



PROVINCIAL AUDITOR  
*of Saskatchewan*

November 25, 2020

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

Dear Sir:

I have the honour of submitting my Business and Financial Plan for the year ended March 31, 2022, to be laid before the Legislative Assembly in accordance with the provisions of section 14.1 of *The Provincial Auditor Act*.

Respectfully submitted,

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

Judy Ferguson, FCPA, FCA  
Provincial Auditor

/dd





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## Introduction

The Legislative Assembly sets out the accountability process for the Office in *The Provincial Auditor Act*.

This report—*Business and Financial Plan for the Year Ended March 31, 2022* (2022 Business and Financial Plan, the Plan)—is one of the Office's two key accountability documents.

The Office prepares the Plan using reporting practices set out in the Public Sector Accounting Board's *Statement of Recommended Practice (SORP-2) Public Performance Reporting* published by the Chartered Professional Accountants of Canada. This Plan includes the information the Act requires along with additional supporting information.

The 2022 *Business and Financial Plan* is comprised of three main sections:

- **Section 1.0 – The Office of the Provincial Auditor** provides a brief description of the Office including its purpose, accountability mechanisms, staffing, and key systems and practices.
- **Section 2.0 – 2021–22 Funding Request** sets out the 2021–22 Funding Request (Estimates) and factors, forces, and trends affecting the Office's work plan upon which the request is based.
- **Section 3.0 – Annual Work Plan for 2021–22 and Supporting Schedules** includes the Office's Audited Financial Forecast and other key information on trends in costs, average salaries, and training. The Office's Audited Financial Forecast sets out planned time spent on tasks and the 2021–22 annual work plan (i.e., planned costs to audit government agencies).

The Act requires the Public Accounts Committee to review and approve the Estimates for inclusion in the *Estimates* tabled in the Legislative Assembly. In reviewing this Plan, the Office encourages the members of the Public Accounts Committee to consider the Office's *2020 Annual Report on Operations* tabled on June 23, 2020, and available on the Office's website.<sup>1</sup>

The *2020 Annual Report on Operations* describes the Office's performance in achieving the goals and objectives set out in the *2020 Business and Financial Plan*. It also includes audited financial statements for the fiscal year ended March 31, 2020.

Also, members of the Public Accounts Committee can find the Office's prior business and financial plans (e.g., for the Year Ended March 31, 2021) on the Office's website.<sup>2</sup>

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<sup>1</sup> Available at [www.auditor.sk.ca](http://www.auditor.sk.ca) under Publications/Our Annual Report on Operations.

<sup>2</sup> Available at [www.auditor.sk.ca](http://www.auditor.sk.ca) under Publications/Our Business and Financial Plans.



## ***1.0 The Office of the Provincial Auditor***





## 1.1 Purpose of the Office of the Provincial Auditor

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

In addition, the Office:

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

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

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

## 1.2 Accountability of the Office

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

- Prepare and submit, each year to the Public Accounts Committee, key accountability documents—a business and financial plan, and an annual report on operations that includes audited financial statements<sup>3</sup>
- Present to the Public Accounts Committee, for its review and approval, its annual funding request and supplementary estimates (if any)
- Table with the Public Accounts Committee, for its information, the Office's human resources and financial management policies, and quarterly financial forecasts
- Use Canadian generally accepted assurance standards to carry out the Office's audits
- Be a member in good standing of the Institute of Chartered Professional Accountants of Saskatchewan, including maintaining firm and member licensing requirements for the provision of professional accounting services<sup>4</sup>

<sup>3</sup> When the Assembly is not in session, the Standing Committee on Public Accounts receives these reports upon their submission to the Speaker.

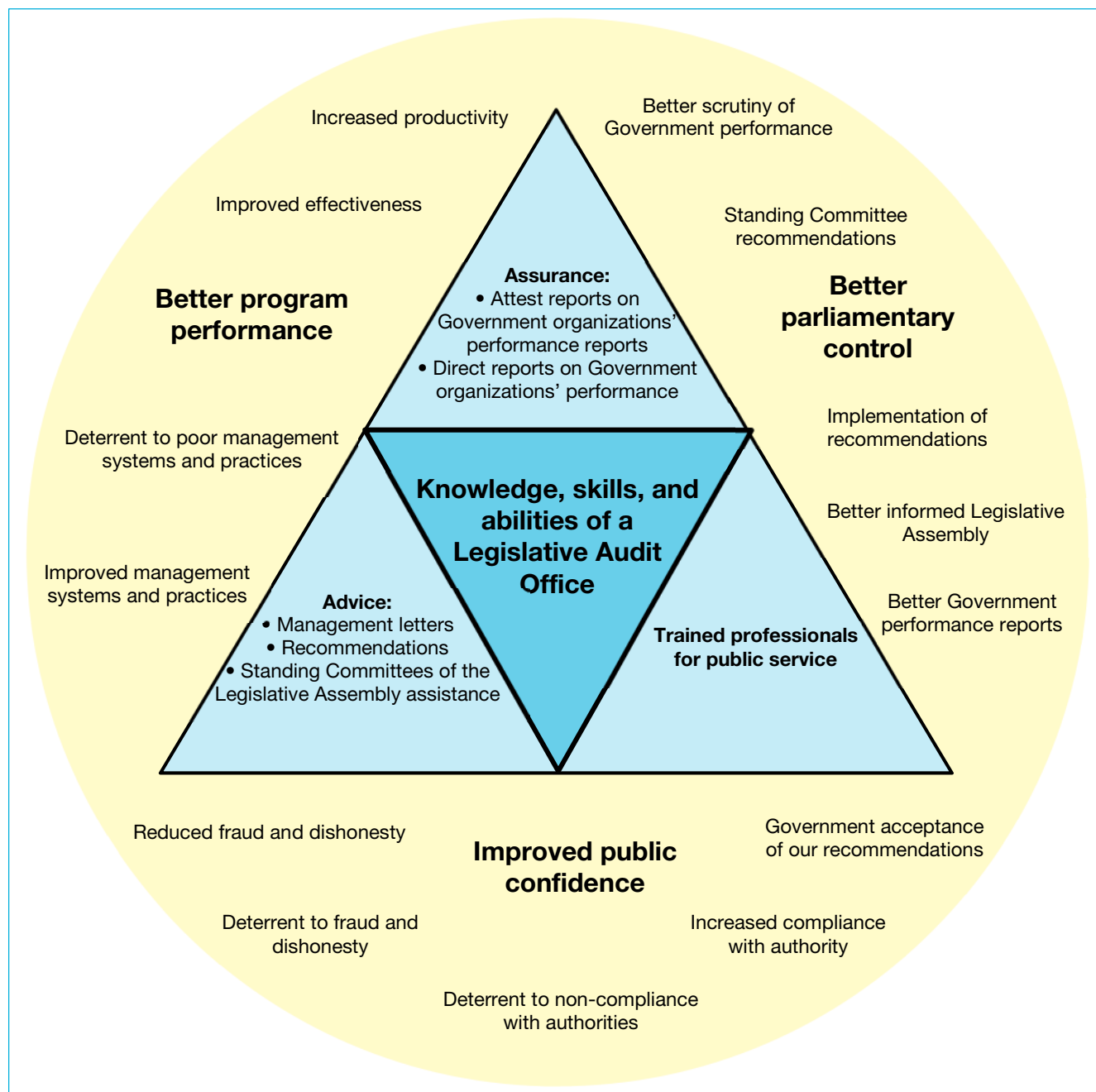
<sup>4</sup> *The Provincial Auditor Act* deems the Provincial Auditor a firm for the purposes of *The Accounting Profession Act*.





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

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



Light yellow: Value and benefits of a Legislative Audit Office

Light blue: Key services and products of a Legislative Audit Office

Adapted from a Canadian Legislative Auditors Working Group





## 1.3 Auditor Independence

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

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

- Creates an independent Officer of the Legislative Assembly called the Provincial Auditor with the responsibility to audit all government agencies and report the results directly to the Legislative Assembly.
- Ensures the Provincial Auditor is independent from elected and appointed officials including the Assembly's committees and boards.
- Requires an order of the Legislative Assembly based on a unanimous recommendation of the Public Accounts Committee to appoint the Provincial Auditor for an eight-year, non-renewable term.<sup>5</sup> The Public Accounts Committee is an all-party committee that does not include Cabinet ministers.
- Requires an order of the Legislative Assembly to remove the Provincial Auditor from office for cause.
- Sets the Provincial Auditor's salary and benefits (e.g., equal to the average salary of all the deputy ministers and acting deputy ministers of the Government of Saskatchewan calculated at April 1 in each year).
- Makes the Office's employees part of the Legislative Branch of Government. They are neither part of the Executive Branch of Government nor members of the public service of Saskatchewan.
- Gives the Office's employees access to similar benefits as those available to public servants.
- Requires the Public Accounts Committee (an all-party committee chaired by a member of the opposition) to review the Office's annual *Business and Financial Plan* and recommend the Office's annual funding to the Assembly.
- Gives the Provincial Auditor administrative independence—the power to administer, manage, and control the Office, its general business, as well as oversee and direct the Office's staff. This includes the ability to decide which employees to hire and at what rate, and what audit work to do and how.

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

## 1.4 Staffing

The Office's employees are its most valuable resource because the quality and timeliness of the Office's work depends on their knowledge, skills, and professionalism. Creating and maintaining an environment that encourages and rewards ongoing learning is crucial to the Office's success.

The competencies of the Office's staff affect what work the Office does for the public, the Legislative Assembly, and the Government. The Office works with the Canadian legislative audit community to identify and develop the required competencies for legislative auditors.

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<sup>5</sup> The Public Accounts Committee appointed Judy Ferguson on June 1, 2015.







The Office's staff must have and apply suitable knowledge, skills, and attributes to enable the Office to fulfill its mandate as expected. These include:

- Objectivity and professional skepticism, because of the Office's full independence from the Executive Government (e.g., ministries, Crown corporations, boards, commissions, funds)
- Thorough knowledge of the:
  - Complex structure and systems the Government uses to manage public resources
  - Structure of legislative authorities governing the activities of government agencies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing
  - Audit of IT systems
  - Accounting and assurance standards published by CPA Canada
- Working knowledge of the issues facing government agencies operating in diverse types of businesses including education, health, insurance, protection of people and property, pension and benefit plans, energy, telecommunications, gaming, transportation, renewable resources, non-renewable resources, human resources, construction, and financial services
- A business view derived from rigorous professional training and practical knowledge of public administration

The Office has four operating divisions (education, environment and infrastructure, finance, and health) and one support services division. A deputy provincial auditor leads each division with assigned staff. Each operating division has an assigned portfolio of audit work, and is responsible for completing that work within an assigned budget and agreed upon deadlines. The Support Services Division is responsible for human resources including training, financial reporting, performance reporting, IT systems, communications, and general administration.

During 2021–22, the Office expects to employ 60 full-time equivalent positions (2020–21: 60). As of October 31, 2020, 32 of the Office's employees were professional accountants with 19 training to become professional accountants. Of these professional accountants, 11 have non-accounting designations (e.g., Certified Information System Auditor, Pension Plan Administration Certificate, and Certification in Risk Management Assurance). Five audit staff are non-accountants (e.g., MPA, MSc).

## **1.5 Maintaining Effective Systems and Practices Including Mitigating Risks**

Sound risk management, and effective systems and practices, are essential for the Office's management and use of public resources.

As part of risk management, the Office identifies and assesses the possible adverse consequences it may experience from events or circumstances. The Office accepts some risks because it is not cost effective to have no risks.

**Exhibit 2—Key Risks and Responses** sets out key risks the Office faces and processes it uses to mitigate those risks to an acceptable level. In addition, the Office implements strategies to manage residual risks.

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

- The Office provides quality services and products at a reasonable cost
- The Office's work is relevant—it assists in strengthening and advancing the Government's ability to achieve intended results



- The scope of the Office's work covers all government agencies accountable to the Legislative Assembly and the people of Saskatchewan
- Stakeholders understand and value the Office's work

Each year, the Office's Annual Report on Operations includes the independent auditor's report on the Office's systems and practices. In the last report—*2020 Annual Report on Operations*, the Office's external auditor reported that the Office had effective processes to safeguard public resources entrusted to it by the Assembly. The Office has not made significant changes to its systems and practices since that audit.

### Exhibit 2—Key Risks and Responses

**Stakeholders do not support the Office's goals and objectives.** For the Office to remain viable, legislators, the public, and government officials (stakeholders) must support its goals and objectives. Pursuing its goals and objectives must result in relevant assurance (audit reports) and advice for its stakeholders. The Office uses strategic planning processes so that its goals and objectives result in relevant assurance and advice for its stakeholders. In addition, gaining and keeping stakeholder trust is essential for the viability of the Office. Maintaining trust includes respecting the confidentiality of information to which the Office has access. The Office has processes to maintain the confidentiality of information.

**Government does not act on the Office's recommendations.** Doing independent, reliable, and relevant work at a reasonable cost is vital to the Office's success. These attributes are also essential for stakeholders to value the Office's advice. The Office must understand the challenges that the Government faces. Also, its advice must help improve program performance. The Office uses quality and financial management processes so that its assurance and advice are independent, relevant, reliable, and cost effective.

**The Standing Committees on Public Accounts<sup>A</sup> and Crown and Central Agencies<sup>B</sup> do not fulfill their responsibilities.** The Office must provide assurance and advice consistent with each Committee's objectives. The Office uses quality management processes so that it provides independent, relevant, and reliable information consistent with each Committee's objectives.

**The Office does not have the required competencies and resources to deliver its products and services.** The quality of its work is dependent on the competencies of the Office's staff. The Office has hiring processes and training programs to ensure it acquires and maintains the required competencies. To discharge its statutory duties, the Office needs sufficient resources to employ the required number of competent people. It also needs sufficient resources to equip, support, and house its staff. It needs the support of legislators to obtain the required resources. To gain this support, it uses planning and monitoring processes so that its work is reliable and relevant to legislators. Also, the Office publishes a business and financial plan and an annual report on operations to build legislators' support for its request for resources.

**The Office does not manage its resources effectively.** The Office's management practices must promote the effective use of its resources. It uses financial and human resource management processes to keep the risk of not doing so at a minimum. Its major input cost to provide services is salaries and benefits. Salaries and benefits account for 80% of its spending. It carefully monitors and reports publicly on the use of staff time.

**The Office does not understand or respond to the challenges faced by its stakeholders.** If its assurance and advice is to be reliable, the Office must understand the challenges and risks the Government faces. How the Government manages its risks affects the nature and extent of work the Office must do. The Office must also understand the challenges and risks legislators and the public face if its assurance and advice is to be relevant. To be relevant, its assurance and advice should result in better parliamentary control over government activities and better program performance (see **Exhibit 1**). It uses strategic planning processes to set strategic goals and priorities that enable it to understand the challenges and risks faced by its stakeholders.

**The Office loses, or is perceived to lose, its independence.** *The Provincial Auditor Act* makes the Office responsible for examining all public resources managed by the Government and the Legislative Assembly (e.g., Legislative Assembly Service). The Act provides the legislative framework for independence of the Office. The Office carefully guards its independence and reports to the Assembly or the Public Accounts Committee when it is concerned about its independence. Also, it uses human resource management processes to maintain objectivity and independence in its work. This includes additional safeguards to enable its staff to act with integrity, exercise objectivity and professional skepticism.

**The Office provides inappropriate or incorrect assurance and advice.** Stakeholders must trust and value the Office's assurance (audit reports) and advice. The Office has processes to ensure the reliability and quality of its work.

<sup>A</sup> The Public Accounts Committee is the audit committee for the Legislative Assembly. The Committee is a key agent of change for improving the Government's management of public resources. The Committee's mandate is to help the Legislative Assembly hold the Government accountable for its spending of taxpayers' money and its stewardship over public resources. The Committee reviews and evaluates the activities of government ministries and Crown agencies. The Committee works with the Provincial Auditor to carry out the Committee's mandate.

<sup>B</sup> The Standing Committee on Crown and Central Agencies, a field policy committee, considers matters related to the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries, supply and services, central agencies, liquor, gaming, and all other revenue-related agencies and entities. Since 2001, the Assembly, through *The Provincial Auditor Act*, has referred the parts of the Office's reports that relate to CIC and its subsidiaries to the Committee for review. The Crown and Central Agencies Committee works with the Provincial Auditor to carry out the Committee's mandate related to those reviews.





## **2.0 2021–22 Funding Request**





## 2.1 Introduction

As required by *The Provincial Auditor Act*, this section presents the Office's funding request for 2021–22 Estimates including an amount for unforeseen expenses (contingency appropriation) as envisioned by *The Provincial Auditor Act*. **Exhibit 3—History of Unforeseen Expenses Appropriation** sets out a brief history of the contingency appropriation.

### **Exhibit 3—History of Unforeseen Expenses Appropriation**

The Legislature amended *The Provincial Auditor Act* in June 2001 (amended Act). The amended Act changed how the Provincial Auditor's Office finances its operations.

Until 2001, the Office maintained net financial assets equal to approximately one month's salary and benefit expenses. The Office used this money to respond to costs of unplanned work, pressure to improve the timeliness of its work, and unplanned salary and benefit increases. This practice enhanced the Office's independence by providing the resources necessary to manage effectively unforeseen circumstances.

The amended Act requires the Provincial Auditor to return all unspent money at the end of the year to the General Revenue Fund. This practice is known as "lapsing appropriations." To enable the Provincial Auditor to retain the independence to manage effectively, the Legislative Assembly accepted the recommendation of the Standing Committee on Public Accounts that the amended Act provide for the Provincial Auditor to obtain an extra appropriation each year. Since 2001, the Act provides for the inclusion of amounts for unforeseen expenses in the estimates presented by the Office each year.

## 2.2 2021–22 Funding Request

The Office asks that the Public Accounts Committee approve the 2021–22 Estimates with an appropriation for the operation of the Office of \$8,584 thousand and an appropriation for unforeseen expenses of \$568 thousand. The 2021–22 contingency appropriation request of \$568 thousand approximates the Office's previous net financial asset target of one month's salary and benefits.

The Office also asks the Public Accounts Committee, after its review, to submit the approved Estimates to the Speaker for inclusion in the Estimates tabled in the Legislative Assembly.

**Section 2.3 – Provincial Auditor's Estimates for Vote 28 Provincial Auditor** provides the 2021–22 Estimates with a breakdown thereof consistent with the format the Legislative Assembly expects. These appropriations will enable the Office to fulfill its statutory duties under *The Provincial Auditor Act*.

**Section 2.4 – Factors, Forces, and Trends Affecting the Appropriation, Section 3.2 – Audited Financial Forecast, and Section 4.0 – Other Supporting Information** provide details on the basis for the 2021–22 Estimates request for the operation of the Office.

**Section 3.2 – Audited Financial Forecast** includes the audited financial forecast where an auditor, independent from the Office, concluded the financial forecast for the year ended March 31, 2022 is consistent with and reasonable in relation to the Office's operating plans.<sup>6</sup>

<sup>6</sup> Since 1998, the Office has provided the Committee with an audited financial forecast in response to a 1998 request from the Board of Internal Economy to provide it with independent advice to help it assess the Office's request for resources.







## 2.3 Provincial Auditor's Estimates

### Provincial Auditor

#### Vote 28

The Provincial Auditor, an Independent Officer of the Legislative Assembly, serves the people of Saskatchewan through the Legislative Assembly. The Office encourages accountability and effective management in government operations through its independent examinations, advice, and reports on the management of public resources entrusted to government.

#### Summary of Appropriation and Expense

(thousands of dollars)

	Estimated 2021-22	Estimated 2020-21
Provincial Auditor .....	8,584	8,208
Unforeseen Expenses .....	568	537
<b>Appropriation</b>	<b>9,152</b>	<b>8,745</b>
Capital Asset Acquisitions .....	-	-
Non-Appropriated Expense Adjustment .....	-	-
<b>Expense</b>	<b>9,152</b>	<b>8,745</b>

#### Provincial Auditor (PA01)

Provides for the audits of the administration of programs and activities of government ministries, health and education institutions, commissions, boards, and Crown corporations and for reporting the results of all audits annually to the Legislative Assembly and the public. The Provincial Auditor also assists the Standing Committees on Public Accounts and Crown and Central Agencies in their review of the Provincial Auditor's Report, the Public Accounts, and other reports.

#### Allocations

Provincial Auditor's Salary (Statutory) .....	240	230
Provincial Auditor Operations .....	8,344	7,978

#### Classification by Type

	2021-22	2020-21
Salaries .....	5,710	5,459
Goods and Services .....	2,874	2,749
<i>This subvote includes "Statutory" amounts. The amount "To Be Voted" is \$8,344K.</i>	<b>8,584</b>	<b>8,208</b>

#### Unforeseen Expenses (PA02)

Provides for unforeseen expenses pursuant to section 10.1 of *The Provincial Auditor Act*.

#### Classification by Type

	2021-22	2020-21
Salaries .....	568	537
	<b>568</b>	<b>537</b>



## 2.4 Factors, Forces, and Trends Affecting the Appropriation

The 2021–22 Funding Request of \$8.584 million for the operation of the Office reflects a net increase of 4.58% (\$376,000) from the 2020–21 approved appropriation of \$8.208 million. The Office plans to absorb \$36 thousand of its cost increases by increasing efficiencies and reducing costs where possible.

The net increase is comprised of:

Estimated increase for:	(in thousands)
➤ Previously government announced economic increases for 2019, 2020, and 2021 provided to public servants and market pressures affecting salaries and benefits	\$ 314
➤ Economic adjustment to Provincial Auditor salary (Statutory)	10
➤ Employer premium increases for provincial benefit plans - pension plan, WCB	60
➤ Employer premium increases for federal benefit plans - EI, CPP	15
➤ Inflation on goods and services	18
<b>Estimated decrease for:</b>	
➤ Employer premium decrease for extended health care plan	<u>(5)</u>
<b>Total estimated increase</b>	<u>412</u>
<b>Costs the Office expects to absorb</b>	<u>(36)</u>
<b>Net increase for funding request</b>	<u>\$ 376</u>

Each year, the Office prepares a work plan that will enable it to fulfill its duties under *The Provincial Auditor Act*. To prepare its work plan, the Office uses a risk-based model to set priorities, and allocate resources.

The **Schedule of Planned Costs to Audit Government Agencies** sets out the annual work plan for the year ended March 31, 2022. The Schedule forms part of the audited financial forecast included in **Section 3.2**. The Schedule sets out the planned costs to audit and report on government sectors/agencies for the Office's fiscal year ended March 31, 2022, and comparative information. The 2021–22 work plan is based on the planning approach used in prior years, and reflects a similar mix of work. See **Section 4.6** for potential areas of focus for performance work.

The work plan reflects the Office's strategic goals and information known at September 30, 2020 about the following factors.

- The salaries and benefits provided to public servants because *The Provincial Auditor Act* gives the Office's employees access to similar benefits as those available to public servants.

This request includes the impact on salaries and benefits of the economic adjustments made to salaries of public servants (totalling 4.3%) announced by Government subsequent to the preparation of our 2021 funding request. It includes the economic adjustment of: 1.0% effective April 1, 2019; 1.3% (and related employer pension plan rate increase of 1.0%) effective April 1, 2020; and 2.0% effective April 1, 2021.<sup>7</sup>

<sup>7</sup> Order in Council #486/2019



- Market conditions and demand for professional accountants and auditors to pay Office staff fairly, and offer them career development opportunities and flexible work arrangements. Research indicates the economic downturn in many industries has not decreased the demand for public accountants, which remains steady. Rather the unprecedented change of recent months is driving the need for accounting and finance staff with sound critical-thinking skills who communicate effectively. In-demand professionals such as professional accountants continue to demand competitive wages.<sup>8</sup>
- Changes to salaries of deputy ministers because *The Provincial Auditor Act* sets the Provincial Auditor's salary equal to the average salary of all deputy ministers and acting deputy ministers calculated at April 1 each year including economic adjustments. The Provincial Auditor's salary is statutory. The statutory increase reflects an economic adjustment of 2.0% effective April 1, 2021.
- Rates for employer costs of benefit plans set by provincial and federal governments. Rate increases to the pension plan employer rates and WCB rates not known when the Office prepared its 2021 funding request are estimated to increase costs by \$60 thousand. Federal EI and CPP are estimated to increase costs by \$15 thousand.
- Changes in rates for employer costs for other benefit plans. The Office estimates a decrease of \$5 thousand for its extended health care plan employer premiums as its rates have not increased to the extent previously estimated.
- Changes in inflation rates affecting goods and services (such as contracted staff assistance, office software and security licensing, supplies, and audit travel [e.g., hotel rates]). The Office estimates an increase of \$18 thousand based on a modest anticipated inflationary increase of 1.5% on its cost of goods and services.
- Changes to government agencies including the Government's use of appointed auditors because *The Provincial Auditor Act* requires the Office to audit all government agencies.<sup>9</sup> Changes include the Government's restructuring, creation, and wind-up of agencies, along with changes to the Government's use of appointed auditors, affect the Office's work plan and total costs.

At September 30, 2020, there were no significant changes to government agencies or the use of appointed auditors affecting the Office's work plan and total costs. See **Section 4.1 – Impact of Changes to Government Agencies on the 2021–22 Work Plan** for further detail.

While the use of appointed auditors reduces the Office's costs, it increases the total cost of auditing to taxpayers in that two auditors are involved. When the Government appoints a second auditor (appointed auditor), the Office follows the recommendations of the *Task Force on Roles, Responsibilities, and Duties of Auditors*.<sup>10</sup> Following these recommendations ensures the Office serves the Assembly efficiently and minimizes the duplication of effort. **Section 4.5 – Total Costs to Audit Government Agencies** sets out the total costs to audit government agencies for the last five years.

- Changes to professional accounting, auditing, and assurance standards

The Canadian Public Sector Accounting Standards Board continuously updates public sector accounting standards. Areas of change under discussion and contemplation include asset retirement obligations, revenue, and financial instruments. Changes in accounting standards typically result in more work for preparers of financial statements (management) and their auditors.

<sup>8</sup> Robert Half Accounting and Finance Salary Guide 2021.

<sup>9</sup> The Government decided to use appointed auditors to audit many agencies. It stated that it uses appointed auditors so the Saskatchewan public accounting industry can retain local expertise.

<sup>10</sup> Available at [www.auditor.sk.ca](http://www.auditor.sk.ca) under Publications/Resources.





In addition, the Canadian Auditing and Assurance Standards Board continues to change auditing and assurance standards. Recent changes include those to auditing accounting estimates and assessing audit risk.

Changes require the Office to keep staff trained, maintain up-to-date audit methodology and practices, and often result in additional audit work effort. To minimize associated costs, wherever possible, the Office leverages its involvement with other Canadian legislative offices. In addition, the Office continuously looks for internal efficiencies like increased use of data analytics.

As of September 30, 2020, both the Canadian Public Sector Accounting Board, and the Canadian Auditing and Assurance Standards Board have delayed the implementation of previously announced changes in accounting and assurance standards because of the COVID-19 pandemic.

➤ The quality of and changes in the Government's records, systems, practices, and personnel

The Office recognizes staff turnover (because of retirements or voluntary turnover) and ongoing pressures to look for cost efficiencies can create an environment that may affect this factor. The Office monitors the impact of busy administrative government staff on financial and management controls in agencies, and the delivery of government programs.

As of September 30, 2020, employees of various Government agencies are working remotely from home because of health and safety risks resulting from the COVID-19 pandemic. Many have done so since March 2020. The Office has adapted its audit processes and procedures (e.g., revised audit procedures in light of changing risks and processes, changed some IT audit tools) to support carrying out its audit work remotely as efficiently and effectively as possible. The Office has considered the impact of these changes when developing its audit plan, and when estimating its administrative costs (e.g., changes in software licensing).

➤ The level of co-operation the Office expects to receive from government officials and appointed auditors when it does its work

The Office receives, and expects to continue to receive, good co-operation from government officials and appointed auditors even in the face of the COVID-19 pandemic. It recognizes, in some cases, working remotely has caused some delays in the receipt of information where information is not electronic. It notes parties are making best efforts in these circumstances.

➤ The legislators' and public's expectations

The Office's strategic planning process provides the foundation for the development of this Plan.

As noted in **Section 5.0**, the Office has partially updated its strategic plan as of September 30 2020 (e.g., updated vision, mission, values, and external forces and trends). To date, it has not changed its vision, mission, values, and external forces and trends significantly from the *2017 to 2021 Strategic Plan*. It expects to finalize an updated strategic plan in early 2021.

**Exhibit 4** highlights the external forces and trends affecting both the Office and its stakeholders. Identifying external forces and trends helps keep the Office responsive to changing environments and emerging risks.





#### **Exhibit 4—External Forces and Trends Affecting the Office**

As part of its process to update its strategic plan, the Office identified 8 major external forces and trends that affect both the Office and its stakeholders (i.e., legislators, the public, and government officials). They affect the Office's resources, how it manages, and how it decides what work it does and when. The Office focuses its efforts on helping stakeholders address the challenges emerging from these forces and trends as well as several more specific issues. In particular, the Office will continue to encourage the Government to address the following challenges:

- Changing demographics – increased focus on diversity and social justice; public polarization and trust erosion
- Technology change – increasing complexity, use of artificial intelligence and data analytics
- Evolving financial reporting frameworks, increased regulatory oversight of professional accountants
- Changes in government service delivery models; accelerated program development
- Changes in the public sector workforce – attitudes/expectations; alternative work arrangements
- Sustainability and protecting the environment
- Focus on nature, scope and scale of financing structures in government
- Impact of global markets on Saskatchewan

## **2.5 Impact of Alternative Funding Levels**

If the Office does not obtain approval for a sufficient appropriation from the Public Accounts Committee, it will be unable to carry out its work plan. As previously noted, the Office uses a risk-based model to set its work plan. The model reflects that the Office must provide assurance on the Government's Summary Financial Statements along with assurance on the effectiveness of the Government's management of public resources, and compliance with the law. If the Office were unable to obtain sufficient funding, it would provide less service by not auditing certain agencies in the following sequence:

- Special purpose and trust funds
- Certain CIC-related Crown corporations
- Certain educational agencies

When the Office does not examine Government agencies, the Assembly does not receive the Office's assurances on the Government's financial statements, the effectiveness of its management of public resources, and its compliance with governing authorities.

If necessary, the Office will report to the Legislative Assembly which Government agencies it was unable to audit. When this is necessary, the Office is concerned with the impact of this message on public confidence in the system of Government.



### **3.0     *Annual Work Plan for 2021–22 and Supporting Schedules***





## 3.1 Glossary

### Estimate

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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

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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 (*CPA Canada Handbook—Assurance*).

### Projection

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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 (*CPA Canada Handbook—Assurance*).



## 3.2 Audited Financial Forecast

### Management's Responsibility for the Financial Forecast

The accompanying financial forecast consisting of a Statement of Operations included in the *Business and Financial Plan* for the Office of the Provincial Auditor for the year ended March 31, 2022, 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 an appropriate code of conduct, 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, consistent with the goals and plans developed by the Office, and provide a reasonable basis for the forecast.

The financial forecast was audited by Virtus Group LLP. Its report to the Standing Committee on Public Accounts stating the scope of its examination and opinion on the financial forecast follows.

November 23, 2020  
Regina, Saskatchewan

Judy Ferguson, FCPA, FCA  
Provincial Auditor

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

### Auditors' Report on Financial Forecast

To the Standing Committee on Public Accounts:

The accompanying financial forecast of the Office of the Provincial Auditor consisting of a Statement of Operations for the year ended March 31, 2022, has been prepared by management using assumptions with an effective date of September 30, 2020. 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 published by the Chartered Professional Accountants of Canada. 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
- The financial forecast complies with the presentation and disclosure standards for forecasts published by the Chartered Professional Accountants of Canada

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.

November 23, 2020  
Regina, Saskatchewan

Chartered Professional Accountants



**OFFICE OF THE PROVINCIAL AUDITOR**  
**Financial Forecast—STATEMENT OF OPERATIONS**  
**For the Years Ended March 31**  
**(thousands of dollars)**

	2019 Actual	2020 Actual	2021 Estimate (Unaudited) (Note 4)	2022 Forecast (Note 5,6)	2023 Projection (Unaudited)
<b>Revenue:</b>					
General Revenue Fund (GRF)					
- Appropriation	\$ 8,159	\$ 8,154	\$ 8,213	\$ 8,584	\$ 8,738
- Contingency Appropriation (Note 2)	527	531	532	568	579
Other	16	17	-	-	-
<b>Total revenue</b>	<b>8,702</b>	<b>8,702</b>	<b>8,745</b>	<b>9,152</b>	<b>9,317</b>
<b>Expense:</b>					
Salaries	5,229	5,331	5,669	5,710	5,824
Employee benefits	941	968	1,081	1,109	1,131
Facilities and equipment	797	751	783	776	784
Administration	388	377	353	384	388
Agent and advisory services	362	359	223	458	463
Training and development	163	169	138	155	156
<b>Total operating expense</b>	<b>7,880</b>	<b>7,955</b>	<b>8,247</b>	<b>8,592</b>	<b>8,746</b>
Transfer to GRF (Note 3)					
- Return of unused Appropriation	839	749	502	568	579
- Other	16	17	-	-	-
<b>Total transfer to GRF</b>	<b>855</b>	<b>766</b>	<b>502</b>	<b>568</b>	<b>579</b>
<b>Total expense</b>	<b>8,735</b>	<b>8,721</b>	<b>8,749</b>	<b>9,160</b>	<b>9,325</b>
<b>Annual surplus (deficit)</b>	<b>(33)</b>	<b>(19)</b>	<b>(4)</b>	<b>(8)</b>	<b>(8)</b>
Accumulated surplus, beginning of year	160	127	108	104	96
<b>Accumulated surplus, end of year</b>	<b>\$ 127</b>	<b>\$ 108</b>	<b>\$ 104</b>	<b>\$ 96</b>	<b>\$ 88</b>

(See accompanying notes and schedules)





**Office of the Provincial Auditor**  
**Notes to the Financial Forecast—Statement of Operations**  
**For the Years Ended March 31**

**1. Summary of Accounting Policies**

The Office used Canadian public sector accounting principles to prepare this financial information. The following accounting principles are considered to be significant:

**a) Revenue**

The appropriation from the General Revenue Fund is recorded when authorized by the Legislative Assembly.

Other revenue consists of bank interest, which is recorded when earned.

**b) Tangible Capital Assets**

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

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

**2. Contingency Appropriation**

To enable the Provincial Auditor to retain independence to manage unforeseen circumstances effectively, *The Provincial Auditor Act* provides for the Provincial Auditor to obtain an extra appropriation each year for unforeseen expenses (contingency appropriation). The Act provides for a contingency appropriation in place of the Office maintaining net financial assets. Prior to 2001, the Office maintained net financial assets equal to approximately one month's salary and benefit expenses.

**3. Transfer to General Revenue Fund**

*The Provincial Auditor Act* requires the Office to give all other revenues to the General Revenue Fund. The Act also requires the Office to return any excess appropriations to the General Revenue Fund. For 2021, the Office anticipates that it will return \$502,000 of its appropriation to the General Revenue Fund.

**4. 2021 Estimate**

The estimate for 2021 is based on actual information known to September 30, 2020, and the planned course of action for the remainder of the year. The actual results will vary and the variations may be material. The Office's actual expenses for the six months ended September 30, 2020, were \$4.2 million (unaudited).

**5. 2022 Forecast – Key Assumptions**

The financial information presented for 2022 is a forecast, and accordingly actual results will vary and the variations may be material.

The Office prepared the financial information for the year ended March 31, 2022, using the significant assumptions set out below. The assumptions reflect the Office's planned course of action for this period. The Office based the assumptions on management's judgment of the most probable set of economic conditions for this period based on information known at September 30, 2020.







**Appropriation** is the amount of money the Office needs from the General Revenue Fund to finance operations. The Office returns any amounts not required during the year to the General Revenue Fund at year-end (Transfer to GRF).

**Contingency appropriation** is the amount of money from the General Revenue Fund required for unforeseen expenses. The Office returns any amounts not required during the year to the General Revenue Fund at year-end (Transfer to GRF).

**Other revenue** includes bank interest earned on cash held during the year at an average rate of 0%.

**Salaries** are based on 60 full-time equivalent positions at an average salary cost of \$95,200 (Refer to **Section 3.4 – Forecast and Actual Full-Time Equivalent Positions and Average Salaries of Employees**). Average salary cost is determined using best estimates of expected pay for current and new employees based on past trends and expected economic conditions.

Total full-time equivalent positions of 62 (60 FTE salaried employees plus 2 FTE contracted staff assistance) reflects the staff necessary to provide 70,000 audit hours. The required audit hours for the agencies included in the **Schedule of Planned Costs to Audit Government Agencies** is based on the planned use of staff time set out in the **Schedule of Planned Time Spent on Tasks**. When determining required audit hours, the Office takes into account information known at September 30, 2020, about the state of the Government's systems and practices, the number and size of government agencies, the Government's use of appointed auditors, and assurance standards.

**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 Insurance Plan, extended health care plan, maternity/paternity top-up plan, and a flexible benefit plan. The costs reflect current rates charged for these benefits or expected rate changes.

**Facilities and equipment** includes rent for office space based on a 10-year lease effective April 1, 2012, and reflects management's best estimates based on past trends and current economic conditions for costs such as amortization of tangible capital assets, and computer hardware and software maintenance.

**Administration** reflects management's best estimates based on past trends and current economic conditions for costs such as audit travel, professional fees and dues, telephone, printing, and office supplies.

**Agent and advisory services** represents management's best estimates for legal costs, the cost of auditing the Office, and other contractual services. It includes costs for contracted staff assistance of two full-time equivalent positions.

**Training and development** costs are the estimated out-of-pocket costs to train staff to become professional accountants, keep the knowledge and skills of current professionals up-to-date, and have knowledge in specialized areas. The Office based the costs on past trends and office policies (Refer to **Section 3.5 – Training Schedule**).

## **6. Schedule of Revenue and Expenditure (thousands of dollars)**

The Office prepared the following schedule using the expenditure basis of accounting. Expenditures are the cost of goods and services acquired in the year whether or not the Office has made payment. The appropriation from the General Revenue Fund is determined using the expenditure basis of accounting.



—Audited—

For the Years Ended March 31

**Revenue:**

	2019 Actual	2020 Actual	2021 Estimate (Unaudited)	2022 Forecast	2023 Projection (Unaudited)
General Revenue Fund					
- Appropriation	\$ 8,159	\$ 8,154	\$ 8,213	\$ 8,584	\$ 8,738
- Contingency Appropriation	527	531	532	568	579
Other	16	17	-	-	-
<b>Total revenue</b>	<b>8,702</b>	<b>8,702</b>	<b>8,745</b>	<b>9,152</b>	<b>9,317</b>

**Expenditure:**

Salaries	5,229	5,331	5,669	5,710	5,824
Employee benefits	952	967	1,081	1,109	1,131
Facilities and equipment	757	728	779	768	776
Administration	388	377	353	384	388
Agent and advisory services	362	359	223	458	463
Training and development	159	174	138	155	156
<b>Total operating expenditure</b>	<b>7,847</b>	<b>7,936</b>	<b>8,243</b>	<b>8,584</b>	<b>8,738</b>
Transfer to GRF					
- Return of unused Appropriation	839	749	502	568	579
- Other	16	17	-	-	-
<b>Total transfer to GRF</b>	<b>855</b>	<b>766</b>	<b>502</b>	<b>568</b>	<b>579</b>
<b>Total expenditure</b>	<b>8,702</b>	<b>8,702</b>	<b>8,745</b>	<b>9,152</b>	<b>9,317</b>
<b>Excess of revenue over expenditure</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>





**OFFICE OF THE PROVINCIAL AUDITOR  
SCHEDULE OF PLANNED TIME SPENT ON TASKS  
For the Years Ended March 31**

	Actual			Planned	
	2018	2019	2020	2021	2022
<b>Employee time</b>					
Working hours	85%	86%	85%	85%	85%
Vacation leave and statutory holidays <sup>1</sup>	13%	12%	13%	13%	13%
Sick leave	2%	2%	2%	2%	2%
<b>Total paid hours</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Working hours tasks</b>					
Audits	70%	71%	72% <sup>3</sup>	70%	70%
Support services	11%	11%	11%	11%	11%
Office administration	12%	11%	11%	12%	12%
Training	7%	7%	6% <sup>3</sup>	7%	7%
<b>Total work hours</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Total full-time equivalent positions<sup>2</sup></b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>62</b>	<b>62 <sup>4</sup></b>

(See accompanying notes)

Explanations of statistical differences in the use of employee time.

- <sup>1</sup> The Office provides vacation leave and statutory holidays similar to those provided to employees in the public service. Periodically, there is one more statutory holiday (Good Friday) in the period (i.e., 2018) or one less (i.e., 2019).
- <sup>2</sup> Includes employees and contracted assistance.
- <sup>3</sup> During 2020, some management and specialized training was deferred to meet audit deadlines. In addition, some specialized training was available via webinar or in Saskatchewan thereby decreasing travel time.
- <sup>4</sup> This represents 60 full-time equivalent employees and 2 full-time equivalent contracted assistance.



*Office of the Provincial Auditor  
Notes to the Schedule of Planned Time Spent on Tasks  
For the Years Ended March 31*

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**1. Purpose**

This schedule shows work tasks and the percentage of time spent on these tasks. The schedule shows actual percentages for the years ended March 31, 2018 to March 31, 2020, and planned percentages for these tasks for the years ended March 31, 2021 and 2022.

**2. Definitions**

**Working hours** – Time available after deducting vacation leave, statutory holidays, and sick leave.

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

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

**Total paid hours** – Total of working hours, vacation leave, statutory holidays, and sick leave. Employees must work a minimum of 1950 hours per year to receive full pay.

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

**Support services** – Time spent on accounting, IT network maintenance and support, and other administrative support.

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

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

**Full-time equivalent positions** – Total paid hours divided by 1950 hours.

**3. Time Allocation Policies**

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

**4. Actual Time**

The percentages of actual time set out in the Schedule are those presented in the audited **Schedule of Actual Time Spent on Tasks** in the Office's *Annual Report on Operations* for the related fiscal year.





**OFFICE OF THE PROVINCIAL AUDITOR**  
**SCHEDULE OF PLANNED COSTS TO AUDIT GOVERNMENT AGENCIES**  
**For the Years Ended March 31**  
**(thousands of dollars)**

<b>Government Sector/Agency</b>	<b>2019 Actual Costs (Notes 1&amp;2)</b>	<b>2020 Actual Costs (Notes 1&amp;2)</b>		<b>2021 Planned Costs (Note 2)</b>		<b>2022 Planned Costs</b>	
Advanced Education	\$ 900	\$ 821	<sup>16</sup>	\$ 837		\$ 847	
Agriculture	261	192		245		170	<sup>1</sup>
Central Services	142	172		256	<sup>5</sup>	188	
Corrections and Policing	45	119		155		169	
Education	679	574	<sup>17 A</sup>	663	<sup>6</sup>	734	
Energy and Resources	252	242		178		226	
Environment	165	325	<sup>18</sup>	221	<sup>7</sup>	153	
Executive Council	74	23		16		17	
Finance	986	813	<sup>19</sup>	931	<sup>8</sup>	929	
Government Relations	304	283	<sup>A</sup>	303		256	
Health	1,385	1312	<sup>A</sup>	1,392	<sup>9</sup>	1,335	
Highways and Infrastructure	136	149		185		120	
Immigration and Career Training	167	163		168		165	
Justice and Attorney General	417	528	<sup>20</sup>	447	<sup>10</sup>	528	<sup>2</sup>
Labour Relations and Workplace Safety	28	37		21		26	
Legislative Assembly	121	132		114		120	
Parks, Culture and Sport	354	382		298	<sup>11</sup>	306	
Public Service Commission	85	82		85		153	
Saskatchewan Liquor and Gaming Authority	249	227		322	<sup>12</sup>	318	
SaskBuilds Corporation	16	28		19		112	<sup>3</sup>
Social Services	237	235		232		306	
Trade and Export Development	-	18		19		20	
Workers' Compensation Board	36	29		30		133	<sup>4</sup>
Crown Investments Corporation of Saskatchewan	58	53		55		58	
Saskatchewan Gaming Corporation	10	18		15		89	
Saskatchewan Government Insurance	147	74		84		105	
Saskatchewan Opportunities Corporation	8	6		11		12	
Saskatchewan Power Corporation	70	175	<sup>21 A</sup>	71	<sup>13</sup>	93	
Saskatchewan Telecommunications Holding Corporation	59	44		62		68	
Saskatchewan Transportation Company	14	6		-		-	
Saskatchewan Water Corporation	8	26		14		26	
SaskEnergy Incorporated	30	157	<sup>22</sup>	42	<sup>14</sup>	49	
Government-wide and Sectoral Work	115	116		273	<sup>15</sup>	269	



—Audited—

**Government Sector/Agency**

	<b>2019 Actual Costs (Notes 1&amp;2)</b>	<b>2020 Actual Costs (Notes 1&amp;2)</b>	<b>2021 Planned Costs (Note 2)</b>	<b>2022 Planned Costs</b>
Legislative Committees and Public Reports	396	391	444	484
<b>TOTAL COSTS <sup>A</sup></b>	<b>\$ 7,954</b>	<b>\$ 7,952</b>	<b>\$ 8,208</b>	<b>\$ 8,584</b>
Average cost-per-audit-hour <sup>23</sup>	\$ 106.62	\$ 106.42	\$ 112.47	\$ 117.58

(see accompanying notes)

<sup>A</sup> Includes costs remaining to complete audits not done at September 30, 2020.

Reasons for differences greater than \$75 thousand between years (in thousands of dollars):

**2022 and 2021 Planned**

- <sup>1</sup> **Agriculture** – 2022 is less than 2021 by \$75. Planned costs for 2021 include costs to assess the Ministry's processes to mitigate the impact of regulated pests in crops and pastures located in Saskatchewan, and audit the last year of operations for the Pastures Revolving Fund. Planned costs for 2022 do not include costs for these activities and do include costs for the follow up of past recommendations about succession management processes at Saskatchewan Crop Insurance Corporation.
- <sup>2</sup> **Justice and Attorney General** – 2022 is more than 2021 by \$81. Planned costs for 2022 include costs to assess the Office of Residential Tenancies' adjudicating of tenancy disputes, and follow up past recommendations about managing client assets at Public Guardian and Trustee and legal aid services at Saskatchewan Legal Aid Commission.
- <sup>3</sup> **SaskBuilds Corporation** – 2022 is more than 2021 by \$93. Planned costs for 2022 include costs to assess SaskBuilds Corporation's capital planning processes, and audit SaskBuilds' increased responsibility for government purchasing.
- <sup>4</sup> **Workers' Compensation Board** – 2022 is more than 2021 by \$103. Planned costs for 2022 include costs to assess WCB's adjudication of psychological injury claims and follow up past recommendations about appeal adjudication of the Return to Work program.

**2021 Planned and 2020 Actual**

- <sup>5</sup> **Central Services** – 2021 is expected to be \$84 more than 2020. Planned costs for 2021 include costs to assess the Ministry's records and information management processes. Actual costs for 2020 include savings from efficiencies gained because of continuity of staffing.
- <sup>6</sup> **Education** – 2021 is expected to be \$89 more than 2020. Planned costs for 2021 include costs to assess the Ministry's processes for early years child care. In 2020, the Office completed more performance audits in the school division sector than planned for 2021. Actual costs for 2020 include savings resulting from fewer significant audit issues requiring research and staff efficiencies.
- <sup>7</sup> **Environment** – 2021 is expected to be \$104 less than 2020. Planned costs for 2021 include costs to assess processes for recycling and follow up previous recommendations about regulating water drainage on agricultural lands. Actual costs for 2020 include audits of the Ministry's management of fish populations, and the Saskatchewan Water Security Agency's licensing of water use.
- <sup>8</sup> **Finance** – 2021 is expected to be \$118 more than 2020. Planned costs for 2021 includes costs to assess the Ministry's tax collection and enforcement and follow up past recommendations about communication to pension plan members. Actual costs for 2020 include savings resulting from fewer issues requiring research on the audits of the Summary Financial Statements and various pension and benefit plans, and efficiencies gained because of continuity of staffing on several audits at the Ministry.
- <sup>9</sup> **Health** – 2021 is expected to be \$80 more than 2020. Planned costs for 2021 include costs to audit health affiliates now included in the Government reporting entity. Actual costs for 2020 include savings resulting from fewer issues requiring research and staffing efficiencies.
- <sup>10</sup> **Justice and Attorney General** – 2021 is expected to be \$81 less than 2020. Actual costs for 2020 include the audit of the Public Guardian and Trustee's management of client assets and audit work was not required for the Saskatchewan Legal Aid Commission's area offices lawyer's trust accounts.
- <sup>11</sup> **Parks, Culture and Sport** – 2021 is expected to be \$84 less than 2020. Actual costs for 2020 include the audit of the Ministry's processes to provide safe drinking water in provincial parks.





- <sup>12</sup> **Saskatchewan Liquor and Gaming Authority** – 2021 is expected to be \$95 more than 2020. Planned costs for 2021 include costs to assess the regulation of cannabis. Actual costs for 2020 include savings resulting from fewer issues requiring research and staffing efficiencies.
- <sup>13</sup> **Saskatchewan Power Corporation** – 2021 is expected to be \$104 less than 2020. Actual costs for 2020 include the audit of SaskPower's planning for shut-down and decommissioning of coal-fired electricity generating units.
- <sup>14</sup> **SaskEnergy Incorporated** – 2021 is expected to be \$115 less than 2020. Actual costs for 2020 include the audit of the integrity of SaskEnergy's natural gas pipelines somewhat offset by savings resulting from continuity of staff and no significant issues to research.
- <sup>15</sup> **Government-wide and Sectoral Work** – 2021 is expected to be \$157 more than 2020. Planned costs for 2021 include costs to follow up past recommendations about the provision of special needs equipment to persons with disabilities and the security of government websites. Actual cost for 2020 include savings resulting from fewer complex matters requiring research than expected.

#### **2020 and 2019 Actual**

- <sup>16</sup> **Advanced Education** – 2020 was less than 2019 by \$79. In 2019, the Office assessed purchasing processes at Northlands College and board competency development at Carlton Trail College, and for the first time, Strategic Initiative Fund claims of the University of Saskatchewan and University of Regina. In 2020, the Office assessed Sask Polytechnic's processes to carry out applied research.
- <sup>17</sup> **Education** – 2020 was less than 2019 by \$105. In 2019, the Office completed more performance audits in the school division sector than in 2020.
- <sup>18</sup> **Environment** – 2020 was more than 2019 by \$160. For 2020, the Office assessed the Ministry's management of fish populations, and the Saskatchewan Water Security Agency's licensing of water use.
- <sup>19</sup> **Finance** – 2020 was less than 2019 by \$173. In 2019, the Office assessed the Ministry's communication to pension plan members; and followed up past recommendations about securing sensitive personal information and monitoring the fuel-tax exemption program. In addition, in 2019, the Office researched more issues on the audits of the Summary Financial Statements and various pension and benefit plans than expected and incurred inefficiencies because of higher than anticipated staff turnover reducing audit staff continuity for several audits at the Ministry.
- <sup>20</sup> **Justice and Attorney General** – 2020 was more than 2019 by \$111. For 2020, the Office assessed the Public Guardian and Trustee's management of client assets and the Financial and Consumer Affairs Authority of Saskatchewan's processes for regulating motor vehicle dealers to protect consumers. In 2019, the Ministry included corrections and policing programs, which later became a separate ministry.
- <sup>21</sup> **Saskatchewan Power Corporation** – 2020 was more than 2019 by \$105. Actual costs for 2020 include the audit of SaskPower's planning for shut-down and decommissioning of coal-fired electricity generating units.
- <sup>22</sup> **SaskEnergy Incorporated** – 2020 was more than 2019 by \$127. Actual costs for 2020 include the audit of the integrity of SaskEnergy's natural gas pipelines.

#### **Average Cost-per-Audit-Hour**

- <sup>23</sup> The decrease in the average cost-per-audit-hour in 2019 and 2020 was primarily because of lower salaries and benefits resulting from unanticipated turnover of longer-term staff.





**Office of the Provincial Auditor**  
**Notes to the Schedule of Planned Costs to Audit Government Agencies**  
**For the Years Ended March 31**

## **1. Purpose**

This schedule (Annual Work Plan) shows the Office's actual costs to audit government agencies for its fiscal years ended March 31, 2019 and March 31, 2020. The schedule also shows the Office's planned costs to audit government agencies for its fiscal years ended March 31, 2021 and March 31, 2022.

The actual costs for 2019 and 2020 were originally provided in the **Schedule of Actual Costs to Audit Government Agencies** included in the Office's 2019 and 2020 Annual Reports on Operations. The audited information noted there would be future costs to complete these audits. Virtus Group LLP audited those schedules. The actual results reported in this schedule have been updated for actual costs up to September 30, 2020. 2020 includes an estimate for costs remaining to complete audits not done at September 30, 2020.

The Office uses a risk-based model to set priorities and allocate resources to its audits of government agencies.

The "nature of each examination" 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.*

## **2. Cost Allocation Policies**

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

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

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

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

Where there were changes to ministerial responsibilities, we reclassified our actual and planned work plan costs to reflect the new structure.





### 3.3 Historical Comparison of the Costs of the Office's Work Plans

The following table shows a five-year summary comparison of costs to discharge the Office's duties under *The Provincial Auditor Act*. The **Schedule of Planned Costs to Audit Government Agencies** included in **Section 3.2 – Audited Financial Forecast** compares detailed work plans for the years 2019 to 2022 and explains key differences.

The 2023 planned costs assume an inflationary increase of 2% for salary and benefits, 1% for other expenditures, and that the other factors listed in **Section 2.4** will not significantly impact future costs of the Office.

Work Plan Costs to Audit Each Government Agency for the Office's Fiscal Years Ended March 31				
In millions of dollars				
2019 Actual	2020 Actual	2021 Planned	2022 Planned	2023 Planned
7.954	7.952	8.208	8.584	8.738
(Details in the <b>Schedule of Planned Costs to Audit Government Agencies</b> )				(Details to be determined in 2021)

### 3.4 Forecast and Actual Full-Time Equivalent Positions and Average Salaries of Employees

Information on full-time equivalent (FTE) positions and average salary of employees:

Fiscal Year	FTE Positions		Average Salaries <sup>1</sup>	
	Actual	Forecast	Actual	Forecast
2013	59	60	88,700	88,400
2014	58	60	92,200	88,600
2015	58	60	92,800	93,000
2016	58	60	90,100	92,800
2017	58	60	90,100	92,200
2018	59	60	89,400	91,300
2019	59	60	88,600	90,700
2020	59	60	90,400	90,500
2021	62 <sup>3</sup>	60	91,400 <sup>3</sup>	91,000
2022		60		95,200 <sup>4</sup>

<sup>1</sup> Average salaries have increased from 2013 to 2022 primarily due to the Provincial Auditor's employees receiving similar economic adjustments as those the Government provided to out-of-scope public servants and responses to market pressures. The following table sets out the economic adjustments the Government provided to out-of-scope public servants. These economic adjustments would cause the Office's average salary to increase from \$88,700 per year at March 31, 2013, to \$97,200 per year at March 31, 2022. The office has been able to leverage retirements of senior staff to decrease its average salary in recent years.

Economic adjustments provided to out-of-scope public servants:

April 1, 2012	2.0%	April 1, 2016	1.65%	April 1, 2020	1.3%
April 1, 2013	2.0%	April 1, 2017	0.0%	April 1, 2021	2.0%
April 1, 2014	1.25%	April 1, 2018	0.0%		
April 1, 2015	0.0%	April 1, 2019	1.0%		

<sup>2</sup> Unanticipated turnover during 2016, 2017, 2018 and 2019 and delay in certain promotions has changed the composition of the Office's average salary.

<sup>3</sup> Estimated number of full-time equivalent positions and average salaries for 2021 based on information known at September 30, 2020. Actual results may vary.

<sup>4</sup> Average salary increase for 2022 includes the combined impact of economic adjustments for April 1, 2019, April 1, 2020 and April 1, 2021. The Government announced these adjustments after we determined our average salary for 2021 and made our 2021 funding request.



### 3.5 Training Schedule

The training schedule shows employee hours, employee salary cost, and out-of-pocket costs.

Fiscal Year	Actual			Forecast		
	Hours	Salary Cost	Out-of-Pocket Costs	Hours <sup>1</sup>	Salary Cost	Out-of-Pocket Costs
2013	7,753 <sup>2</sup>	\$ 349,730 <sup>2</sup>	\$ 144,004 <sup>2</sup>	9,944 <sup>3</sup>	\$ 438,300	\$ 175,000
2014	5,794 <sup>2</sup>	282,151 <sup>2</sup>	139,848 <sup>2</sup>	9,006 <sup>3</sup>	419,600	175,000
2015	6,435 <sup>2</sup>	305,592 <sup>2</sup>	144,221 <sup>2</sup>	8,309	378,500	175,000
2016	5,310 <sup>2</sup>	246,722 <sup>2</sup>	133,981 <sup>2</sup>	7,944	380,000	170,000
2017	6,267	302,501	140,839	7,615	344,100	170,000
2018	7,337	364,153	160,166	7,535	356,000	170,000
2019	7,174	368,969	159,113	7,587	346,700	170,000
2020	6,442 <sup>4</sup>	343,261	173,894	7,496	347,100	170,100
2021	7,239 <sup>5</sup>	359,285 <sup>5</sup>	137,925 <sup>5</sup>	7,245	344,700	170,100
2022				7,178	354,300	155,000 <sup>6</sup>

<sup>1</sup> The Office trains employees to become professional accountants (CPA) as a key strategy to recruit staff. 40%–50% of training hours relate to training these students.

<sup>2</sup> Some management and specialized training was deferred to meet audit deadlines.

<sup>3</sup> The Office planned to use more senior employee time for the training of other professional staff to transfer knowledge as part of the succession plan and in response to the significant changes in professional standards.

<sup>4</sup> During 2020, some specialized training was available via webinar or in Saskatchewan thereby decreasing travel time.

<sup>5</sup> This is an estimate for 2020–21 based on information known at September 30, 2020. Actual results may vary.

<sup>6</sup> Reduced costs are anticipated as more training should be available in a virtual format given the COVID-19 pandemic thus reducing travel costs.





## ***4.0 Other Supporting Information***





## 4.1 Impact of Changes to Government Agencies on the 2021–22 Work Plan

The Office submits its request for resources in November of a year (2020) for the next April to March fiscal (2021–22) year. The Office bases its request on information known to September 30, 2020. The Office reflects information received after that date in the next request for resources.

The Office adjusts resources when agencies are significantly reorganized or it requests additional resources to audit new agencies (created), does not request resources to audit wound up agencies, and adjusts resources for changes in the government's use of appointed auditors.

<i>Impact of Changes to Government Agencies</i>		
<i>(thousands of dollars)</i>		
<b>Agencies Created<sup>1</sup></b>		
<i>Advanced Education</i>		
University of Regina - Health Canada Agreement	6	
<b>Total Created</b>		<b>6</b>
<b>Agencies Wound Up<sup>2</sup></b>		
<i>Environment</i>		
Water Appeal Board	(6)	
<b>Total Wound Up</b>		<b>(6)</b>
<b>Changes to Use of Agency Appointed Auditors<sup>3</sup></b>		
None		
<b>Total Changes to Agency Appointed Auditors</b>		<b>-</b>
<b>Net Impact of Changes to Government Agencies Increase (Decrease)</b>		<b>-</b>

<sup>1</sup> These agencies were either created, became a government-controlled agency, or were subject to audit under *The Provincial Auditor Act* during 2020–21 resulting in more work for the Office in 2021–22.

<sup>2</sup> These agencies were either wound up, ceased to be a government-controlled agency, became inactive, or were no longer subject to audit under *The Provincial Auditor Act* during 2020–21 resulting in less work for the Office in 2021–22.

<sup>3</sup> Reflects changes in integrated audit work costs resulting from the Government's decision to appoint the Office as the auditor during 2020–21 resulting in more work for the Office in 2021–22. The agency is subject to audit under *The Provincial Auditor Act* including potential performance audits.



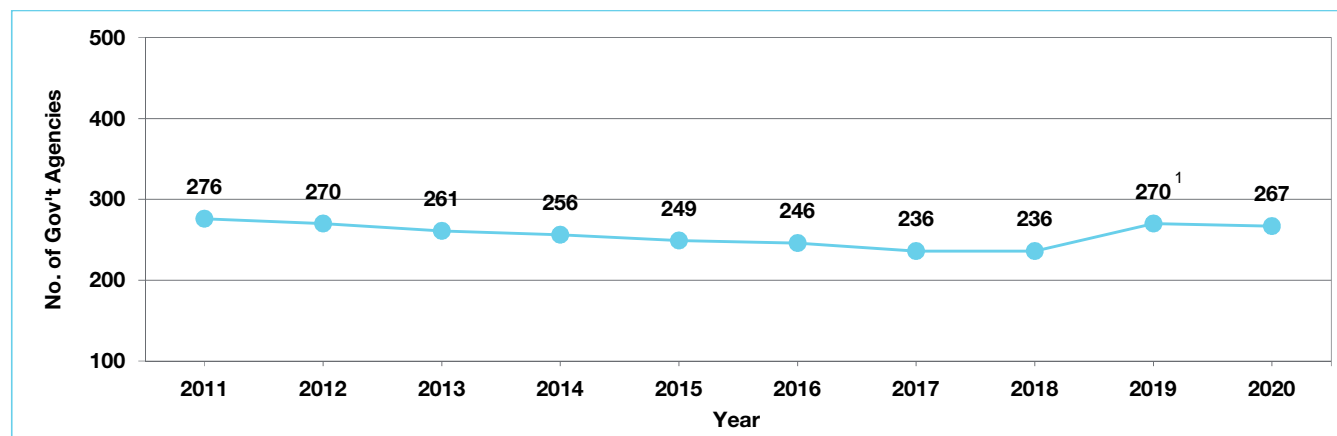


## 4.2 Spending Trends

In response to a past request from members of the Standing Committee on Estimates and the Standing Committee on Public Accounts, the Office provides the following spending trends.

The number of agencies within the Government along with their size affects the work of the Office. Over the 10-year period from 2011 to 2020, the number of government agencies has decreased from 276 agencies in 2011 to 267 agencies in 2020.

### Total Number of Government Agencies from 2011 to 2020



<sup>1</sup> The number of government agencies in 2019 includes 37 health care affiliates that are included in the Government of Saskatchewan reporting entity since 2019.

To provide insight on the volume of government financial transactions that the Office is responsible to audit, the Office provides the Government's gross revenues and expenses, and gross assets and liabilities for the same 10-year period. Over the 10-year period from 2011 to 2020, the Office's spending increased by 8%; over the same period, the Government's gross revenue and expense have increased by 22% and its gross assets and liabilities have increased by 68%.

### Provincial Auditor Spending and Volume of Government Financial Activity from 2011 to 2020

Fiscal Year	Provincial Auditor Spending <sup>1</sup>		Volume of Government Financial Activity <sup>2</sup>			
	(in \$ millions)	% chg	Gross Revenue and Expense		Gross Assets and Liabilities	
			(in \$ billions)	% chg	(in \$ billions)	% chg
2011	7.4	5.7	37.9	5.6	47.4	3.3
2012	7.4	-	39.1	3.2	49.3	4.0
2013	7.8	5.4	40.2	2.8	53.2	7.9
2014	8.0	2.6	42.2	5.0	57.2	7.5
2015	8.0	-	43.1	2.1	61.0	6.6
2016	7.8	(2.5)	46.5	7.9	64.6	5.9
2017	7.8	-	43.6	(6.2)	69.7	7.9
2018	7.9	1.3	44.1	1.1	73.7	5.7
2019	7.9	-	45.3	2.7	78.1	6.0
2020	8.0	1.3	46.4	2.4	79.8	2.2

<sup>1</sup> Provincial Auditor spending reflects the total operating expenses reflected in its audited financial statements. It does not include fees that appointed auditors charged government agencies.

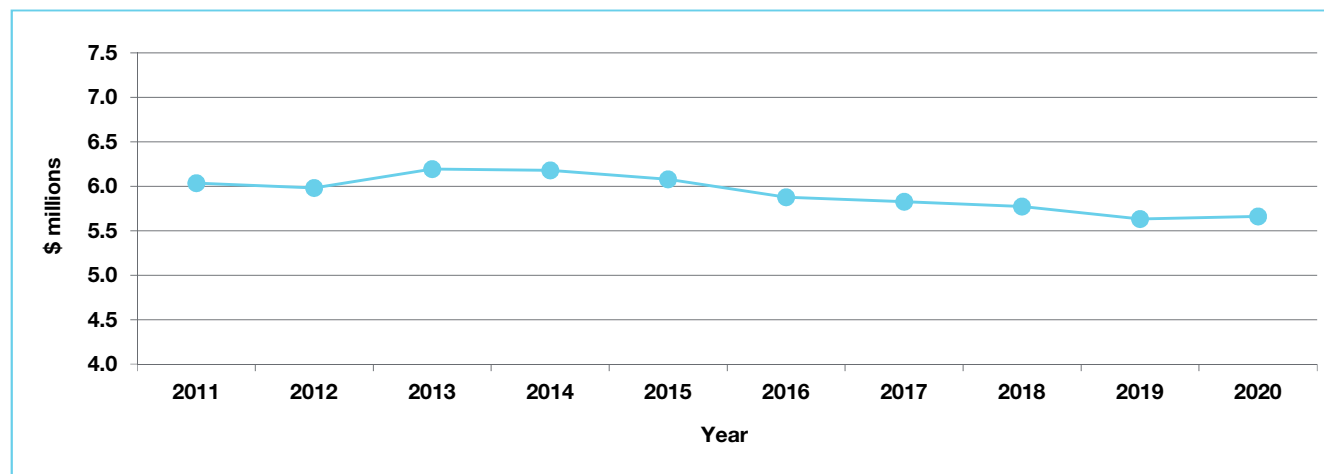
<sup>2</sup> Derived from the Government of Saskatchewan Summary Financial Statements. Gross revenue and expense represents total revenue, total government business enterprises (GBE) revenue and expense, and total expense. Gross assets and liabilities represents total financial assets and total liabilities grossed up for the activities of GBE's and pensions.





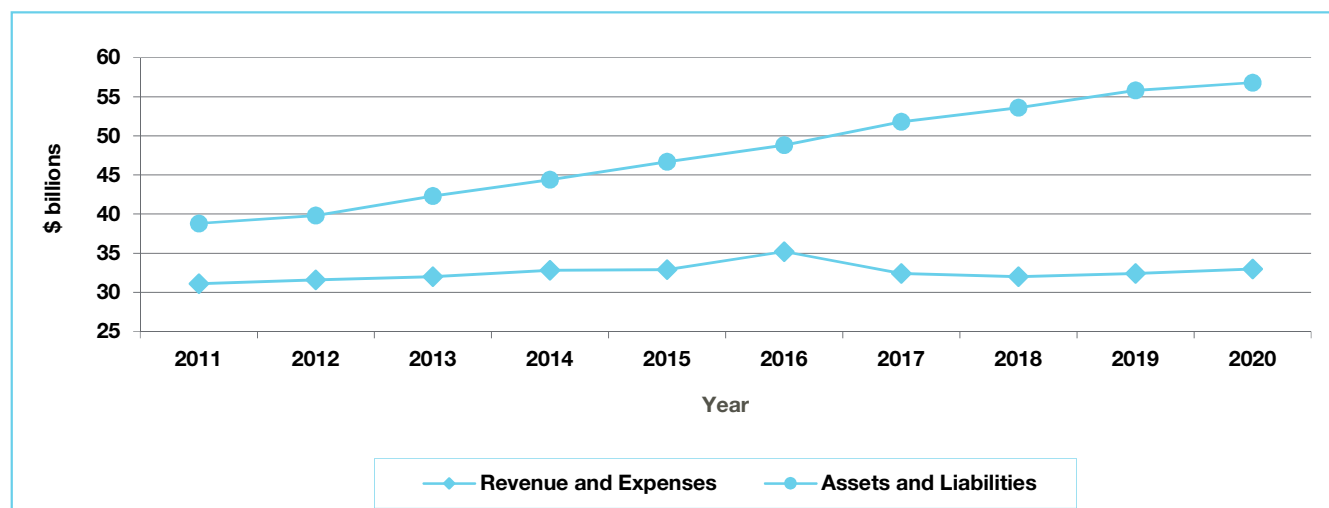
The graphs below show trends for the 10-year period from 2011 to 2020 in Provincial Auditor Spending and in Government Financial Activity each adjusted for inflation using 2002 as the base year.

### ***Provincial Auditor Spending from 2011 to 2020 Adjusted for Inflation***



Provincial Auditor spending reflects the total operating expenses reflected in its audited financial statements adjusted for inflation using the Consumer Price Index of Saskatchewan and 2002 as the base year.

### ***Government Financial Activity from 2011 to 2020 Adjusted for Inflation***



The Government's gross Revenue and Expenses and Gross Assets and Liabilities are adjusted for inflation using The Consumer Price Index of Saskatchewan and 2002 as the base year.







## 4.3 Out-of-Province Travel

Out-of-province travel costs for the Office from 2017–18 to 2021–22 (five years).

Out-of-Province Travel Costs <sup>1</sup>							
	2017–18	2018–19	2019–20	2020–21	2021–22		
Forecast	28,000	25,100	25,500	27,400	19,300	<sup>5</sup>	
Actual	26,600	43,100 <sup>2</sup>	17,600 <sup>3</sup>	4,400 <sup>4</sup>			

<sup>1</sup> Costs include participation in national working groups with the legislative audit community to agree on guidelines for auditing and reporting on performance. Also, some specialized training is not available in province (e.g., pension and benefit plans, gaming and insurance areas). Forecasts assume that some specialized training will be available via webinar or in Saskatchewan decreasing out-of-province travel costs.

<sup>2</sup> Some specialized training was not available in province as initially anticipated. Also, the timing of some annual CCOLA meetings attended by staff resulted in more meetings held during 2018–19 than normal.

<sup>3</sup> During 2020, some specialized training was available via webinar or in Saskatchewan thereby decreasing out-of-province travel costs.

<sup>4</sup> This is an estimate to March 31, 2021. Actual results may vary. No out-of-province travel occurred or is anticipated in 2020-21. This estimate represents actual flight costs incurred where the travel was cancelled due to COVID-19.

<sup>5</sup> Reduced costs are anticipated as more training should be available in a virtual format given the COVID-19 pandemic thus reducing travel costs.

## 4.4 Senior Management Salaries

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

**Annual salaries as at March 31:**

	2016	2017	%chg from 2016 <sup>1</sup>	2018	%chg from 2017	2019	%chg from 2018	2020	%chg from 2019 <sup>2</sup>
Ferguson, J.	223,995	227,914	1.77	227,914	-	227,914	-	231,135	1.41
Ahmad, M.	170,000	- <sup>3</sup>	-	- <sup>1</sup>	-	-	-	-	-
Borys, A.	170,000	175,750	3.38	175,750	-	175,750	-	180,033	2.44
Clemett, T.	155,000	160,000	3.23	160,000	-	164,800	3.00	171,448	4.03
Deis, K.	170,000	175,750	3.38	175,750	-	175,750	-	180,033	2.44
O'Quinn, C.	155,000	160,000	3.23	160,000	-	164,800	3.00	171,448	4.03
Sommerfeld, R.	155,000	160,000	3.23	160,000	-	- <sup>4</sup>	-	-	-
St. John, T	-	-			-	155,000 <sup>5</sup>		161,247	4.03

Note: *The Provincial Auditor Act* states that the Provincial Auditor's salary is the average of the salaries paid to Deputy Ministers and the Provincial Auditor receives any economic adjustments that Deputy Ministers receive.

<sup>1</sup> The Government granted salary increases to all out-of-scope public servants of 1.65% on April 1, 2016.

<sup>2</sup> The Government granted salary increases to all out-of-scope public servants of 1% on April 1, 2019.

<sup>3</sup> M. Ahmad retired effective June 30, 2016.

<sup>4</sup> R. Sommerfeld retired effective August 29, 2018.

<sup>5</sup> T. St. John was promoted to position of Deputy Provincial Auditor effective August 1, 2018.



## 4.5 Total Costs to Audit Government Agencies

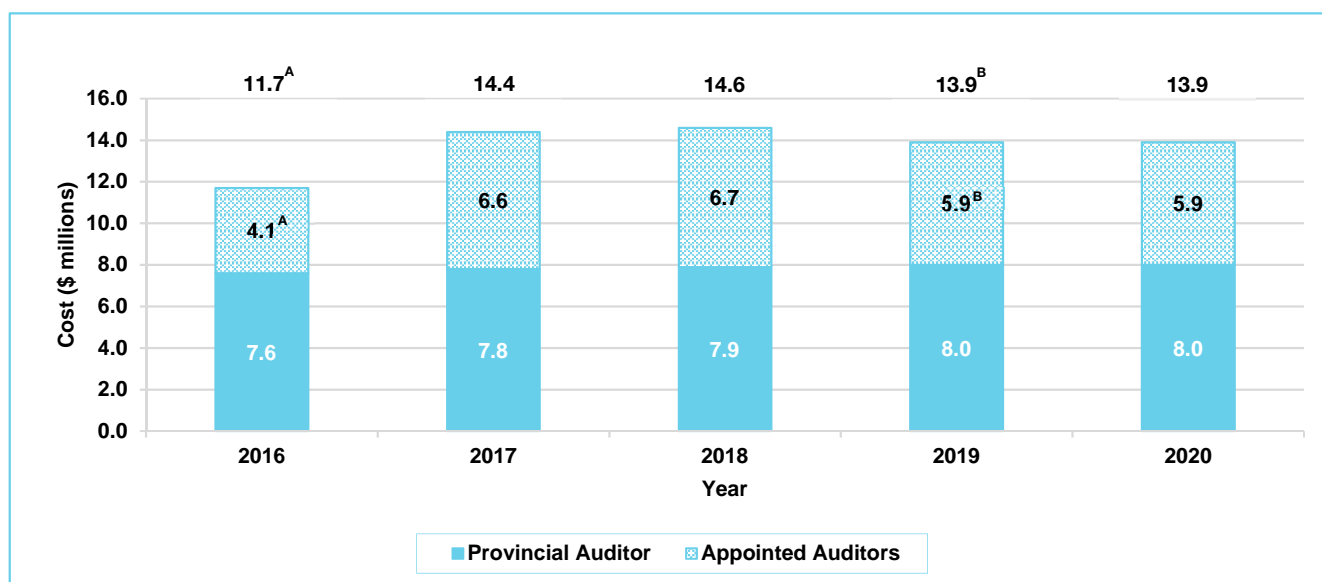
The following is a summary of the total costs to audit government agencies for the last five years.

Many of the 267 agencies the Government manages use appointed auditors for their annual audit. The Government stated it uses appointed auditors so the Saskatchewan public accounting industry can develop and retain local expertise.

As the Government is accountable for the costs of using appointed auditors, the Office's financial plan does not reflect the cost of their audit services. The Office's annual work plan reflects the known use of appointed auditors and impact on the way the Office carries out its work.

The use of appointed auditors reduces the Office's costs but increases the total cost of auditing to taxpayers. It costs more to audit when there are two auditors.

### Total Costs to Audit the Government of Saskatchewan



<sup>A</sup> 2016 costs do not include the appointed auditor costs to audit CIC, its subsidiaries, and related entities given the change in timing of audit work related to these agencies. This change in timing resulted from the Government's November 2015 decision to change the fiscal year-end of CIC and its subsidiaries and related entities from December 31 to March 31. These costs are reflected in 2017 data.

<sup>B</sup> Prior to the amalgamation of the regional health authorities into the Saskatchewan Health Authority, appointed auditors did the annual audits of authorities, other than for the Regina Qu'Appelle Regional Health Authority. The Office currently audits the Saskatchewan Health Authority. This change in the use of appointed auditors reduced 2019 fees by \$0.69 million. In addition, the wind up of the Saskatchewan Transportation Company reduced appointed auditor 2019 fees by a further \$0.15 million.





## 4.6 Potential Areas of Focus for Performance Work

The Office's annual planning process includes determining potential areas of focus for its future performance work. The Office anticipates performance work in the following areas over the next three years:

<i>Government Sector/ Agency<sup>A</sup></i>	<i>Potential Areas of Focus for Performance Work</i>		
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Advanced Education		<ul style="list-style-type: none"> <li>Purchasing</li> </ul>	<ul style="list-style-type: none"> <li>Success of Indigenous students</li> </ul>
Agriculture			<ul style="list-style-type: none"> <li>Farmland ownership</li> </ul>
Central Services		<ul style="list-style-type: none"> <li>Cybersecurity</li> </ul>	
Corrections and Policing	<ul style="list-style-type: none"> <li>Inmate segregation</li> </ul>		<ul style="list-style-type: none"> <li>Mental health of correctional workers</li> </ul>
Education	<ul style="list-style-type: none"> <li>Distance learning</li> <li>First Nations, Métis, and Inuit academic achievement</li> </ul>	<ul style="list-style-type: none"> <li>Mental health in schools</li> <li>Student cumulative records</li> </ul>	<ul style="list-style-type: none"> <li>Prekindergarten</li> </ul>
Energy and Resources			<ul style="list-style-type: none"> <li>Oil and gas wells and facilities licensing</li> </ul>
Environment		<ul style="list-style-type: none"> <li>Climate change</li> </ul>	
Finance			<ul style="list-style-type: none"> <li>Central financial and human resource record keeping system security</li> </ul>
Government Relations			<ul style="list-style-type: none"> <li>Emergency dispatching</li> </ul>
Health	<ul style="list-style-type: none"> <li>Disability management</li> <li>Regulation of cigarettes/vaping</li> </ul>	<ul style="list-style-type: none"> <li>IT asset management</li> <li>Regulation of mental health licenced homes</li> <li>Specialist wait times</li> </ul>	<ul style="list-style-type: none"> <li>Prevention of the spread of tuberculosis</li> <li>Medical service billing</li> <li>Cancer drug procurement</li> </ul>
Highways and Infrastructure		<ul style="list-style-type: none"> <li>Winter maintenance of highways</li> </ul>	<ul style="list-style-type: none"> <li>Regina Bypass oversight</li> </ul>
Immigration and Career Training		<ul style="list-style-type: none"> <li>Under-represented groups in skilled trades</li> </ul>	
Justice and Attorney General	<ul style="list-style-type: none"> <li>Coroner services</li> <li>Settling tenancy disputes</li> </ul>		<ul style="list-style-type: none"> <li>Interpersonal violence</li> </ul>
Public Service Commission	<ul style="list-style-type: none"> <li>Workforce diversity and inclusion</li> </ul>		



Government Sector/ Agency <sup>A</sup>	Potential Areas of Focus for Performance Work		
	Year 1	Year 2	Year 3
Saskatchewan Liquor and Gaming Authority	<ul style="list-style-type: none"> <li>Regulation of locally manufactured alcohol</li> </ul>		<ul style="list-style-type: none"> <li>Succession management</li> </ul>
SaskBuilds Corporation	<ul style="list-style-type: none"> <li>Capital planning</li> </ul>	<ul style="list-style-type: none"> <li>Procurement</li> </ul>	
Social Services	<ul style="list-style-type: none"> <li>Housing people with intellectual disabilities</li> </ul>	<ul style="list-style-type: none"> <li>Income support programs</li> </ul>	
Workers' Compensation Board	<ul style="list-style-type: none"> <li>Psychological injury claims</li> </ul>		
Saskatchewan Gaming Corporation	<ul style="list-style-type: none"> <li>Cybersecurity</li> </ul>		
Saskatchewan Government Insurance		<ul style="list-style-type: none"> <li>Commercial drivers</li> </ul>	
Saskatchewan Power Corporation		<ul style="list-style-type: none"> <li>Clean energy</li> </ul>	
Saskatchewan Telecommunications Holding Corporation		<ul style="list-style-type: none"> <li>Expanding broadband services</li> </ul>	
SaskEnergy Incorporated			<ul style="list-style-type: none"> <li>Physically securing facilities</li> </ul>

<sup>A</sup> Based on Government structure in place as of September 30, 2020



## **5.0     *The Office's Strategic Plan***





## Preamble

During 2020-21, the Office began the process to update its Strategic Plan for a three-year period. As of September 30, 2020, the Office has updated its vision, mission, key risks, external forces and trends, and values. See details below and **Exhibit 4** for external forces and trends. The Office will publish the updated 2021-2024 Strategic Plan on its website once finalized.

Strategic planning to September 30, 2020 did not identify significant changes to the Office's current strategic goals, priorities, or performance measures. Based on that determination, the Office used its 2017-2021 Strategic Plan to assist in the development of the Business and Financial Plan for the Year ended March 31, 2022.

## 2021-2024 Strategic Plan

### VISION

A valued legislative audit office, advancing excellence and inspiring confidence in the public sector

### MISSION

Practicing independence, we promote accountability and better management of public resources

### KEY RISKS

Our stakeholders do not support our goals and objectives

Government does not act on our recommendations

The Standing Committees on Public Accounts and Crown and Central Agencies do not fulfill their responsibilities

We do not have the required competencies and resources to deliver our products and services

We do not manage our resources effectively

We do not understand or respond to the challenges faced by our stakeholders

We lose or are perceived to lose our independence

We provide inappropriate, incorrect assurance and advice

### VALUES

Independence

Trust and Integrity

Accountability

Leadership

Balance

Diversity of Thought

Learning







## 2017-2021 Strategic Goals and Priorities

The Plan includes the following four strategic goals and supporting priorities. The Office's supporting strategic priorities reflect areas of focus or change conditions that require the Office to invest time and resources to achieve its strategic goal.

Strategic Goal and Strategic Priority (SP) By 2021, the Office intends to:	Rationale and Description
<b>Goal 1 – Demonstrate focus on the most relevant audit areas</b>	<i>The Provincial Auditor Act (Act)</i> makes the Office the auditor of all Provincial Government ministries and agencies. As an independent legislative audit office, the Office is uniquely positioned to carry out objective and unbiased audits independent of the Government.
SP#1 - Seek input from key stakeholder groups to identify areas of focus SP#2 - Streamline processes to determine areas of focus SP#3 - Communicate multi-year work plan with key stakeholders	<p>The Office carries out various types of audits (e.g., integrated [financial-related], performance, and follow-ups) using Canadian professional assurance standards. The Act gives the Office the power to decide what work to do, how to carry it out, and when.</p> <p>For the Office's work to be relevant, it must focus its efforts on areas of public interest, and on where it can add value to its clients, and other key stakeholders. The Office must consult with key stakeholders to understand their needs and perspectives, share its plans, and explain the impact and value of its work.</p>





<b>Strategic Goal and Strategic Priority (SP)</b> By 2021, the Office intends to:	<b>Rationale and Description</b>
<b>Goal 2 – Sustain an engaged work force that contributes to the Office’s success</b>  SP#1 - Support leadership development SP#2 - Enhance strategies to recruit/retain staff SP#3 - Equip staff to effectively manage change	<p>As reflected in the external forces and trends (see <b>Appendix 2</b>), the Office operates within an environment of constant change. Recent key changes directly affecting the Office include the amalgamation of the professional accountancy profession, various senior staff deciding to retire or pursue alternate career opportunities, and fiscal pressures across the Government.</p> <p>The Office carries out both financial and non-financial audits. Besides training staff to become professional accountants and strategically contracting expertise for its non-financial work, the Office must attract and retain staff with diverse skill sets (e.g., financial, information technology, internal control systems, performance management, governance, risk management).</p> <p>The Office's staff are its most valuable resource because the quality and timeliness of the Office's work depends on their knowledge, skills, and professionalism. The Office must make sure its staff have and maintain the necessary knowledge and skills; it must provide staff with a supportive work environment conducive to facilitating timely and quality work.</p>
<b>Goal 3 – Improve our delivery of reliable audits at a reasonable cost</b>  SP#1 - Continuously improve our work SP#2 - Meet professional standards SP#3 - Deploy resources based on reasonable budgets and deadlines	<p>The Office's advice, findings, and recommendations must be accurate, fair, timely, and understandable for them to be of value to legislators, the public, and those we audit.</p> <p>The Office must keep its audit methodology current and aligned with professional standards. In addition, it must implement its methodology efficiently and economically. This includes being accepting of new ideas and change.</p>
<b>Goal 4 – Increase the awareness of the role of the Office</b>  SP#1 - Educate the legislators, public, and public sector agencies about the work we do SP#2 - Enhance accessibility to the work we do	<p>Gaining and keeping the trust of legislators and the public is key to the Office being a credible and trusted advisor to legislators and the public.</p> <p>The Office must be well positioned to clearly communicate its purpose, its independence, its work, and how it is accountable. This includes explaining how it manages potential or perceived threats to its independence. Clear and open communications will help ensure legislators, the public, and others have a clear and accurate understanding of its role and responsibilities.</p>





## 2017-2021 Performance Measures and Targets

The Office uses performance measures and targets to measure its progress towards achieving its strategic goals and priorities. This Plan sets out targets the Office intends to achieve by 2021. Each performance target embodies the related measure. The Office plans to report its progress on each of these performance measures and targets in its *Annual Report on Operations*. This Report is tabled in the Legislative Assembly each year.

Strategic Goals & Priorities	2017–21 Performance Target	Rationale and Description of Measure
<b>Demonstrate focus on the most relevant audit areas</b>  <b>Priorities</b> SP#1 - Seek input from key stakeholder groups to identify areas of focus SP#2 - Streamline processes to determine areas of focus SP#3 - Communicate multi-year work plan with key stakeholders	Government acts on 85% of the Office's recommendations	<p>The Office makes recommendations to help improve the Government's performance reports and delivery of programs. The extent to which the Government acts on recommendations demonstrates that the recommendations reflect areas that are important to improve public sector management and, in part, the impact of the Office's work.</p> <p>The Office groups its recommendations into two types:</p> <ul style="list-style-type: none"> <li>– Type 1 recommendations are those that are less complex, easier to carry out, and can be implemented in one year; these are tracked over a five-year period</li> <li>– Type 2 recommendations are those that are more difficult to carry out and may take up to 5 years to implement; these are tracked over a 10-year period</li> </ul>
	The Standing Committees on Public Accounts and Crown and Central Agencies accept 90% of our recommendations	<p>The support of Standing Committees of Public Accounts and Crown and Central Agencies is critical to help hold the Government accountable and help improve public sector management. The Office makes recommendations to help improve accountability and the delivery of programs. The Committee's acceptance of our recommendations is an indication of the Assembly's confidence in and satisfaction with the Office's work.</p> <p>Established practice of the Standing Committees of Public Accounts and Crown and Central Agencies is to decide whether they agree with the Office's recommendations in their review and consideration of the Office's reports.</p> <p>The extent to which each Committee accepts recommendations demonstrates the Committee thinks the recommendations reflect areas that are important to improve public sector management and /or accountability.</p> <p>The Office tracks the Committees' consideration of its recommendations over a five-year period using Committee decisions as reflected in the Committees' minutes.</p>



Strategic Goals & Priorities	2017–21 Performance Target	Rationale and Description of Measure
	Auditees' post-audit feedback acknowledges value and satisfaction with our work	<p>The management of public sector ministries and agencies are key stakeholders of the Office—they are who we audit. For the Office to be successful in its vision and mission, auditees must view the Office's work as being relevant and valuable.</p> <p>Since 1998, the Office has surveyed agencies it audits to obtain their feedback on their satisfaction with the Office's work. The Office tracks post-audit feedback over a five-year period.</p> <p>Since 2014, the survey asks agencies to:</p> <ul style="list-style-type: none"> <li>– Acknowledge the value of the Office's work related to whether:               <ul style="list-style-type: none"> <li>○ Reports to the agency's Minister were understandable, accurate, and relevant (reports)</li> <li>○ Recommendations to the agency were feasible and result in proper management of public resources and accountability (recommendations)</li> </ul> </li> <li>– Indicate their level of satisfaction with the Office's work related to whether:               <ul style="list-style-type: none"> <li>○ Planned work for the agency met its needs and that the Office carried out its work according to the plan (responsiveness)</li> <li>○ Office employees were knowledgeable and carried out their work professionally and courteously (professionalism)</li> </ul> </li> </ul>
<p><b>Sustain an engaged work force that contributes to the Office's success</b></p> <p><b>Priorities</b>            SP#1 - Support leadership development            SP#2 - Enhance strategies to recruit/retain staff            SP#3 - Equip staff to effectively manage change</p>	<p>Results of annual staff survey indicate a positive level of satisfaction with the Office's working environment</p>	<p>A good working environment for employees assists with employee productivity and retention. Since 1994, the Office has surveyed employees on satisfaction annually. The survey provides employees with an opportunity to express their level of satisfaction on 11 key indicators of the Office's working environment.</p>
<p><b>Improve our delivery of reliable audits at a reasonable cost</b></p> <p><b>Priorities</b>            SP#1 - Continuously improve our work</p>	<p>The Office provides assurance within agreed upon timelines</p> <ul style="list-style-type: none"> <li>– Provides at least 75% of reports to Government agencies by agreed upon dates</li> </ul>	<p>Legislators, the public, and government agencies need timely assurance to have confidence in the Office's findings and recommendations.</p> <p>The Office tracks the timeliness of its reports to government agencies as compared to established planned dates. The Office establishes deadlines when planning each audit. The Office sets out planned dates in</p>





Strategic Goals & Priorities	2017–21 Performance Target	Rationale and Description of Measure
SP#2 - Meet professional standards SP#3 - Deploy resources based on reasonable budgets and deadlines	<ul style="list-style-type: none"> <li>Submits Volume 1 within first two weeks of June and Volume 2 within first two weeks of December</li> </ul>	<p>audit plans discussed with and provided to government agencies. For financial statement audits, it sets planned dates consistent with statutory tabling deadlines.</p> <p>The Office has regularly scheduled the completion of its reports on the results of its work to the Assembly (e.g., Volume 1). The Office reports the results of audits in the report following their completion. Consistent with <i>The Provincial Auditor Act</i>, the Office submits its reports to the Speaker for tabling in the Assembly.</p>
	Office completes audits within planned costs as set out in its approved budget	<p>The Office wants to provide relevant, reliable, and timely products and services at a reasonable cost. The Office tracks the planned and actual costs to examine each government agency each year.</p> <p>The Office's annual <i>Business and Financial Plan</i> sets out planned costs to examine government agencies for the year of the Plan. The Office's <i>Annual Report on Operations</i> compares the planned to actual costs to examine agencies for that year and explains significant differences, if any.</p>
	CPA Saskatchewan practice inspectors, Canadian Council of Legislative Auditors (CCOLA) peer reviewers, and the Office's external independent auditor on the work of the Office do not report any significant deficiencies on the Office's policies and practices	<p>CPA Saskatchewan periodically (about every two to three years) inspects the Office to determine whether the Office has policies, practices, and procedures in place that would enable it to provide public accounting services in accordance with the standards of the profession.</p> <p>On a voluntary basis, the Office participates in the Inter-jurisdictional Peer Review Process of CCOLA. Every second year, it plans to ask another legislative audit office to review a number of its audit files to determine whether its audit work complied with generally accepted assurance standards published by CPA Canada (professional standards).</p> <p>The Assembly requires an annual audit of the Office by an auditor who is independent of the Office. This auditor has the same audit responsibilities as the Office. Each year, this auditor provides the Assembly with his/her opinion on the following:</p> <ul style="list-style-type: none"> <li>The reliability of the Office's financial statements</li> <li>The effectiveness of the Office's financial controls</li> <li>The Office's compliance with <i>The Provincial Auditor Act</i></li> <li>The reliability of the Office's key non-financial performance indicators</li> </ul>



Strategic Goals & Priorities	2017–21 Performance Target	Rationale and Description of Measure
<b>Increase the awareness of the role of the office</b>  <b>Priorities</b> SP#1 - Educate the legislators, public, and public sector agencies about the work we do SP#2 - Enhance accessibility to the work we do	Results of annual survey of public familiarity with the Office indicate a positive trend over a five-year period.	To achieve the Office's vision and mission, it is important that the public is aware of the Office's work and the role of the Provincial Auditor as an independent Officer of the Legislative Assembly.  To measure the public's awareness of the Office, each year, the Office participates in an Omnibus survey of Saskatchewan residents and tracks its results. The survey asks participants how familiar they are with the Office of the Provincial Auditor.

## Appendix 1: Key Definitions and Acronyms

**CCAC**—The Standing Committee on Crown and Central Agencies

**CCOLA**—The Canadian Council of Legislative Auditors

**Mission**—The fundamental purpose or reason for being, what it does, for what purpose, and who its clients are

**PAC**—The Standing Committee on Public Accounts

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

**Strategic Goal**—Statement that establishes time bound 'stretch' that, if achieved, would advance the organization towards its vision

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

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

**Value Statement**—Way of being believed to be critical to the organization's success (i.e., behavioral guidance)

**Vision**—A description of the preferred future state written as an aspirational statement