

Speaker of the  
Legislative Assembly

speaker@legassembly.sk.ca



129-2405 Legislative Drive  
Regina, Saskatchewan S4S 0B3  
Tel (306) 787-2282  
Fax (306) 787-2283

## MEMORANDUM

Date: October 1, 2019

To: Members of the Board of Internal Economy  
John Saltasuk, Chief of Staff, Government Caucus  
Adrienne King Chief of Staff, Opposition Caucus

cc: Gregory Putz, Clerk  
Dawn Court, Executive Director, Member & Corporate Services  
Cindy Hingley, Director of Financial Services

From: Hon. Mark Docherty, Chair, Board of Internal Economy

Re: Directive #23 – 2018-2019 Caucus Audited Financial Statements

Enclosed are the 2018-2019, Audited Financial Statements and auditor's opinions received from the caucus offices, which were filed with my office in accordance with Directive #23.

Directive #23 Caucus Accountability and Disclosure requires that the auditor's reports and audited financial statements be available for examination by the public during normal business hours in the Clerk's Office and the respective caucus offices.

These statements will be distributed to the Members of the Board of Internal Economy and tabled at the next meeting of the Board of Internal Economy, and in the House at the 2019 Fall Session of the Legislative Assembly. In addition, please be reminded that the 2018-2019 Caucus Audited Financial Statements will also be posted on the Legislative Assembly Services' website on October 1, 2019.

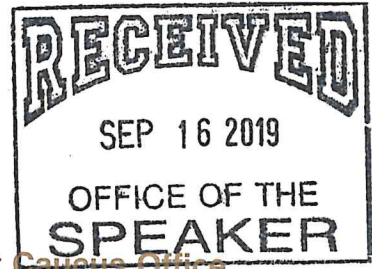
A handwritten signature in black ink, appearing to read 'Mark Docherty'.

Hon. Mark Docherty  
Speaker of the Legislative Assembly of Saskatchewan

MD/ss  
Encl.



Saskatchewan Legislative Assembly



Government Caucus Office

Room 203, Legislative Building  
Regina, Saskatchewan  
Canada S4S 0B3  
Phone: (306) 787-4300  
Toll Free: (888) 708-7780  
Fax: (306) 787-3174  
Email: info@skcaucus.com  
Website: www.skcaucus.com

September 16<sup>th</sup>, 2019

Honourable Mark Docherty  
Speaker  
129 Legislative Building  
Regina, SK S4S 0B3

Dear Mr. Speaker:

In accordance to the Board of Internal Economy Directives, please find enclosed a copy of the following reports prepared for the Saskatchewan Party Caucus by the accounting firm MNP LLP:

- 1.) Audited financial statement for the year ended March 31<sup>st</sup>, 2019;
- 2.) Auditor's opinion on the system of internal controls; and
- 3.) Auditor's opinion that the monies provided to the Caucus Office were used in compliance with the applicable directives.

Our office will deliver electronic copies to your office as soon as possible.

Please contact me should you have any questions or concerns regarding the above.

John Saltasuk  
Government Caucus Chief of Staff  
Encls.

**Saskatchewan Party Caucus**  
**Financial Statements**  
*March 31, 2019*

## Management's Responsibility

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To the Members of Saskatchewan Party Caucus:


Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Management Committee is composed entirely of MLA's who are neither management nor employees of the Caucus. The Management Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Management Committee fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Management Committee is also responsible for recommending the appointment of the Caucus' external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Management Committee and management to discuss their audit findings.

August 27, 2019

  
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Chief of Staff

## Independent Auditor's Report

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To the Members of Saskatchewan Party Caucus:

### Opinion

We have audited the financial statements of Saskatchewan Party Caucus (the "Caucus"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Caucus as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



## Independent Auditor's Report continued

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Caucus's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Caucus to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Regina, Saskatchewan

August 27, 2019

*MNP LLP*

Chartered Professional Accountants

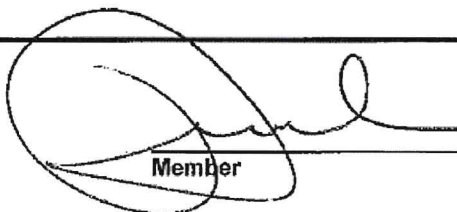
**Saskatchewan Party Caucus  
Statement of Financial Position**

*As at March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current</b>		
Cash	1,077,506	730,995
Accounts receivable	5,796	-
	<b>1,083,302</b>	<b>730,995</b>
<b>Capital assets (Note 3)</b>	<b>17,000</b>	<b>19,256</b>
	<b>1,100,302</b>	<b>750,251</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals (Note 4)	149,075	49,045
<b>Deferred contributions related to information technology enhancements (Note 5)</b>	<b>12,750</b>	<b>25,500</b>
	<b>161,825</b>	<b>74,545</b>
<b>Surplus</b>		
Caucus Surplus (Note 6)	938,477	675,706
	<b>1,100,302</b>	<b>750,251</b>

Approved on behalf of the Board

Member



Member

*The accompanying notes are an integral part of these financial statements*

**Saskatchewan Party Caucus**  
**Statement of Operations and Changes in Net Assets**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Grant revenue	1,260,372	1,149,247
Amortization of deferred contributions	12,750	14,537
	<b>1,273,122</b>	<b>1,163,784</b>
<b>Expenses</b>		
Advertising	224,941	270,927
Amortization	6,162	7,894
Bank charges and interest	431	138
Computer maintenance	6,106	7,336
Contract work	54,456	54,626
Insurance	424	400
Meetings	12,614	8,742
Membership fees	12,608	10,441
Office supplies	16,465	12,806
Postage	72,296	58,187
Professional fees	11,175	9,435
Salaries and benefits	570,207	553,001
Telephone	9,162	7,800
Travel and entertainment	13,304	15,158
	<b>1,010,351</b>	<b>1,016,891</b>
<b>Excess of revenue over expenses</b>	<b>262,771</b>	<b>146,893</b>
<b>Caucus surplus, beginning of year</b>	<b>675,706</b>	<b>528,813</b>
	<b>938,477</b>	<b>675,706</b>
<b>Caucus surplus, end of year</b>	<b>938,477</b>	<b>675,706</b>

*The accompanying notes are an integral part of these financial statements*



**Saskatchewan Party Caucus**  
**Statement of Cash Flows**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash receipts from grants	1,260,372	1,151,034
Cash paid for program service expenses	(339,748)	(490,189)
Cash paid for salaries and benefits	(570,207)	(553,001)
	<b>350,417</b>	<b>107,844</b>
<b>Investing</b>		
Purchase of capital assets	(3,906)	-
<b>Increase in cash resources</b>	<b>346,511</b>	<b>107,844</b>
<b>Cash resources, beginning of year</b>	<b>730,995</b>	<b>623,151</b>
<b>Cash resources, end of year</b>	<b>1,077,506</b>	<b>730,995</b>

*The accompanying notes are an integral part of these financial statements*

**1. Organization and operations**

A Caucus is defined by S.50 (1) (b) of the Legislative Assembly and Executive Council Act to mean a group of two or more Members who are elected to the Assembly and who belong to the same political party.

The Saskatchewan Party Caucus receives funding from the Legislative Assembly pursuant to various directives adopted by the Legislative Assembly's Board of Internal Economy.

In accordance with Board of Internal Economy Directive #23 - Caucus Accountability and Disclosure, the Caucus is required to submit annual audited financial statements as well as audited financial statements for the term of the 28th Legislature.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

**Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Computer equipment	declining balance	30 %
Computer software	declining balance	30 %
Office equipment	declining balance	20 %

**Deferred contributions related to information technology enhancements**

Grants related to information technology enhancements are deferred and amortized over the estimated useful life of the assets the grant monies were used to purchase.

**Measurement uncertainty**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

**Revenue recognition**

Revenue is recognized on the accrual basis when earned, and collection is assured.

**Saskatchewan Party Caucus**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2019*

2. **Significant accounting policies** *(Continued from previous page)*

**Financial instruments**

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year. The Caucus subsequently measures all financial instruments at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

**Financial asset impairment**

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of excess in the year the reversal occurs.

3. **Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2019 Net book value</i>	<i>2018 Net book value</i>
Computer equipment	124,024	109,135	14,889	16,527
Computer software	32,569	32,063	506	723
Office equipment	19,993	18,388	1,605	2,006
	<b>176,586</b>	<b>159,586</b>	<b>17,000</b>	<b>19,256</b>

**Saskatchewan Party Caucus**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2019*

**4. Accounts payable and accruals**

In accordance with the Board of Internal Economy Directive #23 - Caucus Accountability and Disclosure, at year end, accounts payable and accrued liabilities include:

	<b>2019</b>	<b>2018</b>
Audit	8,526	8,526
Consulting	2,140	-
Courier service	118	46
Memberships	764	694
Meals	65	-
Office supplies	696	-
Promotion	82,071	5,024
Telephone	1,510	223
Travel	555	-
Vacation payable	52,392	34,482
Water	238	50
	<b>149,075</b>	<b>49,045</b>

**5. Deferred contributions related to information technology enhancements**

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of information technology enhancements. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. The information technology enhancement grant will be recognized over four years beginning in 2017. Changes in deferred capital contributions are as follows:

	<b>2019</b>	<b>2018</b>
Balance, beginning of year	25,500	38,250
Less: Amounts recognized as revenue during the year	(12,750)	(12,750)
	<b>12,750</b>	<b>25,500</b>

**6. Caucus surplus**

Board of Internal Economy Directive #23 - Caucus Accountability and Disclosure provides that within six months following the polling date subsequent to the dissolution of each Legislature, all surplus funds determined pursuant to clause (5)(a) shall revert to the Crown. This provision only becomes a requirement if the Caucus ceases to exist as described in clause (7). Since the Caucus is still in existence at year end, no provision has been made in the accounts for this potential contingency during the year.

**7. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments, which include cash, accounts payable and accruals.

***Liquidity risk***

Liquidity risk is the risk that the Caucus will encounter difficulty in meeting obligations associated with financial liabilities. The Caucus enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. The Caucus monitors its cash balances and cash flows generated from funding to meet requirements. The Caucus manage the liquidity risk resulting from accounts payable by continuously monitoring forecast and actual cash flows.



## 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 as at March 31, 2019. 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 CPA Handbook - *Assurance*.

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, 2019, 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 27, 2019

*MNP LLP*  
Chartered Professional Accountants

**MNP**

## Report on compliance with directives

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

We have made an examination to determine whether Saskatchewan Party Caucus complied with the provisions of the following directives: Compliance with the established criteria of the Directives is the responsibility of the Caucus. Our responsibility was to express an opinion on this compliance based on our audit.

*Directive #7.2 – Caucus Resources;*  
*Directive #7.3 – Caucus Information Technology Resources; and*  
*Directive #23 – Caucus Accountability and Disclosure*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether Saskatchewan Party Caucus complied with the criteria of the directives referred to above. Such an audit includes examining on a test basis evidence supporting compliance, and evaluating overall compliance with the criteria.

In our opinion, as at March 31, 2019, Saskatchewan Party Caucus has complied, in all significant respects, with the criteria established by the directives.

Regina, Saskatchewan

August 27, 2019

*MNP LLP*  
Chartered Professional Accountants