

Report on the system of internal control

To: **The Chair**
Board of Internal Economy
Saskatchewan Legislative Assembly

We have examined the system of internal control of Saskatchewan Party Caucus in effect for as at March 31, 2013. We did not examine certain aspects of internal control concerning the effectiveness, economy and efficiency of certain management decision-making processes. The criteria for the examination of this system of internal control consisted of the control environment and control systems described in the Canadian Institute of Chartered Accountants Handbook.

Our examination was conducted in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an examination to obtain reasonable assurance whether the system of internal control established and maintained by management is sufficient to meet the control objectives referred to below. Such an examination includes obtaining an understanding of the system of internal control and performing tests of controls to determine whether the internal controls exist and operate effectively.

The management of Saskatchewan Party Caucus is responsible for establishing and maintaining a system of internal control to achieve the control objectives noted in (a) to (d) below. In fulfilling this responsibility, estimates and judgement by management are required to assess the expected benefits and related costs of control procedures. Pursuant to their responsibilities under Directive #7.2 – *Caucus Resources* and Directive #23 – *Caucus Accountability and Disclosure*, they are required to determine if there is a system of internal control in effect which provides management with reasonable, but not absolute, assurance that:

- (a) the accounts are faithfully and properly kept to permit the preparation of financial statements in accordance with generally accepted accounting principles;
- (b) all public money is 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) transactions are executed in accordance with management's authorization, public money expended is applied to the purpose 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 against loss from unauthorized use or disposition.

Because of the inherent limitations in any system of internal control, errors or fraud may occur and not be detected. Also, projection of any evaluation of the system of internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

In our opinion, based upon the above criteria, the system of internal control of Saskatchewan Party Caucus as at March 31, 2013, taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or fraud in amounts that would be material in relation to Saskatchewan Party Caucus.

Regina, Saskatchewan
August 12, 2013