Government's use of appointed auditors affects our costs and the way we carry out our responsibilities. The use of appointed auditors reduces our costs, but increases the total cost of auditing to taxpayers. We have stated for several years that it costs more to audit when there are two auditors.

When the Government chooses to appoint a second auditor, we plan to carry out our responsibilities following the recommendations of the *Task Force on Roles, Responsibilities, and Duties of Auditors*. Following these recommendations will ensure we serve the Assembly efficiently.

The decision to use appointed auditors is the Government's. The Government has stated it uses appointed auditors so the Saskatchewan industry of private sector public accounting can develop and retain local expertise. The Government also tries to ensure a reasonable allocation of work among the firms. The Government is accountable for the costs of using appointed auditors and, therefore, our financial plan does not reflect the money to pay appointed auditors. However, as stated earlier, our detailed work plans do reflect known use of appointed auditors since our costs and the way we carry out our responsibilities are affected.

Our detailed work plan is described on pages 42 to 46. This schedule sets out our costs to audit and report on government organizations for their years ended in the period July 1, 1999 to June 30, 2000. We also include detailed planned and actual costs for each of the three previous fiscal years. At October 31, 1999, the Government manages 239 departments, Crown agencies and funds.

Table 1 is a summary of costs to carry out our detailed work plans. The Table shows a five year summary comparison of costs to discharge our responsibilities under *The Provincial Auditor Act*.

**Table 1**

**(in \$ millions)**

<b>Work Plan Costs</b>				
<b>Showing Our Costs to Audit Each Government Organization for Their Years Ended in the Period July 1 to June 30</b>				
<b>1997 Actual</b>	<b>1998 Actual</b>	<b>1999 Planned</b>	<b>2000 Planned</b>	<b>2001 Planned</b>
\$4.075	\$4.462	\$4.522	\$4.798	\$4.816

(Details on pages 42 to 46)

(Details to be determined in 2000)

The cost to carry out our work plan shows differences between years.

The \$276,000 increase in our costs for 2000 compared to 1999 results from new organizations we must audit, more work we need to do on the Government's management of its infrastructure, Crown corporations' rate increases, making our work more timely, and increased salary costs caused by market conditions and the cost of a 4% economic adjustment to salaries the Government gave to public servants.

The Government created several new government organizations. Page 47 lists new Government organizations created during 1999-2000 that will cost us \$65,700 to audit in 2000. Page 48 lists government organizations wound-up during 1999-2000 that will reduce our audit costs in 2000 by \$23,200.

We are concerned with the quality of the Government's systems and practices for managing its infrastructure. Our work on *Toward 2000* caused us to reconsider how we examine infrastructure. We decided we have to do more work on infrastructure beginning with the health system. This work will cost \$73,000.

The Assembly needs appropriate information to understand and debate Crown corporations' rate increases. We plan to examine and report on the information the Assembly should have to hold the Government accountable for the rates charged by Crown corporations. This work will cost \$30,000.

We want to advance the date we complete our work on the Government's Summary Financial Statements by four weeks and also meet all of our other reporting deadlines required by other government agencies. In our *1999 Annual Report on Operations*, we state many of our reports to government agencies were late. When our reports are late, government agencies have difficulty meeting their established deadlines. Also, because our advice is not timely, agencies cannot make timely improvements to their systems and practices. The decision to make our work more timely will cost approximately \$40,000.

The economy continues to grow with the result that there are more job opportunities for professional auditors and auditors training to become professionals. The increased opportunities have increased starting salaries for these jobs. We note the Government responded to this market pressure and provided a special increase to the salaries of professional auditors ranging from 5% to 12%. Also, the Government gave public servants the following economic adjustments to their salaries 2% July 1, 1999, and 2% July 1, 2000. The increasing starting salaries and economic adjustments cause salary pressure for our Office.

We have responded to these salary pressures with the result that our forecast average salary per employee has increased \$4,000 (6.6%) from

2000 to 2001 (see page 49). With a required work force of 59 people, this increase will cost us approximately \$236,000.

On pages 42 to 46 we compare our detailed work plans for the years 1997 to 2000. We explain differences between years on these pages.

More detailed explanations are contained in our annual reports on operations. For example, our *1999 Annual Report on Operations* compares the planned costs to audit government organizations set out in our 1999 Business and Financial Plan to our actual costs for auditing those organizations. In that Report, we explain major differences between planned and actual costs.

The 2001 work plan projection in Table 1 reflects our performance target for 2001. We plan to absorb inflationary increases except for general salary and benefit increases the Government gives to public servants. This cost projection also assumes the number of government organizations, the quality of their management systems and practices, the use of appointed auditors, and total Government revenues and expenses will remain fairly constant.

## **How we plan to finance our work plan**

For the four years ended March 31, 2000, the Board of Internal Economy recommended an appropriation that was sufficient for our Office to carry out our work plan.

From 1987 to 1995, our appropriation was not sufficient to carry out our work plan. This resulted in no reports, or late reports, to the Members of the Legislative Assembly on certain Government organizations.

For the 1993, 1994, and 1995 years, we decided to make our reports more timely. When we did this, we could not carry out our work plan to audit every organization every year. In past business and financial plans, we listed the organizations we did not audit during the three years.

Table 2 shows a five-year summary of how we financed our spending. We financed our spending from our appropriation and from other sources. The table shows two years of actual figures, one year of estimated figures, one year of forecast figures, and one year of projected figures.

Other sources include salary recoveries for seconded employees. Seconded employees refers to arrangements where our employees work for others under their direction. Also, other sources include interest income, fees we charge for ancillary accounting work we do for government agencies, and net financial assets.

We base our forecast spending for 2001 on our planned costs to audit government organizations with years ending in the period July 1, 1999 to June 30, 2000 as set out on pages 42 to 46.

**Table 2**

**(in \$ millions)**

<b>Five Year Summary of Our Spending Trends and How We Financed Our Spending For the Years Ended March 31</b>					
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Forecast</b>	<b>Projection</b>
Spending (from page 39)	<u>\$4.512</u>	<u>\$4.580</u>	<u>\$4.474</u>	<u>\$4.798</u>	<u>\$4.816</u>
How we financed our spending					
Appropriation	<u>\$4.220</u>	<u>\$4.314</u>	<u>\$4.442</u>	<u>\$4.698</u>	<u>\$4.716</u>
Other sources (interest, fees)	<u>\$0.176</u>	<u>\$0.131</u>	<u>\$0.158</u>	<u>\$0.123</u>	<u>\$0.123</u>
(change in net financial assets)	<u>\$0.116</u>	<u>\$0.135</u>	<u>\$(0.126)</u>	<u>\$0.000</u>	<u>\$0.000</u>

The information in Table 2 comes from our five year Statement of Revenues and Expenditures on page 39. Table 2 shows details of our revenue and expenses for each year and our net financial assets.

Table 2 shows we forecast to spend \$324,000 more in 2001 than we estimate we will spend in 2000. We explained earlier the salary pressures we face. Responding to these salary pressures increased our costs approximately \$236,000. Also, in 2000, our employees are taking more vacation leave than usual. They are taking leave they earned this year and the unused vacation leave they earned in past years. We expect this action will reduce our accrued vacation pay and salary costs for 2000 by approximately \$95,000. For 2001, we think employees will take their more usual amount of vacation.

Our target is to maintain net financial assets equal to approximately one month's expenses. We maintain net financial assets so we can respond to pressure to improve the timeliness of our work, plan for ongoing

expenses effectively, and finance short-term revenue shortfalls caused by responding to unplanned work such as the extra work we did at the universities in 1998 and SaskPower in 1997 and 1998. Page 45 explains why we incurred extra costs of approximately \$200,000 in 1998 because of unplanned work at the universities. Page 45 shows we incurred costs in 1997 and 1998 for unplanned work at SaskPower of approximately \$30,000 each year.

We also maintain net financial assets to respond to unplanned benefits and salary increases. For example, market conditions may cause us to increase starting salaries beyond what we planned. Also, we may have to increase our salaries and benefits if the Government decides to provide economic adjustments to the salaries of its employees and new employee benefits that are not included in our plan.

At March 31, 1999, we had cash and investments of \$503,000 and owed suppliers and staff \$352,000. The rest of our cash and investments are part of our net financial assets. We estimate we will have net financial assets of \$269,000 at March 31, 2000. For 2001, we again plan to use salary recoveries for seconded employees, fees for ancillary services, and the interest from our cash and investments to finance our spending plan.

## **Impact of Alternative Funding Levels**

### **What happens if we do not obtain sufficient revenue to finance our work plan**

If we do not obtain sufficient revenue from the Board of Internal Economy or the Government, we will have to reduce our staff. We will then not be able to carry out our work plan.

If we are unable to obtain sufficient revenue, we will change our work plan and not audit Government organizations in the following sequence:

- ◆ revolving and other special purpose funds;
- ◆ agricultural marketing boards and commissions; and
- ◆ certain CIC related Crown corporations.

When we do not examine Government organizations, the Assembly does not receive our assurances on the Government's financial reports, its compliance with governing authorities and the adequacy of its management of public resources.

If necessary, we will report to the Legislative Assembly which Government organizations we were unable to audit. When this is necessary, we are concerned with the impact this message has on public confidence in our system of Government.

## **Appendix I – Detailed Information Supporting Our Business and Financial Plan**

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## AUDITOR'S REPORT ON FINANCIAL FORECAST

To the Board of Internal Economy:

The accompanying financial forecast of the Office of the Provincial Auditor consisting of A Statement of Revenues and Expenditures for the year ending 31 March 2001 has been prepared by management using assumptions with an effective date of 31 October 1999. At the request of the Provincial Auditor Saskatchewan, we have examined the support provided by management for the assumptions, and the preparation and presentation of this forecast. Our examination was made in accordance with the applicable auditing guideline issued by The Canadian Institute of Chartered Accountants. We have no responsibility to update this report for events and circumstances occurring after the date of our report.

In our opinion:

- as at the date of this report, the assumptions developed by management are suitably supported and consistent with the plans of the Office, and provide a reasonable basis for the forecast;
- this forecast reflects such assumptions; and
- the financial forecast complies with the presentation and disclosure standards for forecasts established by The Canadian Institute of Chartered Accountants.

Since this forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variances may be material. Accordingly, we express no opinion as to whether this forecast will be achieved.

25 November 1999  
Regina

CHARTERED ACCOUNTANTS

## **Management's Responsibility for the Financial Forecast**

The accompanying financial forecast consisting of a statement of revenues and expenditures included in the Business and Financial Plan for the Office of the Provincial Auditor for the year ending March 31, 2001, is the responsibility of management of the Office. Management has prepared the financial forecast in accordance with generally accepted accounting principles in Canada. The financial information presented elsewhere in this Business and Financial Plan is consistent with that in the financial forecast.

To ensure the integrity and objectivity of the financial data, management maintains a comprehensive system of internal controls including written policies and procedures and an organizational structure that segregates duties. These measures provide reasonable assurance that the most probable set of economic conditions are reflected in the assumptions the Office developed to prepare the financial forecast. These measures also provide reasonable assurance that the assumptions are suitably supported and consistent with the goals and plans developed by the Office, and provide a reasonable basis for the forecast.

The financial forecast was audited by the firm of Hill McKillop, Chartered Accountants. Their report to the Board of Internal Economy, stating the scope of their examination and opinion on the financial forecast appears on page 37.

November 25, 1999  
Regina, Saskatchewan

Wayne Strelloff  
Provincial Auditor

## Statement of Revenues and Expenditures For the Years Ended March 31

	1998 Actual	1999 Actual	2000 Estimate	2001 Forecast	2002 Projection
	(\$ Millions)	(\$ Millions)	(\$ Millions)	(\$ Millions)	(\$ Millions)
<b>REVENUE:</b>					
General Revenue Fund					
- Appropriation	\$ 4.220	\$ 4.314	\$ 4.442	<b>\$ 4.698</b>	\$ 4.716
Other	0.176	0.131	0.158	<b>0.123</b>	0.123
<b>Total Revenue</b>	<b>4.396</b>	<b>4.445</b>	<b>4.600</b>	<b>4.821</b>	<b>4.839</b>
<b>EXPENDITURE:</b>					
Salaries (see page 49)	3.122	3.195	3.113	<b>3.317</b>	3.333
Person years					
1998 Actual - 62					
1999 Actual - 61					
2000 Estimate - 59					
2001 Forecast - 59					
2002 Projection - 59					
Administration (Note 5)	0.493	0.481	0.511	<b>0.553</b>	0.553
Employee benefits	0.383	0.391	0.397	<b>0.420</b>	0.422
Rent of space and equipment	0.259	0.266	0.242	<b>0.251</b>	0.251
Agent and advisory services	0.119	0.099	0.092	<b>0.108</b>	0.108
Training and development (Note 6)	0.136	0.148	0.119	<b>0.149</b>	0.149
<b>Total expenditure (Note 7)</b>	<b>4.512</b>	<b>4.580</b>	<b>4.474</b>	<b>4.798</b>	<b>4.816</b>
Excess (deficiency) of revenue over expenditure	(0.116)	(0.135)	0.126	<b>0.023</b>	0.023
Net financial assets, beginning of year	0.454	0.322	0.165	<b>0.269</b>	0.269
	0.338	0.187	0.291	<b>0.292</b>	0.292
Transfer to General Revenue Fund	0.016	0.022	0.022	<b>0.023</b>	0.023
<b>Net financial assets, end of year</b>	<b>\$ 0.322</b>	<b>\$ 0.165</b>	<b>\$ 0.269</b>	<b>\$ 0.269</b>	<b>\$ 0.269</b>

(see accompanying notes on pages 40 and 41)

## Notes to the Statement of Revenues and Expenditures For the Year Ended March 31, 2001

### 1. General Information

The financial information presented covers five years. The information for 1998 and 1999 comes from the Office's audited financial statements included in the Office's Annual Reports on Operations for those years. Hill McKillop Chartered Accountants audited the Office's 1998 and 1999 financial statements. The information for 2000 and 2002 is not audited.

### 2. Summary of Accounting Policies

The accounting principles recommended by The Canadian Institute of Chartered Accountants for governments were used in the preparation of this financial information. The following accounting principles are considered to be significant:

#### (a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

#### (b) Revenue

The appropriation from the General Revenue Fund is recorded when receivable.

Fee revenue is recognized on the basis of the percentage of work completed for those government organizations that have signed contracts to pay fees or have otherwise agreed to pay the fees.

#### (c) Physical Assets

Physical assets are charged to expenditure when purchased rather than when consumed.

### 3. Financial Information is a Forecast

The financial information presented for 2001 is a forecast accordingly actual results will vary and the variations may be material. The Office will report actual results compared to planned results for 2000 and 2001 in the Office's 2000 and 2001 Annual Reports on Operations. The Office provides its Annual Report on Operations to the Legislative Assembly.

### 4. Assumptions

The financial information for the year ended March 31, 2001 was prepared using the assumptions presented in these notes to the financial information. The assumptions reflect the Office's planned course of action for this period as set out on pages 54 to 59. The assumptions are based on management's judgement of the most probable set of economic conditions for this period based on known information at October 31, 1999. The significant assumptions are:

- ◆ *Revenue appropriation* is the amount of money the Office needs from the General Revenue Fund to finance operations. Revenue other includes planned earnings from one seconded employee, investment income, our fee charged to PAMI, and fees charged to other agencies for ancillary services.
- ◆ *Salaries* are based on 59 full time equivalents at an average salary cost of \$56,220 (see page 49).

- ◆ Average salary cost is determined using best estimates of expected pay for current and new employees based on past trends and expected economic conditions. The average increase to salaries includes the 2% July 1, 2000 economic adjustment the Government is providing to other public sector workers. Average salary cost also reflects the affect on our salary costs of six professional accountants leaving the Office and hiring six new staff during the forecast period.
- ◆ The 59 person years reflects the number of persons necessary to obtain 62,000 audit hours to audit the organizations set out on pages 43 to 44. The 62,000 audit hours takes into account known information at October 31, 1999 about; the state of the government's systems and practices, the number of government organizations, and the Government's use of appointed auditors. The number of persons necessary to achieve 62,000 audit hours is based on the planned use of employee time set out on pages 50 to 51.
- ◆ *Employee benefits* include the costs of the following benefits, Canada pension plan, employment insurance, workers' compensation, public employees pension plan, public employees dental plan, public employees disability income plan, public employees group life plan and an extended health plan equivalent to the plan provided to out of scope employees in the public service. The costs reflect current rates charged for these benefits.
- ◆ *Administration* reflects management's best estimates based on past trends and current economic conditions for costs such as; travel to audits, computer hardware and software purchases and maintenance, professional fees and dues, telephone, printing, and office supplies.
- ◆ *Rent of space and office equipment* is nearly all for office space and is based on a lease that ends March 31, 2002.
- ◆ *Agent and advisory services* represents management's best estimates for legal costs, the cost of auditing the Office, and other minor contractual services.
- ◆ *Training and development* costs are the Office's out of pocket costs to train staff; to become professional accountants, to keep the knowledge and skills of current professional accountants up to date, and to gain knowledge in specialized areas. The costs are based on past trends and Office policies. (See page 52.)

## 5. Administration

In 2000, due to established priorities, we decided not to pay one of our professional memberships totalling \$15,000. We plan to renew this membership for future years. Also, in 2000, we showed the cost of staff parking as administration. In the past, we showed the cost of staff parking as rent.

## 6. Training and Development

In 2000, due to established priorities, we did not carry out part of our annual management training program. We plan to carry out this program in future years.

## 7. Total expenditure

Our actual spending for the seven months ended October 31, 1999 was \$2.650 million.

## **Schedule of Actual and Planned Costs to Audit Government Agencies For the Years Ending in the Period July 1 to June 30 1997, 1998, 1999, and 2000**

The following schedule shows our actual costs to audit government agencies for their years ended in the periods July 1, 1996 to June 30, 1997 (1997 actuals) and July 1, 1997 to June 30, 1998 (1998 actuals). The schedule also shows our planned costs to audit government agencies for their years ended in the periods July 1, 1998 to June 30, 1999 (1999 planned) and July 1, 1999 to June 30, 2000 (2000 planned).

The "nature of each examination", except for the Saskatchewan Safety Council, is described in section 11 of *The Provincial Auditor Act* which states:

- "11(1) *The Provincial Auditor is the auditor of the accounts of the Government of Saskatchewan and shall examine all accounts related to public money and any accounts not related to public money that he is required by an Act to examine and shall determine whether, in his opinion:*
- (a) the accounts have been faithfully and properly kept;*
  - (b) public money has been fully accounted for and properly disposed of, and the rules and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;*
  - (c) public money expended has been applied to the purposes for which it was appropriated by the Legislature and the expenditures have adequate statutory authority; and*
  - (d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money."*

The information for 1997 and 1998 comes from the Schedule of Actual Costs to audit Government Agencies included in our 1998 and 1999 Annual Reports on Operations. Those schedules were audited by Hill McKillop Chartered Accountants. Also, those schedules provide a comparison of our planned and actual costs to audit organizations for those years and an explanation for significant differences.

**Schedule of Actual and Planned Costs to Audit  
Government Agencies for the Years Ending in the Period  
July 1 to June 30, 1997, 1998, 1999, and 2000**

<b>Department or Agency</b>	<b>1997 Actual</b>	<b>1998 Actual</b>	<b>1999 Planned</b>	<b>2000 Planned</b>
Department of Agriculture and Food	\$ 240,235	\$ 274,495	(12) \$ 262,419	\$ 291,212
Department of Economic and Co-operative Development	49,948	51,448	47,522	48,895
Department of Education	115,294	179,543	(13) 186,477	195,835
Department of Energy and Mines	25,316	50,041	56,421	48,540
Department of Environment and Resource Management	113,777	113,497	138,210	127,930
Department of Executive Council	11,288	18,349	13,717	14,833
Department of Finance	459,100	487,086	511,611	574,730 (1)
Department of Health	576,876	606,983	(14) 552,569	(7) 525,606
Department of Highways and Transportation	81,429	98,258	103,110	113,007
Indian and Metis Affairs Secretariat	6,992	-	-	-
Department of Intergovernmental Relations	6,587	13,355	29,098	15,706
Department of Justice	146,545	202,829	(15) 172,300	224,650 (2)
Department of Labour	14,853	24,289	17,488	14,228
Legislative Assembly	33,359	30,111	35,177	38,644
Department of Municipal Affairs, Culture and Housing	248,633	249,716	231,934	212,749
Department of Post-Secondary Education and Skills Training	459,053	595,610	(16) 449,947	(8) 503,977 (3)
Public Service Commission	16,415	6,157	7,909	7,622
Department of Social Services	125,457	140,116	180,920	(9) 172,396
Saskatchewan Gaming Corporation	42,872	54,199	69,622	85,376
Saskatchewan Liquor and Gaming Authority	88,241	120,181	(17) 98,870	102,870
Saskatchewan Municipal Board	5,141	7,743	5,591	6,204
Saskatchewan Research Council	71,194	66,565	72,823	67,798
Saskatchewan Safety Council	18,045	15,211	13,915	15,320
Women's Secretariat	4,102	2,725	3,079	3,391
Workers' Compensation Board	33,211	24,563	32,736	27,721
Crown Investments Corporation of Saskatchewan	82,279	96,450	103,697	96,467

<b>Department or Agency</b>	<b>1997 Actual</b>	<b>1998 Actual</b>	<b>1999 Planned</b>	<b>2000 Planned</b>
Municipal Financing Corporation of Saskatchewan	\$ 2,119	\$ 2,344	\$ 2,035	\$ 2,165
Saskatchewan Development Fund Corporation	3,485	4,128	5,742	6,116
Saskatchewan Energy Conservation and Development Authority	10,551	2,379	-	-
Saskatchewan Forest Products Corporation	2,195	3,154	3,605	1,430
Saskatchewan Government Growth Fund	8,683	15,807	8,650	18,696
Saskatchewan Government Insurance Corporation	31,701	32,938	41,843	47,499
Saskatchewan Opportunity Corporation	7,049	16,511	13,543	14,225
Saskatchewan Power Corporation	61,591	64,048	84,940	35,613 (4)
SaskEnergy Incorporated	13,080	17,570	18,678	19,613
Saskatchewan Property Management Corporation	11,189	10,101	11,058	11,629
Saskatchewan Telecommunications	29,459	45,570	36,165	37,746
Saskatchewan Transportation Company	7,923	15,580	10,698	11,173
Saskatchewan Water Corporation	14,061	16,450	10,346	39,812
Greystone Capital Management Inc.	336	-	543	-
Government-Wide, Sectoral and Special Issue Audits	371,166	261,796 (18)	422,173 (10)	512,893 (5)
Legislative Committees and Annual Report	374,390	341,675 (19)	399,245 (11)	447,683 (6)
<b>TOTAL</b>	<b>4,025,220</b>	<b>4,379,571</b>	<b>4,466,426</b>	<b>4,742,000</b>
Secondments	49,429	82,637	55,574	56,000
<b>TOTAL INCLUDING SECONDMENTS</b>	<b>\$ 4,074,649</b>	<b>\$ 4,462,208</b>	<b>\$ 4,522,000</b>	<b>\$ 4,798,000</b>
Average cost per audit hour	\$ 65.75	\$ 67.92	\$ 69.49	\$ 74.98 *

\* The average cost per audit hour is the total expenditure for the year from page 39, less direct costs, divided by the total audit hours for all employees for the year (see page 50). The increase in the average cost per hour is primarily due to increasing salaries to respond to market pressure (see page 49).

## Explanations for Differences Greater Than \$40,000 Between Years

### 2000 Planned

- (1) *Finance* – In 2000, we plan to advance the completion date of the Summary Financial Statements by four weeks. We will need to hire contract help and temporary help to meet this date and also meet all of our other deadline dates for other agencies.
- (2) *Justice* – The Government created two new agencies that we must examine. This increased our costs \$36,200. See page 47. Also, the Public Trustee is developing new computer systems to deal with the year 2000 issue. Reviewing these new systems will increase our costs by \$12,700.
- (3) *Post-Secondary Education and Skills Training* – The Government created a new agency we must examine. This increased our costs \$21,300. See page 47. The rest of the increase is caused by the increase in our average cost per audit hour.
- (4) *Saskatchewan Power Corporation* – For the past few years, we have devoted more resources to our audit of SaskPower because of our concern with SaskPower's financial reporting practices and Channel Lake. For 2000, we do not expect any financial reporting issues and have reduced our planned costs.
- (5) *Government-Wide Sectoral and Special Issue Audits* – Our work on *Toward 2000* caused us to reconsider how we examine infrastructure. We decided we have to do more work on the Government's systems and practices for managing its risks to its infrastructure beginning with the health system. This decision increases our costs \$73,000. In 2000, we also plan to identify and report what information the Legislative Assembly needs to receive from Crown corporations to understand and debate rate changes.
- (6) *Legislative Committees and Annual Report* – For 2000, we increased our planned costs for preparing our Fall report to more closely reflect our actual costs for 1997 and 1998. See discussion at (11).

### 1999 Planned

- (7) *Health* – Our 1999 planned costs are less than our 1998 actual costs because of two examinations we did in 1998. In our 1999 Annual Report on Operations, we report we spent approximately \$64,000 more than our 1998 planned costs to examine the contract management processes used by the Saskatchewan Health Information Network Corporation and to examine the Department's resource allocation processes.
- (8) *Post-Secondary Education and Skills Training* - Our 1999 planned costs are less than our 1998 actual costs by approximately \$146,000. In 1998, the University of Saskatchewan and the University of Regina changed their financial reporting practices to comply with the accounting principles recommended by the Canadian Institute of Chartered Accountants. The new principles have resulted in financial statements that provide more rigorous measures of the Universities' performances. The Universities had to prepare and change their accounting records and their systems and practices. The Universities also had to prepare revised comparative financial statements for 1997. Our workload increased significantly in 1998 because we had to examine two years and new accounting records and new systems and practices. Our 1999 Annual Report on Operations discusses this matter. In 1999, we did not expect to have to incur the extra costs that we had in 1998 and therefore did increase our planned costs. Also, in 1999, the Government created new agencies and programs we have to examine. This increased our 1999 planned costs approximately \$40,000. The agencies and programs were the Labour Market Agreement and the University of Saskatchewan Research Pension Fund.

- (9) *Social Services* - Our planned costs for 1999 are greater than our actual costs for 1998 because in 1999 the Government created new programs we have to examine. These programs were the Saskatchewan Employment Supplement and Saskatchewan Child Benefit.
- (10) *Government-Wide Sectoral and Special Issue Audits* - Our 1999 planned costs are approximately \$160,000 more than our actual costs for 1998. In our 1999 Annual Report on Operations, we report we had to delay 1998 planned work because of the unplanned work we had to do at the Universities, SaskPower and the Workers' Compensation Board.
- (11) *Legislative Committees and Annual Report* - The increase in the 1999 planned costs reflects our experience from 1997 and 1998 for preparing our public reports. In 1997 and 1998, we found our costs increased because we were publishing more reports and spending more time preparing for and attending meetings. Also, in 1999, we planned to spend \$23,000 more than we spent in 1998 helping the Standing Committee on Crown Corporations.

### **1998 Actual**

- (12) *Agriculture and Food* - Our actual costs for 1998 are approximately \$34,000 more than 1997. In 1998, we examined an agency that did not exist in 1997. This examination cost us \$20,000. Also, in 1998, we began work on identifying the Department's key risks.
- (13) *Education* - In 1998, we began work on the Department's performance indicators and assessed the Department's annual report. We did not do this work in 1997.
- (14) *Health* - See discussion at (7).
- (15) *Justice* - In 1998, we identified, discussed and reported on the key risks the Department must manage well. Also, we examined how the Department's strategic plan compared to the key elements of a sound strategic plan.
- (16) *Post-Secondary Education and Skills Training* - See discussion at (8).
- (17) *Saskatchewan Liquor and Gaming Authority* - In 1998, we examined the Authority's management systems and practices to approve and monitor the systems and practices used by the Casinos managed by the Saskatchewan Indian Gaming Authority.
- (18) *Government-Wide Sectoral and Special Issues* - We had planned work costing \$392,000 for 1998. We had to delay work in this area because of unplanned work we had to do at the Universities, SaskPower and the Workers' Compensation Board. See discussion at (4), (8), and (10).
- (19) *Legislative Committees and Annual Report* – Since we reported on our actual costs for 1997 in our 1998 Annual Report, we have recorded an additional \$80,000 for 1997. As a result, our actual costs for 1998 are approximately \$112,000 less than our 1997 actual costs. In 1997 we continued the transition of reporting the results of our audits of agencies with March year ends in our fall reports. In the past, we were reporting March year ends in the following years' spring reports. This resulted in some confusion in allocating our costs with the result that some 1998 costs were recorded as 1997 costs rather than as 1998 costs. We have not restated the 1997 and 1998 reported costs in this schedule because we wanted to report audited costs for 1997 and 1998. Also, in 1998 we incurred less costs than 1997 helping the Standing Committee on Public Accounts.

## Government Organizations Created in 1999-2000

The following organizations were created during 1999-2000 and result in more work for us in 2000-2001. As a result, we request additional resources in 2000-2001 to do these audits:

Department of Justice		
Funeral and Cremation Services	\$ 7,600	
Saskatchewan Land Information Services Corporation	<u>28,600</u>	\$ 36,200
Department of Post-Secondary Education and Skills Training		
Apprenticeship and Trade Certification Commission	<u>21,300</u>	21,300
Saskatchewan Government Insurance Corporation		
Saskatchewan Snowmobile Fund	<u>8,000</u>	8,000
Saskatchewan Government Growth Fund		
Saskatchewan Government Growth Fund VII Limited	100	
Saskatchewan Government Growth Fund VIII Limited	<u>100</u>	
		<u>200</u>
		<u><u>\$ 65,700</u></u>

We submit our request for resources in November of a year (1999) for the next April to March fiscal (2000-2001) year. Our request is for the purpose of auditing government organizations for their years ended in the period July 1, 1999 to June 30, 2000. The request is based on information known to October 31, 1999. Information received after that date will be reflected in our next request for resources.

## Government Organizations Wound Up in 1999-2000

The following organizations were wound up during 1999-2000 and result in less work for us in 2000-2001. As a result, we do not request resources in 2000-2001 to do these audits:

Department of Agriculture and Food		
Moose Jaw Packers (1974) Ltd.	\$ 750	
KROP Transport	<u>750</u>	\$ 1,500
Department of Municipal Affairs, Culture and Housing		
New Careers Corporation	12,000	
Wanuskewin Heritage Park	<u>4,400</u>	16,400
Crown Investments Corporation of Saskatchewan		
Crown Investments Corporation Forest Products Ltd.	<u>4,800</u>	4,800
Greystone Capital Management Inc.	<u>500</u>	<u>500</u>
		<u><u>\$ 23,200</u></u>

We submit our request for resources in November of a year (1999) for the next April to March fiscal (2000-2001) year. Our request is for the purpose of auditing government organizations for their years ended in the period July 1, 1999 to June 30, 2000. The request is based on information known to October 31, 1999. Information received after that date will be reflected in our next request for resources.

## Forecast and Actual Full Time Equivalent Positions and Average Salaries

Information on full time equivalent positions and salary levels

Fiscal Year Ended	Full Time Equivalent Positions		Average Salaries	
	Forecast	Actual	Forecast	Actual
1990	51	51	\$ 45,500	\$ 43,500
1991	52	50	44,400	43,100
1992	60	59	44,500	44,900
1993	64	58	48,800	49,000
1994	69	61	48,100	47,000
1995	66	62	48,200	49,200
1996	63	62	48,700	50,360
1997	63	63	48,400	48,773
1998	62	62	48,700	50,358
1999	61	61	50,000	52,377 <sup>1</sup>
2000	60	59 <sup>2</sup>	52,200	54,407 <sup>2</sup>
2001	59	---	56,220 <sup>1</sup>	---

<sup>1</sup> Our average salaries have increased from 1990 to 2001 primarily due to the Provincial Auditor's staff receiving similar economic adjustments as those the Government provided to public servants. We set out below the economic adjustments the Government pr

July 1, 1989	4%
July 1, 1990	4%
July 1, 1991	4%
July 1, 1994	2%
July 1, 1997	1%
July 1, 1998	3%
July 1, 1999	2%
July 1, 2000	2%

<sup>2</sup> Estimated number of employees and salaries at October 31, 1999 after adjustment for a \$97,000 decrease in accrued vacation pay.

## Schedule of Actual and Planned Time Employees Spend on Tasks For the Period April 1, 1996 to March 31, 2001

Employee time	Actual			Planned	
	1997	1998	1999	2000	2001
Working hours	85%	87%	87%	86%	85%
Vacation leave and statutory holidays	12% <sup>1</sup>	11%	11%	12%	13% <sup>2</sup>
Sick leave	3% <sup>3</sup>	2%	2%	2%	2%
<b>Total paid hours</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Working hours tasks					
Audits	67% <sup>4</sup>	64%	64%	64%	63%
Support services	13%	13%	13%	13%	13%
Office administration	11% <sup>4</sup>	15%	15%	14%	15%
Training	9%	8%	8%	9%	9%
<b>Total work hours</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Number of full time equivalent					
positions before secondments	61	61	60	59	58
Secondments	2	1	1	1	1
<b>Total full time equivalent positions</b>	<b>63</b>	<b>62</b>	<b>61</b>	<b>60</b>	<b>59</b>

(see accompanying notes to the schedule on page 51)

<sup>1</sup> Our vacation leave and statutory holidays are similar to those provided to employees in the public service. The 1997 figure reflects one more statutory holiday (Easter) for the period.

<sup>2</sup> Our vacation leave and statutory holidays are similar to those provided to employees in the public service. In October 1991, the Government gave improved vacation entitlements to its employees (e.g., four weeks vacation after 8 years of service instead of 10 years). We provided this benefit to our employees in October 1994. We are now impacted by this increase in vacation entitlements as the average term of service with our Office continues to increase.

<sup>3</sup> In 1997, two employees had lengthy illnesses.

<sup>4</sup> Our plan for 1997 for Office administration was 14%. We plan for lost time each year that results from delays in gaining access to agencies' records. In 1997, we had few delays.

## **Notes to the Schedule of Actual and Planned Time Employees Spend on tasks For the Period April 1, 1996 to March 31, 2001**

### **1. Purpose**

This schedule shows employee tasks and the percentage of time employees spend on these tasks. The schedule shows actual percentages for the years ended March 31, 1997 to March 31, 1999. The schedule also shows planned percentages for these tasks for the years ended March 31, 2000 and 2001.

The information for 1997, 1998 and 1999 comes from the Schedule of Actual Time Employees Spend on Tasks included in our Annual Reports on Operations for those years. The 1997, 1998 and 1999 schedules were audited by Hill McKillop Chartered Accountants.

### **2. Definitions**

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

Vacation leave and statutory holidays - Employees receive paid vacation leave. Leave is based on years of service. Employees also receive 11 paid statutory holidays.

Sick leave - Employees receive paid sick leave. The amount of paid leave is based on years of service.

Total paid hours - This is the total of working hours, vacation leave and statutory holidays, and sick leave. Employees must account for a minimum of 1950 total paid hours per year to receive full pay.

Secondments - Secondments refers to arrangements when the Office's staff work for others (e.g. Government agencies) under their direction.

Audit hours - This is the time employees spend on the audits set out in the Detailed Work Plan on page 42. This time includes secondments. Audit hours do not include the time spent on support services, office administration, and training.

Support services - This is the time employees spend on accounting, filing, computer maintenance and support, and other administrative support.

Office administration - This is time employees spend on human resource activities, internal committees and working groups, office-wide and group planning activities, and time that does not fall within any other working hours task category.

Training - This is time employees spend on staff development courses and seminars. The time includes both employee attendance time and instructor time when our employees instruct our internal courses.

Full-time equivalent positions - This represents the total paid months divided by twelve months.

### **3. Time Allocation Policies**

Employees are required to record on time sheets actual time spent on each task to the nearest quarter hour. The employees' supervisors approve the employees' time sheets. The Office records the time shown on the time sheets. The Office uses the information derived from the time sheets to pay employees and to monitor employees' performance. The Office also uses this information to determine the actual costs to audit government agencies.

## Training

Information on the cost of training showing the staff hours, staff salary costs and out-of-pocket costs.

	Hours <sup>1, 2</sup>	Salary Cost	Out-of-Pocket Cost
1995-96 forecast	8,968	\$ 199,416	\$ 150,010
1995-96 actual	8,814	184,271	132,914
1996-97 forecast	8,659	174,629	149,575
1996-97 actual	8,808	177,071	122,257
1997-98 forecast	8,100	162,600	145,500
1997-98 actual	8,639	188,444	136,155
1998-99 forecast <sup>3</sup>	8,947	170,665	151,540
1998-99 actual <sup>4</sup>	8,023	188,320	148,531
1999-00 forecast	8,720	205,791	149,000
1999-00 estimate <sup>5</sup>	7,994	192,252	118,661
2000-01 forecast	9,043	206,582	149,000

- <sup>1</sup> We are a training office for people to become Chartered Accountants (CAs). We pay salaries about \$9,000 per year less than the starting salary for a Business Auditor hired through the Public Service Commission. Our training costs for CA students are about \$4,400 per year. It takes three years to become a CA. Accordingly, we save about \$5,000 per year whenever we can use a student to do the required work.
- <sup>2</sup> We continue to update our training survey that was initiated from a request of the Board of Internal Economy. In early 1999, we did a survey of the legislative auditors across Canada and four of the largest national auditing firms in Regina. We received replies from nine of the legislative auditors and two of the national auditing firms. Following are the results of the survey based on 1998 training policies:

Type of training	Legislative Auditors Average 1998	National Auditing Firms Average 1998	Provincial Auditor Saskatchewan 1998
Training new staff to become professionals	11 days	16 days	11 days
Keeping our existing professional staff current	7 days	16 days	6 days
Specialized training (e.g., computers, pensions, tax, etc.)	9 days	33 days	11 days

We also note, in January 1995, the Institute of Chartered Accountants of Saskatchewan reported on professional development (training) in its newsletter *Horizons*. The Institute reported that in 1994 Chartered Accountants spent about 70 hours (approximately 9 days) on training activities.

- <sup>3</sup> In 1998-99, our planned costs reflected our decision to hire two trainees who will do the Master of Professional Accounting Program (MPAcc) at the University of Saskatchewan. This decision would increase training costs by \$8,710. Our recruiting for that year did not result in the hiring of students willing to pursue MPAcc.
- <sup>4</sup> Our training hours decreased due to not having MPAcc student time. However, we increased our IT training for support staff due to the loss of a key staff member. The salary cost of this training is higher than savings from the decreased student training.
- <sup>5</sup> As at October 31, 1999, our estimated hours decreased due to established priorities. We did not carry out part of our annual management training program.

## **Summary of Our 1999 – 2001 Strategic Plan**

### **Our goals and objectives**

We have three goals. These are:

- ◆ foster well managed government;
- ◆ encourage good reporting by government; and
- ◆ manage our business effectively.

Pages 54 to 59 set out our goals and objectives for the period 1998-99 to 2000-01 for pursuing our mission. We also set out our:

- ◆ strategies to manage the risks that might prevent us from achieving our objectives;
- ◆ action plans for 2000-2001; and
- ◆ performance indicators we use to measure our success in achieving our goals and objectives and our performance targets for those indicators.

We have started work on a strategic plan for the next three years. We expect to complete our plan in February 2000.

<b>GOAL 1: FOSTER WELL MANAGED GOVERNMENT</b>	
<b>Objectives for 1999 to 2001</b>	<b>Strategies for 1999 to 2001</b>
<p>Our stakeholders (legislators, the public, and government officials) know key issues of significance and risk (financial, operational and legal) the Government needs to manage well.</p> <p>The Government uses adequate systems and practices to manage key issues of significance and risk.</p> <p>Our stakeholders know whether the Government manages key issues of significance and risk well.</p>	<p>Identify and report key issues of significance and risk which need to be managed well.</p> <p>Examine and report on key financial, operational and legal systems and practices.</p> <p>Provide advice on improving financial, operational and legal systems and practices.</p>

<b>GOAL 1: FOSTER WELL MANAGED GOVERNMENT</b>	
<b>Action Plans for 2001</b>	<b>Performance indicators for 1999 to 2001</b>
<p>Examine government agencies each year and report on the reliability of their financial statements, their compliance with the law, and the adequacy of their systems and practices. Also, provide useful information, advice, and reports on key accountability and management issues.</p> <p>Use the auditing standards recommended by The Canadian Institute of Chartered Accountants. We will do the audits directly or work with appointed auditors. When we work with appointed auditors, we will follow the recommendations of the <i>Task Force on the Roles, Responsibilities, and Duties of Auditors</i>.</p> <p>Identify key issues of significance and risk at 9 government agencies and report those issues to the Government and the Assembly. Each year, examine, report on, and provide advice to the Government and the Assembly for improving the Government's systems and practices for managing four key issues of significance and risk.</p>	<ul style="list-style-type: none"> <li>◆ Most of our recommendations can be implemented within one year. The Government acts on 80% of those recommendations that are more than one year old.</li> <li>◆ Some of our recommendations involve major change. The Government acts on 80% of those recommendations that are more than five years old.</li> <li>◆ 90% of our recommendations considered by the Standing Committee on Public Accounts are accepted by that Committee.</li> <li>◆ By 2000, include in our reports to the Assembly key issues of significance and risk the Government needs to manage well for 17 agencies.</li> </ul>

<b>GOAL 2: ENCOURAGE GOOD REPORTING BY GOVERNMENT</b>	
<b>Objectives for 1999 to 2001</b>	<b>Strategies for 1999 to 2001</b>
<p>The Government reports on key issues of significance and risk (financial, operational and legal) it needs to manage well.</p> <p>Our stakeholders know they can rely on government reports to help assess the Government's performance.</p>	<p>Explain the importance of performance plans and reports.</p> <p>Serve as a role model for performance planning and reporting.</p> <p>Attest to the reliability of Government performance reports on specific key issues of significance and risk.</p> <p>Encourage the Government to accept and use key elements of performance plans and reports.</p> <p>Assess and report on the adequacy of the Government's performance plans and reports (e.g., financial statements).</p>

<b>GOAL 2: ENCOURAGE GOOD REPORTING BY GOVERNMENT</b>	
<b>Action Plans for 2001</b>	<b>Performance indicators for 1999 to 2001</b>
<p>Encourage the Government to prepare, use and provide Members of the Legislative Assembly (MLAs) and the public with a complete business and financial plan at every opportunity.</p> <p>Encourage the Government to prepare an annual report and encourage the public and MLAs to use the annual report as the primary financial accountability document at every opportunity.</p> <p>Encourage good performance planning and reporting by all government agencies by examining annual reports of government agencies and reporting the results to the Government and the Assembly.</p> <p>Serve as a role model by reporting our plans and our performance.</p>	<ul style="list-style-type: none"> <li>◆ 50% of the Government’s March 31, 1998 and December 31, 1998 annual reports we examine set out information on key issues of significance and risk.</li> <li>◆ The activities and reports of legislators, i.e., the Standing Committees on Public Accounts and on Crown Corporations, refer more to the key issues of significance and risk the Government needs to manage well.</li> <li>◆ The Assembly receives our Business and Financial Plan and our Annual Report on Operations each year.</li> </ul>

<b>GOAL 3: MANAGE OUR BUSINESS EFFECTIVELY</b>	
<b>Objectives for 1999 to 2001</b>	<b>Strategies for 1999 to 2001</b>
<p>Our work is relevant.</p> <p>Our work is done well.</p> <p>Our stakeholders know our work is relevant and is done well.</p>	<p>Adjust our work so we better assist our stakeholders.</p> <p>Use best practices which are also economic and efficient.</p> <p>Maintain qualified professional staff and a good working environment.</p> <p>Assess and report on our performance.</p> <p>Communicate in a clear, powerful and timely manner.</p>

<b>GOAL 3: MANAGE OUR BUSINESS EFFECTIVELY</b>	
<b>Action Plans for 2001</b>	<b>Performance indicators for 1999 to 2001</b>
<p>Gather information from government agencies, appointed auditors, and elected members regarding their views of our performance, and act on that information.</p> <p>Complete our assessment of whether we should use the guidelines issued by the Criteria of Control Board of the Canadian Institute of Chartered Accountants to assess the Government's systems and practices to safeguard and control public resources. Currently, we think using these guidelines will help us achieve our goal of fostering well managed government. We are also assessing how these guidelines will help us improve how we manage our business.</p> <p>Complete our work within established deadlines while complying with professional standards, and gaining the support of MLAs, the public, and the Government for our advice and recommendations.</p> <p>Compare the way we do our work with private sector auditors and other legislative auditors.</p> <p>Monitor the cost of our products and how we use our staff resources.</p> <p>Provide our staff with the necessary computer hardware and software.</p> <p>Promote a healthy work environment for our staff.</p> <p>Improve the knowledge, skills, and abilities of our staff by monitoring and assessing our training plans to ensure all relevant subject areas are addressed. Continue to promote secondments and to encourage our staff to include training as part of their performance development strategies.</p> <p>Improve our writing and presentation skills.</p> <p>Report our plans and performance to the Assembly.</p>	<ul style="list-style-type: none"> <li>◆ 90% of our recommendations considered by the Standing Committee on Public Accounts are accepted by that Committee.</li> <li>◆ Our exit meetings and client surveys indicate a positive trend in satisfaction with our work.</li> <li>◆ The Institute of Chartered Accountants of Saskatchewan reports our work is satisfactory.</li> <li>◆ Our work is completed by established deadlines and within the planned costs set out in our Business and Financial Plan.</li> <li>◆ Our request for resources absorbs inflationary increases except for increased costs resulting from economic adjustment to salaries granted by the Government to public servants.</li> <li>◆ Our staff resources are used as set out in our Business and Financial Plan.</li> <li>◆ Our corporate culture surveys indicate a positive trend in our working environment.</li> <li>◆ Our professional accounting program pass rate exceeds the Provincial average each year.</li> <li>◆ Our auditor reports publicly and positively on our performance (e.g. our financial statements, our compliance with <i>The Provincial Auditor Act</i> and the adequacy of our management systems and practices).</li> <li>◆ The Assembly receives our Business and Financial Plan and our Annual Report on Operations each year.</li> <li>◆ The Assembly receives a Fall and Spring Report each year.</li> </ul>

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**Appendix II – Other Information in Response to  
Questions Posed Previously by the Standing  
Committee on Estimates and the Board of  
Internal Economy**

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When reviewing our Business and Financial Plans, the Standing Committee on Estimates and the Board of Internal Economy have asked several questions about our spending practices and audit work. This appendix contains information to answer those questions. The information reflects our latest results and estimates.

We think the Committee's and the Board's questions are excellent for understanding and assessing the spending practices of public sector managers. Accordingly, we encourage Members of the Legislative Assembly to ask similar questions of managers of Crown corporations and departments when those managers appear before other Standing Committees.

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## Five Year Spending Trends

In the past, members of the Standing Committee on Estimates expressed concern about the percentage increase in our spending.

The following information shows the five year trend of our spending from 1995 to 1999. The financial trends of the Government are represented by the total revenue plus the total expenditures, as well as the total assets plus the total liabilities.

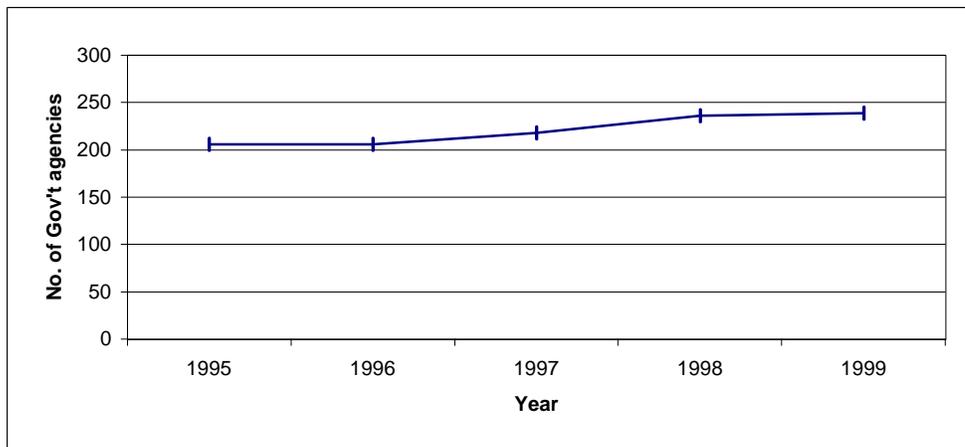
### Schedule I

Year End	Provincial Auditor's Spending		Government's Financial Trends			
			Revenue and Expenditures		Assets and Liabilities	
1995	\$	4.4 million	\$	17.4 billion	\$	34.6 billion
1996		4.5 million		17.6 billion		34.9 billion
1997		4.3 million		17.5 billion		34.5 billion
1998		4.5 million		17.6 billion		33.9 billion
1999		4.6 million		18.3 billion		33.9 billion

The Provincial Auditor's reported spending, for 1995 to 1999 inclusive, does not include appointed auditors' fees charged to government agencies. The decision to use appointed auditors rests with the Government. Accordingly, the costs of appointed auditors are not within the Provincial Auditor's control and are, therefore, not reflected in the Provincial Auditor's spending.

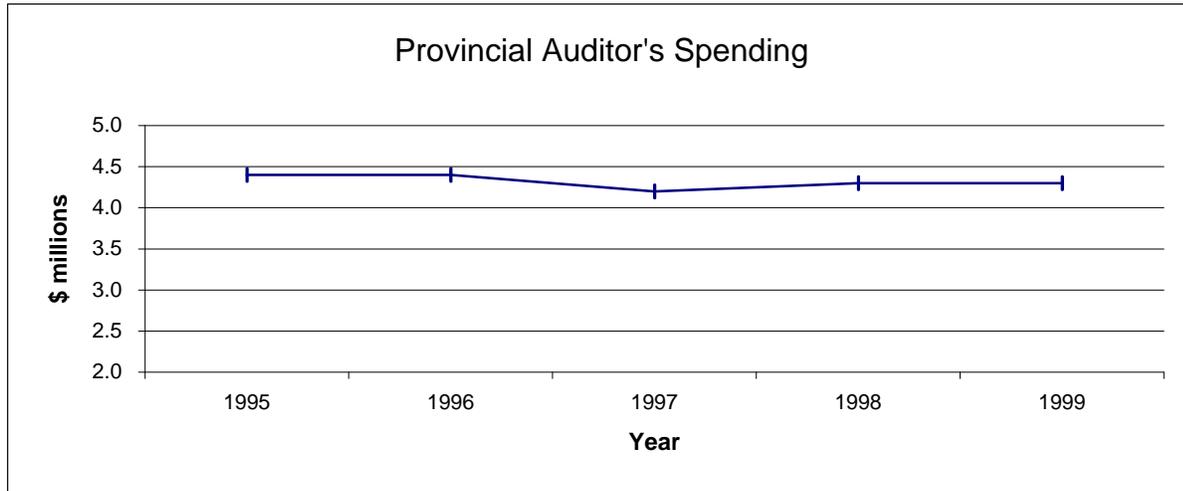
The Government's financial numbers come from the Summary Financial Statements. The total revenues plus the total expenditures are used to reflect the increase in the volume of transactions our Office is responsible for auditing. We also have to audit the total assets plus the total liabilities of the Government. Schedules II and III (page 66) include the above information adjusted for inflation using 1995 as the base year.

Our work is also affected by the number of government agencies. The following graph shows the five year trend in the number of government agencies.



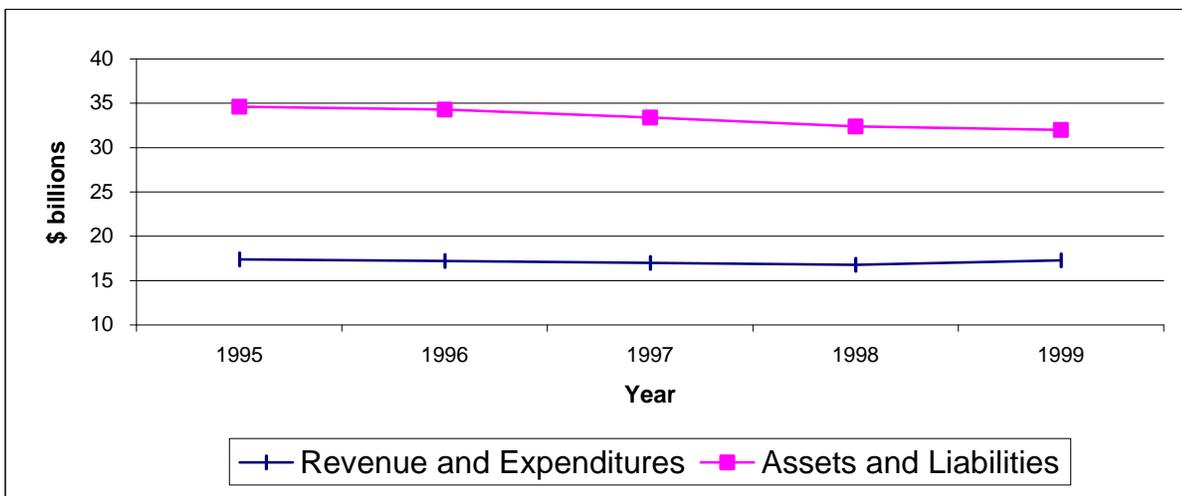
## Schedule II Provincial Auditor's Spending

These numbers come from Schedule I. The numbers are adjusted for inflation using The Consumer Price Index of Canada and 1995 as the base year.



## Schedule III Government's Financial Trends

These numbers come from Schedule I. The numbers are adjusted for inflation using The Consumer Price Index of Canada and 1995 as the base year.



## Out of Province Travel

Information on the last five years "out of province travel".

	1996-97	1997-98	1998-99	1999-00	2000-01
Forecast	\$ 30,000	\$ 31,000	\$ 28,250	\$ 39,500 <sup>1</sup>	\$ 40,250 <sup>1</sup>
Actual	30,334	33,261	38,974 <sup>1</sup>	28,031 <sup>2</sup>	

<sup>1</sup> Increasingly we are asked to participate in national working groups with the legislative audit community to agree on guidelines for auditing and reporting on performance. Also, some of our specialized training is not available in province (e.g., pension and benefit plans, gaming and insurance areas.)

<sup>2</sup> This is an estimate to March 31, 2000. The actual to October 31, 1999 is \$12,419. In 2000, due to established priorities, we did not carry out part of our annual management training program. We plan to carry out this program in future years.

## Salary Comparisons

Monthly and annual salaries for all staff as of March 31, 1999 and as of March 31, 1998 and the percentage change. For explanation for increases, see footnotes 1 to 7 on page 71.

### Salaries - Employees (excluding union related employees)

Name	Type	March 31, 1998		March 31, 1999		Percentage Increase (7)	Explanation for Increases
		Annual Salary	Monthly Salary	Annual Salary	Monthly Salary		
Ahmad, Mobashar	Permanent	\$ 84,000	\$ 7,000	\$ 89,736	\$ 7,478	6.83%	
Anderson, Mark T.	Permanent	60,000	5,000	66,812	5,568	11.35%	(6)
Atkinson, Brian R.	Permanent	87,105	7,259	89,736	7,478	3.02%	
Bachelu, Gaylene	Permanent	23,559	1,963	25,727	2,144	9.20%	
Beblow, Jolene	Permanent	42,000	3,500	52,000	4,333	23.81%	(3)
Black, Robert L.	Permanent	80,217	6,685	82,640	6,887	3.02%	
Borys, Angèle M.	Permanent	56,420	4,702	70,000	5,833	24.07%	(3)
Callander, Charlene D.	Permanent	45,531	3,794	No longer employed			
Coulter, Jill C.	Permanent	48,213	4,018	No longer employed			
Creaser, Philip M.	Permanent	80,217	6,685	82,640	6,887	3.02%	
Deis, Kelly W.	Permanent	38,000	3,167	52,000	4,333	36.84%	(3)
Dickin, Deann J.	Permanent	30,746	2,562	35,000	2,917	13.84%	(3)
Dyck, Lisa M.	Permanent	19,774	1,648	22,000	1,833	11.26%	(3)
Earis, Lorianne M.	Permanent	53,000	4,417	No longer employed			
Ferguson, Judy D.	Permanent	87,105	7,259	89,736	7,478	3.02%	
Gavel, Charlene D.	Permanent	46,000	3,833	No longer employed			
Grabarczyk, Rod	Permanent	76,626	6,386	80,295	6,691	4.79%	
Harasymchuk, William	Permanent	59,909	4,992	65,464	5,455	9.27%	
Harrison, Garnet G.	Permanent	42,000	3,500	52,000	4,333	23.81%	(3)
Heffernan, Michael A.	Permanent	87,105	7,259	89,736	7,478	3.02%	
Jersak, Rodd S.	Permanent	65,648	5,471	70,335	5,861	7.14%	
Kinvig, Amy P.	Permanent	28,200	2,350	39,200	3,267	39.01%	(2)
Klisowsky, Cathy R.	Permanent	33,227	2,769	48,329	4,027	45.45%	(2)
Knox, L. Jane	Permanent	78,337	6,528	82,640	6,887	5.49%	
Kucher, Tara L.	Permanent	27,900	2,325	39,200	3,267	40.50%	(2)
Kuntz, Linda A.	Permanent	40,000	3,333	41,208	3,434	3.02%	
Lipon, Shelley J.	Permanent	70,000	5,833	No longer employed			
Markewich, Dale	Permanent	70,000	5,833	75,000	6,250	7.14%	
Martens, G. Andrew	Permanent	79,500	6,625	82,640	6,887	3.95%	
Matchett, Joanne M.	Permanent	46,000	3,833	54,500	4,542	18.48%	(3)

Salaries - Employees (excluding union related employees)

Name	Type	March 31, 1998		March 31, 1999		Percentage Increase (7)	Explanation for Increases
		Annual Salary	Monthly Salary	Annual Salary	Monthly Salary		
Montgomery, Edward	Permanent	84,000	7,000	89,736	7,478	6.83%	
Nyhus, Glen D.	Permanent	79,500	6,625	82,640	6,887	3.95%	
Orrange, Loyd	Permanent	64,315	5,360	66,257	5,521	3.02%	
Peters, Cory D.	Permanent	50,142	4,179	No longer employed			
Pradhan, Karim S.	Permanent	79,500	6,625	82,640	6,887	3.95%	
Rybchuk, Corrine P.	Permanent	51,000	4,250	57,321	4,777	12.39%	(5)
Salman, Salma S.	Permanent	36,200	3,017	43,438	3,620	19.99%	(2)
Schwab, Victor A.	Permanent	59,740	4,978	65,286	5,441	9.28%	
Shorten, Karen	Permanent	23,113	1,926	26,500	2,208	14.65%	(6)
Smith, Scott J.	Permanent	38,000	3,167	45,238	3,770	19.05%	(2)
Smith, Shana A.	Permanent	31,200	2,600	39,200	3,267	25.64%	(2)
Strelloff, Wayne K.	Cash	109,537	9,128	112,845	9,404	3.02%	(4)
	Deferred	1,085	N/A	3,300	N/A		(4)
Sturgeon, Darold B.	Permanent	42,000	3,500	48,329	4,027	15.07%	(5)
Taylor, Kevin A.	Permanent	49,173	4,098	No longer employed			
Volk, Rosemarie M.	Permanent	70,505	5,875	75,000	6,250	6.38%	
Watkins, Dawn L.	Permanent	26,922	2,244	29,400	2,450	9.20%	
Wendel, G. Fred	Permanent	97,279	8,107	100,217	8,351	3.02%	
Wendel, Leslie E.	Permanent	76,626	6,386	78,940	6,578	3.02%	

Salaries - Employees (union related employees)

Name	Type	March 31, 1998		March 31, 1999		Percentage Increase (7)	Explanation for Increases
		Annual Salary	Monthly Salary	Annual Salary	Monthly Salary		
Baronowsky, Tricia A.	Permanent	Hired in 1998-99		\$ 24,500	\$ 2,042		
Brezinski, Curtis	Temporary	Hired in 1998-99		16,500	1,375		
Burrows, Jamie A.	Permanent	Hired in 1998-99		26,300	2,192		
Ceslak, Kami J.	Temporary		17,400	1,450			No longer employed as Co-op student
Ceslak, Kami J.	Permanent	Hired in 1998-99		26,000	2,167		
Clemett, Tara L.	Permanent		24,500	2,042	27,240	2,270	11.18% (1)
DeCorby, Michelle	Temporary	Hired in 1998-99		16,500	1,375		
Duran, Jason S.	Permanent		35,000	2,917	44,500	3,708	27.14% (6)
Duran, Joel	Temporary	Hired in 1998-99		20,100	1,675		
Forgie, Leanne M.	Permanent	Hired in 1998-99		25,240	2,103		
Fry, Kristen R.	Permanent		25,700	2,142			No longer employed
Fysh, Cindy M.	Temporary		16,500	1,375	18,300	1,525	10.91% (1)
Harnish, Garrett W.	Temporary		19,200	1,600			No longer employed
Ho, Matthew F.	Permanent		27,197	2,266			No longer employed
Kenny, Wade A.	Permanent	Hired in 1998-99		25,240	2,103		
Kodas, John	Permanent		25,000	2,083	27,755	2,313	11.02% (1)
Kress, Jeffrey J.	Permanent		28,200	2,350	37,500	3,125	32.98% (6)
Lahti, Jay	Permanent		26,700	2,225	30,506	2,542	14.25% (1)
Lowe, Kimberly	Permanent	Hired in 1998-99		25,240	2,103		
Obrigewitsch, Jackie	Temporary		16,500	1,375	18,300	1,525	10.91% (1)
Oldershaw, Mark J.	Permanent		24,500	2,042	27,240	2,270	11.18% (1)
Pion, Joshua L.	Permanent		38,000	3,167			No longer employed
Robertson, Carey A.	Temporary		16,500	1,375			No longer employed
Schiller, Rita L.	Permanent		21,693	1,808	23,242	1,937	7.14%
Smith, Curtis L.	Permanent		30,200	2,517	34,112	2,843	12.95% (1)
Strecker, Rena	Permanent	Hired in 1998-99		26,300	2,192		
Suignard, Gilbert J.	Permanent	Hired in 1998-99		24,500	2,042		
Talbot, Marjory E.	Permanent		25,700	2,142	33,200	2,767	29.18% (1)
Tomlin, Heather D.	Permanent		34,739	2,895	38,000	3,167	9.39%
Walker, Sandra J.	Permanent		51,562	4,297	53,119	4,427	3.02%

### **Explanations for Increases**

We are a training office for people to become Chartered Accountants (CAs). As a result, when we hire trainees we base our starting salaries on market rates for other training offices. However, as they progress toward professional qualifications, we must pay them closer to market rates in the public service.

- (1) We hire these staff at an annual salary approximately \$9,000 less than the starting salary paid to a Business Auditor hired through the Public Service Commission. We hire at these rates to more closely reflect market rates for persons wanting to become professional accountants. As these staff progress towards and achieve professional standing, they receive increases that reflect their market value. The Government pays auditors, that are not CAs, hired through the Public Service Commission at pay scales ranging from a starting salary of \$34,631 as a Business Auditor trainee to \$45,140 as a Business Auditor.
- (2) These larger increases are due to staff members passing their professional accounting exams and being promoted. At this time, we link their salaries closer to market value. The Government's pay scale for a CA hired as a Senior Auditor through the Public Service Commission ranges from \$48,279 to \$57,640.
- (3) These increases are due to staff members being promoted.
- (4) When the Provincial Auditor's employment ends, by law he is entitled to receive two months salary for each year of employment as Provincial Auditor to a maximum of 12 months salary.
- (5) These increases are due to market adjustments necessary to retain staff who have completed their accounting designation within recent years.
- (6) These increases are due to market adjustments necessary to retain staff with specialized skills and experience.
- (7) The government granted salary increases to all out of scope public servants of 3.02% on July 1, 1998.

## Senior Management Salaries

Annual salaries of senior management for the past five years and the percentage change from the previous year.

Annual salaries as at March 31:

Name	1995	1996	Percent Increase from 1995	1997	Percent Increase from 1996	1998	Percent Increase from 1997 <sup>2</sup>	1999	Percent Increase from 1998 <sup>3</sup>
Strelloff, W. K.									
- Cash <sup>1</sup>	\$ 107,379	\$ 108,452	1.00%	\$ 108,452	0.00%	\$ 109,537	1.00%	\$ 112,845	3.02%
- Deferred	17,897	18,075	1.00%	10,544	0.00%	1,085	1.00%	3,300	3.02%
Wendel, G. F.	96,316	96,316	0.00%	96,316	0.00%	97,279	1.00%	100,217	3.02%
Ahmad, M.	-	-		-		84,000	4.42%	89,736	6.83%
(Effective Oct. 1, 1997)									
Atkinson, B. R.	86,243	86,243	0.00%	86,243	0.00%	87,105	1.00%	89,736	3.02%
Ferguson, J. D.	84,864	86,243	1.63%	86,243	0.00%	87,105	1.00%	89,736	3.02%
Heffernan, M. A.	86,243	86,243	0.00%	86,243	0.00%	87,105	1.00%	89,736	3.02%
Hunt, J. A.	83,184	-		-		-		-	
Montgomery, E.	-	-		-		84,000	5.76%	89,736	6.83%
(Effective Oct. 1, 1997)									

<sup>1</sup> The law states that the Provincial Auditor's salary is the average of the salaries paid to Deputy Ministers and he receives any economic adjustments that Deputy Ministers receive.

<sup>2</sup> The government granted salary increases to all out of scope public servants of 1% on July 1, 1997.

<sup>3</sup> The government granted salary increases to all out of scope public servants of 3.02% on July 1, 1998.

## **Special Assignments**

No special assignments per Section 16 of *The Provincial Auditor Act* have been performed during 1999-00 as of October 31, 1999.

## Professional Dues

Schedule of the professional fees levied by the Certified General Accountants Association, Institute of Chartered Accountants and the Society of Management Accountants for 1997-98, 1998-99, 1999-00 and forecast for 2000-01.

Fees	1997-98 (Actual)	1998-99 (Actual)	1999-00 (Actual)	2000-01 (Forecast)
Certified General Accountants Association	\$ 645.00	\$ 650.00	\$ 655.00	\$ 655.00
Institute of Chartered Accountants				
Chartered Accountant dues	675.00	745.00	770.00	770.00
Student dues	225.00	507.00	535.00	535.00
Practice Inspection Assessment				
<i>"C.A.'s employed by the Office of the         Provincial Auditor"</i>	50.00	50.00	50.00	50.00
Firm Assessment				
<i>"for each Chartered Accountant within         your firm"</i>	125.00	125.00	125.00	125.00
Society of Management Accountants				
Annual professional membership dues	565.00	565.00	565.00	565.00
Student membership dues	250.00	255.00	250.00	250.00

## Costs of our Detailed Work Plan for 1999

Following is a schedule of planned and actual hours and costs to audit government agencies for their years ended in the period July 1, 1998 to June 30, 1999. The planned costs were originally provided in our 2000 Business and Financial Plan. Our 2000 Annual Report on Operations will provide explanations of significant variances between planned and actual results.

Department or Agency	Planned		Actuals		Appointed** Auditor Fee	Total Costs/Fees
	Hours	Costs	Hours	Costs		
Department of Agriculture and Food	3,943	\$ 262,419	3,734	\$ 260,948	* \$ -	\$ 260,948
Department of Economic and Co-operative Development	709	47,522	410	28,933	* -	28,933
Department of Education	2,618	186,477	1,230	84,505	* -	84,505
Department of Energy and Mines	865	56,421	740	47,732	-	47,732
Department of Environment and Resource Management	2,145	138,210	1,450	86,771	* -	86,771
Department of Executive Council	222	13,717	71	5,538	* -	5,538
Department of Finance	7,648	511,611	6,502	447,758	* -	447,758
Department of Health	7,318	552,569	5,789	406,800	* -	406,800
Department of Highways and Transportation	1,516	103,110	988	60,103	* -	60,103
Department of Intergovernmental and Aboriginal Affairs	452	29,098	174	11,950	-	11,950
Department of Justice	2,690	172,300	2,015	126,076	* -	126,076
Department of Labour	276	17,488	153	9,095	-	9,095
Legislative Assembly	551	35,177	389	22,989	* -	22,989
Department of Municipal Affairs, Culture and Housing	3,398	231,934	2,846	184,349	* -	184,349
Department of Post-Secondary Education and Skills Training	6,603	449,947	5,516	382,803	* -	382,803
Public Service Commission	128	7,909	183	11,235	-	11,235
Department of Social Services	2,766	180,920	2,495	161,980	* -	161,980
Saskatchewan Gaming Corporation	984	69,622	1,043	69,990	* -	69,990
Saskatchewan Liquor and Gaming Authority	1,540	98,870	1,348	87,652	* -	87,652
Saskatchewan Municipal Board	101	5,591	55	3,186	-	3,186
Saskatchewan Research Council	1,011	72,823	921	63,168	-	63,168
Saskatchewan Safety Council	240	13,915	336	18,911	-	18,911
Women's Secretariat	53	3,079	45	2,574	-	2,574
Workers' Compensation Board	362	32,736	538	49,139	* -	49,139
Crown Investments Corporation of Saskatchewan	1,463	103,697	1,049	81,483	* -	81,483
Municipal Financing Corporation of Saskatchewan	25	2,035	37	3,153	-	3,153
Saskatchewan Development Fund Corporation	74	5,742	53	3,980	-	3,980
Saskatchewan Forest Products Corporation	35	3,605	33	2,929	-	2,929

Business and Financial Plan for the Year Ended March 31, 2001 - Appendix II

Department or Agency	Planned		Actuals		Appointed** Auditor Fee	Total Costs/Fees
	Hours	Costs	Hours	Costs		
Saskatchewan Government						
Growth Fund	101	\$ 8,650	256	\$ 24,432	\$ -	\$ 24,432
Saskatchewan Government						
Insurance Corporation	456	41,843	536	49,108	*	49,108
Saskatchewan Opportunity						
Corporation	156	13,543	88	8,243	-	8,243
Saskatchewan Power						
Corporation	920	84,940	765	69,515	*	69,515
SaskEnergy Incorporated	201	18,678	168	15,417	-	15,417
Saskatchewan Property						
Management Corporation	125	11,058	94	8,868	-	8,868
Saskatchewan Telecommunications	400	36,165	405	38,729	-	38,729
Saskatchewan Transportation						
Company	126	10,698	92	8,714	-	8,714
Saskatchewan Water Corporation	122	10,346	198	16,929	-	16,929
Greystone Capital Management Inc.	6	543	-	-	*	-
Government-Wide, Sectoral and						
Special Issue Audits	4,905	422,173	3,570	300,157	*	300,157
Legislative Committees and Annual						
Report	4,504	399,245	2,646	246,430	*	246,430
<b>TOTAL</b>	<b>61,758</b>	<b>\$ 4,466,426</b>	<b>48,961</b>	<b>\$ 3,512,272</b>	<b>\$ -</b>	<b>\$ 3,512,272</b>
Secondments	1,502	55,574	1,583	61,429		61,429
<b>TOTAL INCLUDING SECONDMENTS</b>	<b>63,260</b>	<b>\$ 4,522,000</b>	<b>50,544</b>	<b>\$ 3,573,701</b>	<b>\$ -</b>	<b>\$ 3,573,701</b>

\* These audits are not fully complete at September 30, 1999. To fully complete these would require 9,899 hours and \$828,327.

\*\* None of the appointed auditors have reported their 1999 fees.

## Costs of our Detailed Work Plan for 1998

Following is a schedule of planned and actual hours and costs to audit government agencies for their years ended in the period July 1, 1997 to June 30, 1998. The planned costs were originally provided in our 1999 Business and Financial Plan. Our 1999 Annual Report on Operations provides explanations of significant variances between planned and actual results up to March 31, 1999. The actual results reported here have been updated to include hours and costs for these jobs up to September 30, 1999.

Department or Agency	Planned		Actuals		Appointed Auditor Fee	Total Costs/Fees
	Hours	Costs	Hours	Costs		
Department of Agriculture and Food	4,178	\$ 258,904	4,335	\$ 281,229 *	\$ 229,925	\$ 511,154
Department of Economic and Co-operative Development	1,048	63,338	788	51,448 *	-	51,448
Department of Education	2,451	145,952	2,771	180,695	9,170	189,865
Department of Energy and Mines	1,108	67,444	814	50,041 *	-	50,041
Department of Environment and Resource Management	2,515	147,285	1,899	120,916 *	2,500	123,416
Department of Executive Council	176	9,459	303	18,349	-	18,349
Department of Finance	10,004	602,392	7,613	487,086 *	29,000	516,086
Department of Health	8,025	562,751	8,455	626,261 *	667,601	1,293,862
Department of Highways and Transportation	1,388	87,632	1,615	98,337	-	98,337
Department of Intergovernmental and Aboriginal Affairs	237	13,371	235	13,355	-	13,355
Department of Justice	3,150	187,447	3,219	202,829	8,515	211,344
Department of Labour	475	31,252	402	24,289	-	24,289
Legislative Assembly	621	36,813	532	30,111	-	30,111
Department of Municipal Affairs, Culture and Housing	4,258	259,501	3,957	249,716 *	93,380	343,096
Department of Post-Secondary Education and Skills Training	6,313	396,643	8,904	602,575	125,567	728,142
Public Service Commission	178	10,706	113	6,157	-	6,157
Department of Social Services	2,406	146,131	2,287	140,116	340	140,456
Saskatchewan Gaming Corporation	819	52,773	801	54,357 *	-	54,357
Saskatchewan Liquor and Gaming Authority	2,155	132,575	1,734	126,629	-	126,629
Saskatchewan Municipal Board	101	5,026	144	7,770	-	7,770
Saskatchewan Research Council	909	57,648	983	66,565	-	66,565
Saskatchewan Safety Council	240	12,450	246	15,211	-	15,211
Women's Secretariat	56	2,920	52	2,725	-	2,725
Workers' Compensation Board	421	28,568	274	24,563 *	114,300	138,863
Crown Investments Corporation of Saskatchewan	1,420	88,730	1,372	96,450	74,110	170,560
Municipal Financing Corporation of Saskatchewan	30	2,100	28	2,344	3,200	5,544
Saskatchewan Development Fund Corporation	72	5,274	55	4,128	6,900	11,028

Business and Financial Plan for the Year Ended March 31, 2001 - Appendix II

Department or Agency	Planned		Actuals		Appointed Auditor Fee	Total Costs/Fees
	Hours	Costs	Hours	Costs		
Saskatchewan Energy Conservation and Development Authority	1	\$ 824	40	\$ 2,379	\$ -	\$ 2,379
Saskatchewan Forest Products Corporation	40	3,540	34	3,154	1,000	4,154
Saskatchewan Government Growth Fund	99	7,761	173	15,807	24,860	40,667
Saskatchewan Government Insurance Corporation	411	33,852	370	32,938	138,150	171,088
Saskatchewan Opportunity Corporation	310	24,170	193	16,511	29,721	46,232
Saskatchewan Power Corporation	415	31,160	727	64,048	343,847	407,895
SaskEnergy Incorporated	201	16,989	192	17,570	107,725	125,295
Saskatchewan Property Management Corporation	277	21,074	122	10,101	52,740	62,841
Saskatchewan Telecommunications	395	32,479	487	45,570	178,000	223,570
Saskatchewan Transportation Company	275	20,905	188	15,580	40,000	55,580
Saskatchewan Water Corporation	132	10,434	194	16,450	36,000	52,450
Greystone Capital Management Inc.	6	492	-	-	- #	-
Government-Wide, Sectoral and Special Issue Audits	5,142	392,476	3,204	261,794 *	-	261,794
Legislative Committees and Annual Report	3,972	326,759	3,499	345,411	-	345,411
<b>TOTAL</b>	<b>66,430</b>	<b>\$ 4,338,000</b>	<b>63,354</b>	<b>\$ 4,431,565</b>	<b>\$ 2,316,551</b>	<b>\$ 6,748,116</b>
Secondments		56,000	2,231	82,637	-	82,637
<b>TOTAL INCLUDING SECONDMENTS</b>		<b>\$ 4,394,000</b>	<b>65,585</b>	<b>\$ 4,514,202</b>	<b>\$ 2,316,551</b>	<b>\$ 6,830,753</b>
Office of the Provincial Auditor					<u>\$ 13,030</u>	<u>\$ 13,030</u>

\* Due to changing priorities, we decided not to do some of the work we planned. This work would have required 3,300 hours for a cost of \$231,000. Other work was delayed because we were denied access to the agencies' records. This work would have required 300 hours for a cost of \$21,000.

# The appointed auditor has not reported the 1991, 1992, 1993, 1994, 1995, 1996, 1997, or 1998 fees.

## Costs of our Detailed Work Plan for 1997

Following is a schedule of planned and actual hours and costs to audit government agencies for their years ended in the period July 1, 1996 to June 30, 1997. The planned costs were originally provided in our 1998 Business and Financial Plan. Our 1998 Annual Report on Operations provides explanations of significant variances between planned and actual results up to March 31, 1998. The actual results reported here have been updated to include hours and costs for these jobs up to September 30, 1999.

Department or Agency	Planned		Actuals		Appointed** Auditor Fee	Total Costs/Fees
	Hours	Costs	Hours	Costs		
Department of Agriculture and Food	4,882	\$ 287,233	4,020	\$ 240,235 *	\$ 182,999	\$ 423,234
Department of Economic Development	992	56,408	806	49,948 *	-	49,948
Department of Education	2,447	138,923	1,954	115,294 *	3,500	118,794
Department of Energy and Mines	857	50,404	361	25,316	-	25,316
Department of Environment and Resource Management	1,835	98,990	1,886	113,777	5,500	119,277
Department of Executive Council	176	9,409	177	11,288	-	11,288
Department of Finance	8,506	501,174	7,633	459,100 *	13,500	472,600
Department of Health	10,208	719,381	8,153	581,411 *	776,028	1,357,439
Department of Highways and Transportation	1,131	65,119	1,525	81,429	-	81,429
Indian and Metis Affairs Secretariat	117	6,106	124	6,992	-	6,992
Department of Intergovernmental Relations	135	7,085	128	6,587	-	6,587
Department of Justice	2,629	145,167	2,613	146,545	7,450	153,995
Department of Labour	220	11,648	279	14,853	-	14,853
Legislative Assembly	561	30,194	564	33,359	-	33,359
Department of Municipal Affairs, Culture and Housing	3,980	228,514	4,089	249,595	90,650	340,245
Department of Post-Secondary Education and Skills Training	6,682	403,996	7,176	459,053 *	151,342	610,395
Public Service Commission	266	14,644	284	18,638	-	18,638
Department of Social Services	2,466	141,731	2,047	126,508 *	340	126,848
Saskatchewan Gaming Corporation	717	43,848	723	47,834	-	47,834
Saskatchewan Liquor and Gaming Authority	1,531	83,919	1,483	88,241	-	88,241
Saskatchewan Municipal Board	80	3,775	100	5,141	-	5,141
Saskatchewan Research Council	907	55,786	1,121	71,194	-	71,194
Saskatchewan Safety Council	240	12,400	347	18,045	-	18,045
Women's Secretariat	61	2,983	75	4,102	-	4,102
Workers' Compensation Board	503	32,131	425	33,211	134,000	167,211
Crown Investments Corporation of Saskatchewan	1,509	89,357	1,319	82,279	78,500	160,779
Municipal Financing Corporation of Saskatchewan	30	2,060	34	2,119	3,300	5,419

Business and Financial Plan for the Year Ended March 31, 2001 - Appendix II

Department or Agency	Planned		Actuals		Appointed** Auditor Fee	Total Costs/Fees
	Hours	Costs	Hours	Costs		
Saskatchewan Development Fund Corporation	72	\$ 5,158	51	\$ 3,485	\$ 7,500	\$ 10,985
Saskatchewan Energy Conservation and Development Authority	-	-	176	10,551	-	10,551
Saskatchewan Forest Products Corporation	40	3,440	29	2,195	1,000	3,195
Saskatchewan Government Growth Fund	98	7,424	106	8,683 *	24,000	32,683
Saskatchewan Government Insurance Corporation	409	32,336	424	31,701	132,900	164,601
Saskatchewan Opportunity Corporation	155	11,925	96	7,049	16,395	23,444
Saskatchewan Power Corporation	415	30,080	753	61,591	203,707	265,298
SaskEnergy Incorporated	201	16,235	163	13,080 *	112,100	125,180
Saskatchewan Property Management Corporation	277	20,193	139	11,189	43,000	54,189
Saskatchewan Telecommunications	395	31,039	355	29,459	250,000	279,459
Saskatchewan Transportation Company	125	8,945	108	7,923	40,000	47,923
Saskatchewan Water Corporation	132	10,008	193	14,061	36,000	50,061
Greystone Capital Management Inc.	6	474	4	336 *	- #	336
Government-Wide, Sectoral and Special Issue Audits	7,958	538,063	5,142	372,962 *	-	372,962
Legislative Committees and Annual Report	3,672	286,740	5,398	459,476	-	459,476
<b>TOTAL</b>	<b>67,623</b>	<b>\$ 4,244,445</b>	<b>62,583</b>	<b>\$ 4,125,835</b>	<b>\$ 2,313,711</b>	<b>\$ 6,439,546</b>
Secondments		54,500	1,740	49,429		49,429
<b>TOTAL INCLUDING SECONDMENTS</b>		<b>\$ 4,298,945</b>	<b>64,323</b>	<b>\$ 4,175,264</b>	<b>\$ 2,313,711</b>	<b>\$ 6,488,975</b>
Office of the Provincial Auditor					<b>\$ 17,985</b>	<b>\$ 17,985</b>

\* Due to changing priorities, we decided not to do some of the work we planned. This work would have required 6,600 hours for a cost of \$472,000. Other work was delayed because we were denied access to the agencies' records. This work would have required 250 hours for a cost of \$15,000.

\*\* Not all appointed auditors have reported their 1997 fees. Where they are not reported for 1997, the most recent reported fees have been used.

# The appointed auditor has not reported the 1991, 1992, 1993, 1994, 1995, 1996, or 1997 fees.

## Billings

Departments or agencies billed in 1992-93 through 1999-00.

	Number of Departments or Agencies	Amount Billed	Amount Collected
1992-93 actuals	33	\$ 438,510	\$ 195,938
1993-94 actuals	16	452,272	452,272
1994-95 actuals	29	528,565	528,565
1995-96 actuals	16	225,763	225,763
1996-97 actuals	11	165,792	165,792
1997-98 actuals	7	141,883	141,883
1998-99 actuals	7	90,495	90,495
1999-00 actuals	5	80,348 <sup>1</sup>	74,559

<sup>1</sup> To October 31, 1999.

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## **Appendix III – Memorandum of Suggested Processes for the Board of Internal Economy**

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## **Memorandum of suggested processes for the Board of Internal Economy**

The purpose of this memorandum is to suggest processes the Board of Internal Economy could use to obtain advice of an independent nature to help the Board assess our future requests for resources.

To respond to the Board's request, we considered what information elected members should receive to help them assess the requests for resources of all government agencies. The information should ensure proper accountability. We think an effective accountability relationship should ensure there is:

- ◆ an agreed upon plan that is clear as to responsibilities, performance expectations, and resources needed;
- ◆ a reliable report on performance; and
- ◆ a reasonable review of performance.

### **Information needed from all government agencies**

Elected members need to know what results an agency expects to achieve and the costs of achieving those results. Members should also receive regular reports on the agency's progress towards achieving those results. This information allows members to assess the agency's expected results and costs in relation to the members' expectations. To obtain this information, elected members need to receive a proper Business and Financial Plan, and a reliable Annual Report from each agency.

The Annual Report should provide information so elected members know:

- ◆ what the agency achieved with the public money that members provided the agency in the past compared to what the agency said it would achieve (i.e., its goals and objectives; and its performance indicators, targets, and results). This information will help members assess the agency's past performance in achieving the members' desired results. This will also help members provide advice to the agency on its future plans.

The Business and Financial Plan should provide information so elected members know:

- ◆ what results the agency plans to achieve with the money it is requesting (i.e., its goals and objectives) and how the agency plans to achieve the results (i.e., its strategies and action plans). This information will help members know the products and services the agency plans to deliver are those that the members want delivered to achieve the members' expected results.
- ◆ how the agency will know if it achieved its goals and objectives (i.e., its performance indicators and targets). This information will help members assess the agency's planned results in relation to the members' expected results.
- ◆ the agency's request for resources is based on the agency's goals, objectives, strategies,

and action plans. This information will help members assess the cost of the agency's planned products and services to achieve the agency's expected results.

### **Independent advice needed to assess resource requests of all government agencies**

Next, we considered what independent advice elected members should receive to help them assess the requests for resources of all government agencies.

We think elected members need audit assurance that the reported actual results for the key operational, financial, and compliance with authorities performance indicators included in an agency's annual report are reliable. Members also could seek advice from the auditor about the auditor's assurances when considering the agency's annual report.

Members also need audit assurance that the request for resources in the agency's Business and Financial Plan is based on reasonable assumptions that achieve the agency's goals, objectives, strategies and action plans. Members also could seek advice from the auditor about the auditor's assurances when considering the Business and Financial Plan.

We think elected members need independent advice from the Committee of the Assembly that reviews an agency's annual report. This information will ensure members know that Committee reviewed and offered advice on the agency's performance in meeting elected members' expectations.

### **Independent advice for assessing the Provincial Auditor's requests for resources**

The Board asked us to provide our advice as to how the Board could obtain independent advice to assess our request for resources in our Business and Financial Plan.

We think this independent advice should come from two sources. The first source of independent advice should be about our business (operating) plan (i.e., our goals, objectives, strategies, and action plans) and this should come from the Standing Committee on Public Accounts. The second source of independent advice should be about our financial plan and this should come from the auditor Cabinet hired to audit our Office.

Following is a discussion of why we hold this view, the process for receiving this advice, and how the advice from the Committee and the auditor will help the Board.

### **Standing Committee on Public Accounts**

The Standing Committee on Public Accounts is in the best position to review our operating plan to assess if we are delivering the products and services necessary to achieve the elected members' objectives. We hold this view for the following reasons.

- ◆ Elected members enacted *The Provincial Auditor Act*. This Act sets out the members' objectives. The objective is to create an Officer of the Assembly to help the Assembly hold the Government accountable for its administration of public resources. The Provincial Auditor is given specific responsibilities to examine the administration of public resources by all government organizations and to report the results of those examinations to the Assembly.
- ◆ Elected members have decided to refer the Provincial Auditor's reports to the Standing

Committee on Public Accounts to help that Committee carry out its responsibilities. The Committee is charged with helping the Assembly to hold the Government accountable for its spending of taxpayers' money and for its stewardship over public assets. The Committee's mandate states the Committee will *work with the Provincial Auditor to achieve maximum accountability to the Legislature*. Only the Committee can assess whether our work is useful to the Committee in achieving its objectives.

- ◆ The Board needs to know that the Committee thinks our goals, objectives, strategies, and action plans set out in our Business and Financial Plan will help the Committee achieve its objectives. The Board will also want to know if the Committee is satisfied with our past performance in helping the Committee carry out its responsibilities.

We suggest the Committee should carry out the following process so it can advise the Board.

- ◆ The Committee should continue to review our Spring and Fall reports to the Assembly and suggest changes to what we do and what we report. Such changes would be intended to help the Committee meet its objectives.
- ◆ The Committee should also review our annual reports and suggest changes to the way we carry out our work to help the Committee achieve its objectives. When the review takes place, the Committee could ask the auditor of our Office to attend and provide advice on the auditor's assurances included in our annual report.
- ◆ In addition, the Committee should examine our Business and Financial Plan to see if our planned goals, objectives, strategies and action plans will help achieve the Committee's objectives, and to see if we plan to act on the Committees past suggestions resulting from its review of our annual reports.
- ◆ The Chair and the Vice-Chair of the Committee should attend the Board's review of our budget to speak for the Committee.

### **Assurance and advice from the auditor that audits our Office**

The second source of independent advice should be from the auditor Cabinet hired to audit our Office.

As stated earlier, the Board needs to know that our forecast financial plan (i.e., our request for resources) is reasonable to carry out our goals, objectives, strategies, and action plans. In the future, we plan to have our auditor examine our request for resources as shown on page 37 of our 1998-99 Business and Financial Plan. Our auditor will provide the Board with assurance that:

- ◆ our request for resources complies with the presentation and disclosure standards established by The Canadian Institute of Chartered Accountants. The standards require a clear presentation of the underlying assumptions;
- ◆ the assumptions underlying our request for resources are suitably supported and consistent with our goals, objectives, strategies, and action plans and that the assumptions provide a reasonable basis for the request; and

- ◆ our request for resources reflects our assumptions.

When the Board meets to consider our request for resources, the Board could ask our auditor to attend and provide advice to the Board about the auditor's assurances included in our Business and Financial Plan.

### **Summary**

Thank you for the opportunity of suggesting processes that would improve the review of the resource requests of all government organizations. We think all government organizations should be equally accountable to the Assembly. We look forward to serving as a role model.

We plan to continue to improve our Business and Financial Plans and our Annual Reports on Operations to help members assess our performance and future requests for resources. Key to our planned improvements is to have the auditor who audits our Office provide assurances on the reliability of the information we provide to elected members.

The assurances will relate to our requests for resources in our Business and Financial Plans so members know the requests are based on reasonable assumptions that achieve our goals, objectives, strategies and action plans.

The assurances will also relate to the reliability of our reported actual performance results included in our annual performance reports.