Part I – General Information

Introduction

Financial Management and Administration

Part II – Financial Reporting

Public Accounts

Other Financial Reporting

Part III – Public Money and Property

General Revenue Fund and Revolving Funds

Special Purpose Funds and Trust Money

Receipt, Deposit and Control of Public Money

Bank Accounts

Accounts Receivable

Property

Part IV – Financial Management and Administration

Treasury Board's Risk Management Policies

Treasury Board's General Management Policies

Appendices

Record of Revisions

Form and Structure of the Government

Form

Canada is a federal state, a parliamentary democracy and a constitutional monarchy. The head of state is His Majesty King Charles III, Sovereign of Canada. His representative in Canada for federal jurisdiction is the Governor General. His representative for provincial jurisdiction is the Lieutenant Governor.

The Lieutenant Governor of Saskatchewan is the King's direct representative in Saskatchewan and symbolizes provincial co-sovereignty in Confederation. The federal government appoints the Lieutenant Governor and an administrator to act when the Lieutenant Governor is unavailable.

As a federal state, Canada has two concurrent jurisdictions – central (federal) and provincial. Canada has a federal government with certain powers and provincial governments with certain powers. The federal and provincial governments also share some powers.

Provincial governments have delegated powers to authorities such as municipal governments and school boards, which are not tiers of government but are structures created by the provincial governments. Governments also create other structures such as agencies, boards and commissions and delegate certain powers to them.

In federal jurisdiction, the head of government is the Prime Minister. In provincial jurisdiction, the head of government is the Premier.

The powers of the federal and provincial governments are defined in the Constitution of Canada, the *Constitution Act, 1867-1982*. The formal executive powers of the governments are vested in the Crown, which acts on the advice of responsible ministers.

In a "constitutional monarchy," the Crown is an institution that represents the democratic power of the people, which is greater than the powers of the government of the day and political parties. The Crown, personified by the King, formally retains the powers of government. The governing party is given powers to govern (executive powers) on a temporary basis.

In a "parliamentary democracy," the people elect representatives to Parliament and the Legislative Assembly. The governing party governs through Cabinet, which is headed by the Prime Minister or Premier. Cabinet is accountable to Parliament or the Legislature.

Principles of Parliamentary Democracy

The principles of parliamentary democracy as applied provincially are the following:

- The government is accountable to the people for its action.
- Elections to the Legislative Assembly must be held regularly, no more than five years apart.
- Election of Members of the Legislative Assembly (MLAs) is by secret ballot.
- The number of representatives elected is based on the principle of “representation by population”.
- The political party with the most MLAs usually governs and the leader of that party becomes the Premier.
- Cabinet is accountable to the Legislature and must retain its confidence or resign.
- The Legislative Assembly must meet frequently (at least once a year) and there must be freedom of speech.
- The Legislative Assembly reviews proposed executive spending and revenue raising measures before granting supply, and has the right to scrutinize the spending of public money.
- The Legislature enacts laws for the Province.

The law of the land is supreme. Individuals, governments and corporate bodies must obey the law. All citizens are equally subject to the law and disputes are adjudicated through the courts.

Structure

The *Constitution Act, 1867-1982* (which includes the *Canadian Charter of Rights and Freedoms*) and the *Saskatchewan Act* establish the constitutional framework of the Government of Saskatchewan.

The Crown

The Lieutenant Governor is the custodian of the powers of the Crown and exercises the King’s formal powers as head of state. Most of the powers of the Crown are exercised by Cabinet; however, the Crown, as the institution that represents the power of the people and is the protector of democracy, retains the power to intervene and dismiss governments in extremely rare circumstances. The Lieutenant Governor’s main responsibility is to ensure there are always a Premier and a government in office.

The Lieutenant Governor's duties are:

- to formally dissolve the Legislature, which comprises all the sessions of the Legislative Assembly between elections;
- after an election, to determine the person who has the support of the majority of the members of the Legislative Assembly and appoint that person as Premier;
- to appoint the members of Cabinet on the recommendation of the Premier;
- between elections, to prorogue sessions and recall members;
- to open each session by reading the Speech from the Throne;
- to give Royal Assent to bills in order for them to become law;
- to sign Orders in Council and Letters Patent;
- to represent the Province and the Crown at ceremonial functions and to assist society through the arts and volunteer organizations; and
- to confer official honours of the Provincial Crown.

For the purpose of governing, the powers of the Crown are administered by three branches of government:

- Legislative (the Legislature)
- Executive (the Premier and Cabinet ministers)
- Judicial (the courts)

Legislative Branch

Although the Legislature has delegated some of its powers to others (e.g., Cabinet, ministers, boards and Crown corporations), it retains financial, legislative and scrutiny powers.

The Legislature has powers over spending by reviewing the Estimates (i.e., detailed financial plan on expected revenues and moneys expected to be spent from the General Revenue Fund) and then supplying money (i.e., appropriations).

The Legislature also has powers over law-making by enacting legislation. Before becoming an Act, a bill (i.e., a separate piece of proposed legislation) must be considered and passed by the Legislative Assembly and assented to by the Lieutenant Governor. Under *The Legislation Act* an Act comes into force on the day of assent (i.e., when the Lieutenant Governor indicates approval) unless the Act specifies a date or on the occurrence of a specific event. For example, an Act could come into force on a date fixed by Order in Council or at the same time another Act comes into force.

The Legislative Assembly also has powers of inquiry, debate and review of government activities through oral question period, written questions, returns and legislative committees.

In 2003 a new committee structure was adopted that involved standing committees in the review of legislative proposals and budgetary estimates and allowed these committees to review the activities of government by undertaking inquiries or reviews.

There are three types of legislative committees: committees of the Whole Assembly; standing committees; and special committees.

The Committee of the Whole Assembly comprises all of the members of the Legislative Assembly. The Deputy Speaker, rather than the Speaker, presides. The Committee of Finance is a committee of the Whole Assembly that considers estimates and appropriation bills. It is appointed at the start of every session after the adoption of an Address in Reply to the Speech from the Throne.

Standing committees are set up at the beginning of the first session of each legislature for the duration of the legislature. There are three types of standing committees: house; scrutiny; and policy field committees.

One house committee is the Standing Committee on House Services which among other things oversees all the standing and special committees with respect to membership and allocation of government ministries, agencies and Crown corporations to the various policy field committees.

The Standing Committee on Public Accounts (PAC) and the Standing Committee on Private Bills are scrutiny committees. Other committees perform scrutiny functions in addition to their other functions. The Reports of the Provincial Auditor (except as they relate to the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries) are permanently referred to PAC as soon as they are tabled in the Legislative Assembly or filed with the Clerk.

Policy field committees are mandated to oversee a portfolio of government ministries, agencies and Crown corporations. They examine legislative proposals, budget estimates, annual reports, regulations, and bylaws of professional associations and conduct inquiries related to their portfolio. One of these committees is the Standing Committee on Crown and Central Agencies.

This Committee's portfolio relates to CIC and its subsidiaries, supply and services, central government agencies, liquor, gaming and all other revenue related agencies and entities. Reports of the Provincial Auditor that relate to CIC and its subsidiaries are permanently referred to the Standing Committee on Crown and Central Agencies.

Special committees are appointed by the Legislative Assembly for specific matters.

The Board of Internal Economy is a statutory board of the Legislative Assembly. The Board of Internal Economy oversees the organization and administration of the Legislative Assembly.

The Legislative Branch is the most visible of the branches of government. It meets at least once a year and its meetings are public. The Throne and Budget Speeches are delivered in the Legislative Assembly and the meetings of its committees are often public. The Lieutenant Governor attends the Assembly to deliver the Throne Speech and to give Royal Assent to bills passed by the Assembly.

Officers of the Legislative Assembly are also part of the Legislative Branch. The officers of the Legislative Assembly are the Chief Electoral Officer, the Advocate for Children and Youth, the Conflict of Interest Commissioner, the Information and Privacy Commissioner, the Ombudsman, the Public Interest Disclosure Officer, and the Provincial Auditor.

Executive Branch

Pursuant to *The Executive Government Administration Act*, the Lieutenant Governor appoints the Executive Council (i.e., Cabinet) and a President of the Executive Council. In Saskatchewan, by tradition, the Premier is appointed the President of the Executive Council.

All ministers are in Cabinet. The Premier is chair of Cabinet and the Minister responsible for the Office of the Executive Council, which is part of executive government.

Cabinet exercises the specific authority that has been delegated to the Lieutenant Governor in Council by the Legislative Assembly or that is permitted through common law. Cabinet makes decisions with respect to proposed Orders in Council and regulations and determines government policies, priorities, the legislative agenda and the Budget.

The term "Lieutenant Governor in Council" is used to indicate that the Legislative Assembly has delegated power to the Lieutenant Governor to use on the advice of Cabinet. Orders in Council are legislative instruments issued by the Lieutenant Governor in Council. Orders in Council are recommended by a Cabinet minister(s) and signed by the President of the Executive Council. The Lieutenant Governor then signs, which brings the Order in Council into force.

Because the Executive Branch is responsible for considering policy options prior to decisions being made, it operates on a much less public and much more confidential basis.

Judicial Branch

According to ancient constitutional tradition, the Crown is the fountain of justice. However, it has been an established principle for centuries that the judicial power is exercised by impartial, independent courts. They act independently to ensure that decisions are not influenced by Cabinet, the Legislative Assembly or others. Judicial independence is a keystone of our constitutional system.

The judiciary adjudicates disputes, sets social standards, makes laws and keeps the Government in check. This branch has its own structures, systems and processes.

References

1200 Role of the Legislature to Control Public Money
1300 Government Management and Control
1400 Financial Management and Control
1500 Applicability of the Financial Administration Manual

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Standing and Special Committees Overview. Legislative Assembly of Saskatchewan. October, 2020. https://www.legassembly.sk.ca/media/1303/committeesoverview.pdf

Other References

The operating environment of the Government of Saskatchewan is very complex. Some other references that impact financial administration and management in the government that you may find useful are listed below for information purposes.

Acts and Regulations

The Advocate for Children and Youth Act

Appropriation Act(s)

The Archives and Public Records Management Act
- The Archives and Public Records Management Regulations

The Builder's Lien Act
- The Builders' Lien Regulations

The Crown Corporations Act, 1993
- The Crown Corporations Regulations, 1993

The Crown Employment Contracts Act
- The Crown Employment Contracts Regulations

The Enforcement of Money Judgments Act
- The Enforcement of Money Judgments Regulations

The Executive Government Administration Act
- The Executive Government Administration Exemption Regulations
- The Legislative Secretary Expenses Regulations, 2001
- The Members of the Executive Council Expense Regulations, 1988
- The Ministry of Finance Regulations, 2007
- The Ministry of Justice Regulations, 2016
- The Ministry of SaskBuilds and Procurement Regulations

The Financial Administration Act, 1993

The Freedom of Information and Protection of Privacy Act
- The Freedom of Information and Protection of Privacy Regulations

The Justices of the Peace Act, 1988
- The Justices of the Peace Regulations, 1989

The Legislation Act

The Legislative Assembly Act, 2007
- The Members of the Legislative Assembly Benefits Regulations

The Lobbyists Act

The Lobbyists Regulations

The Local Authority Freedom of Information and Protection of Privacy Act

The Local Authority Freedom of Information and Protection of Privacy Regulations

The Members of the Legislative Assembly Benefits Act

The Ombudsman Act, 2012

The Proceedings against the Crown Act, 2019

The Provincial Auditor Act

The Provincial Lands Act, 2016

The Provincial Lands (Agriculture) Regulations
The Crown Resource Land Regulations, 2019

The Provincial Sales Tax Act

The Provincial Sales Tax Regulations

The Public Interest Disclosure Act

The Public Interest Disclosure Regulations

The Public Officials Security Act

The Public Service Act, 1998

The Ministerial Assistant Employment Regulations, 1993
The Public Service Regulations, 1999

The Public Works and Services Act

The Purchasing Act, 2004

The Purchasing Regulations

The Revenue and Financial Services Act

The Public Employees Benefits Agency Regulations

The Saskatchewan Human Rights Code, 2018

The Saskatchewan Human Rights Regulations, 2018

The Workers' Compensation Act, 2013

The Workers' Compensation General Regulations, 1985
The Workers' Compensation Miscellaneous Regulations

See Appendix G General Laws for a description of general laws.

Agreements

The Collective Bargaining Agreement between The Government of Saskatchewan and Saskatchewan Government and General Employees' Union

The Union Management Agreement between The Government of Saskatchewan and The Canadian Union of Public Employees, Local 600-3

Canada-Saskatchewan Reciprocal Taxation Agreement

Canada US Agreement on Government Procurement

The Canada Free Trade Agreement (effective July 1, 2017)

The New West Partnership Agreement (effective July 1, 2010)

Canada-European Union Comprehensive Economic and Trade Agreement

World Trade Organization Agreement on Government Procurement

Other References

Accommodation Manual (SaskBuilds and Procurement)

Accounting Manual (Provincial Comptroller)

- Appendix A General Revenue Fund Year-End Procedures and Schedules
- Appendix B General Revenue Fund Quarter-end Procedures

Administrative Records Management System (Provincial Archivist)

Central Vehicle Agency's Operator's Handbook (SaskBuilds and Procurement)

CPA Canada Handbook and CPA Canada Public Sector Accounting Handbook (Chartered Professional Accountants of Canada)

Communications Procurement Policy (Executive Council)

Disposal of Electronic Storage Devices Policy (SaskBuilds and Procurement)

Government of Saskatchewan Natural Account Manual (Provincial Comptroller)

Government of Saskatchewan Purchase Card Program Spend Dynamics Cardholder/Reconciler User Guide (Provincial Comptroller)

Government of Saskatchewan Purchase Card Program Spend Dynamics Approver/Manager User Guide (Provincial Comptroller)

Government of Saskatchewan Purchase Card Program Spend Dynamics Ministry Card Coordinator User Guide (Provincial Comptroller)

Information Management Handbook (Justice and Attorney General)

Information Security Policies (SaskBuilds and Procurement)

Legislative Assembly of Saskatchewan Members' Handbook (Board of Internal Economy)

GEM Training (Provincial Comptroller)

Privacy Breach Management Guidelines (Justice and Attorney General)

Procurement Guide (SaskBuilds and Procurement)

Procurement Quick Reference Guide (SaskBuilds and Procurement)

Saskatchewan Public Service Commission Human Resource Manual (PSC)

Saskatchewan Records Management Policy and Guidelines (Provincial Archivist)

Visual Identity Standards (Executive Council)

Visual Identity Correspondence Standards (Executive Council)

Visual Identity and Protocol (Executive Council)

Reports

Annual Reports

Budget Address

Compendium

Economic Review

Performance Plans

Provincial Auditor's Reports

Public Accounts

Quarterly and Mid-Year Financial Reports

Saskatchewan Estimates

Standing Committees (e.g. Public Accounts) – reports, minutes, verbatim

Role of the Legislature to Control Public Money

Historical Perspective

The Legislative Assembly has the right to control public money. The right of the Legislative Assembly to control the raising and spending of public money by the Executive Council (i.e., Cabinet) is the legacy of the long struggle by the House of Commons of the United Kingdom to gain supremacy over the Monarch.

Grievance Before Supply

Early in the development of parliamentary government in England, the Monarch assembled landowners for advice. This group of advisors evolved into Parliament. Originally, the Crown authorized taxes and expenditures; however, eventually Parliament gained power over the Crown to determine taxes.

Parliament was summoned if the Crown needed money for a war. If Parliament authorized this money immediately, the Crown would dismiss the advisors and their opinions would not be heard. The advisors, therefore, refused to supply money until they were heard. The present-day item-by-item consideration of the estimates by the Legislature is based on this historic principle of 'grievance before Supply.'[1]

Gross Budgeting Concept

The central feature of control was the single fund into which all revenues that the House of Commons authorized the Monarch to collect were deposited and from which no expenditures could be made without the prior consent of Parliament.

This feature is present, today. It is known as the gross budgeting concept. *The Financial Administration Act, 1993* (FAA) requires all revenues to flow into the General Revenue Fund (GRF) for appropriation of the Legislative Assembly, unless an Act of the Legislature authorizes revenues to be paid elsewhere (section 19).

Legislative Control

The Province, through Canada's constitution, has the power to raise funds primarily through taxation. Through statute, the Legislature sets the form and level of revenues.

All collections from the various revenue sources are deposited to the GRF, to be disbursed as authorized by the Legislature through appropriation. The Legislature also authorizes the undertaking of government programs in matters over which it has jurisdiction. Only

[1] Office of the Clerk of the Legislative Assembly of Saskatchewan (1982). *The Legislative Assembly Responsibility and Representation in Saskatchewan.* Pages 16-17.

the Legislature has the ability to authorize the initiatives the Government may engage in and to authorize or appropriate moneys to be disbursed from the GRF.

Financial Process

The Government's fiscal year begins April 1. Prior to the start of each new fiscal year, the Minister of Finance presents to the Legislature the Government's financial plan for the forthcoming year. This is known as the Government's annual budget.

On Budget Day, the Minister of Finance presents the Budget Speech and tables the Provincial Budget and the Main Estimates. The budget is presented on a summary financial basis which includes the GRF and all other government entities. The estimates represent the Government's detailed expenditure plan for the GRF.

The estimates of ministerial spending have been reviewed by Treasury Board, which is a statutory committee of Cabinet, and approved by Cabinet. The estimates of spending for the Legislative Branch, except for the Provincial Auditor, have been reviewed and approved by the Board of Internal Economy, which is a statutory board of the Legislative Assembly. The estimates for the Provincial Auditor have been reviewed and approved by the Standing Committee on Public Accounts.

After the Budget Speech, in accordance with the Rules and Procedures of the Legislative Assembly of Saskatchewan:

- the Budget motion (i.e., "That the Assembly approve in general the budgetary policy of the government," is moved by a minister;
- resumed debate on the Budget Motion (i.e., debate on the Government's financial priorities) is not to exceed five days;
- upon adoption of the Budget Motion, each of the estimates is deemed referred to a committee of the Assembly;
- the Standing Committee on House Services is to consider the estimates of the Legislative Branch of government;
- the Committee of Finance is to consider the estimates for Executive Council;
- the estimates of the Executive Branch of the Government (except Executive Council) are to be considered by a policy field committee, as allocated by the Standing Committee on House Services;
- the main appropriation bill is to be concluded by the sitting day prior to the Completion Day;

- the Completion Day of the legislative session is the 29th sitting day after the Budget Motion is moved (the normal Completion Day is the Thursday before Victoria Day).

During committee review, ministers are asked questions with respect to their ministries' estimates. They often have their deputies and other senior officials with them to provide the requested information. Further estimates may be tabled by the Government while the Budget estimates are being reviewed by the Legislative Assembly.

Once the committee has 'voted' on the Estimates, the amounts (less any amounts granted through an interim supply bill) are reported back to the Legislative Assembly for inclusion in the main appropriation bill.

Budget Bills

Budget bills are bills that are connected to the budget and identified in the Estimates as budget bills. They are necessary for the passage of the budgetary estimates and must be voted on before Completion Day.

Automatic Interim Funding

At the end of the fiscal year, unused appropriations lapse, in accordance with the FAA. When the old fiscal year has expired on March 31 and before the main *Appropriation Act* is enacted for the new fiscal year, the Government requires funding to operate. The FAA provides for automatic interim funding commencing on April 1 of a new fiscal year based on two-twelfths of the previous year's estimates (section 14.1). Automatic interim funding cannot be used for new programs. Automatic interim funding allows the Government to continue to operate existing programs without an interim supply bill until the normal Completion Day of the legislative session.

However, there are situations when an interim supply bill would still be required. For example, an interim supply bill would be required if funding was needed for new programs, if the Completion Day extended significantly past the normal Completion Day, or if more than two-twelfths automatic interim funding was needed, for a program.

Automatic interim funding does not apply if there is an early budget and an *Appropriation Act* is enacted before the commencement of a fiscal year. Automatic interim funding must be included as part of the sums appropriated by the next *Appropriation Act* and not in addition to the sums.

Appropriation Acts

The main *Appropriation Act* authorizes the appropriations for a fiscal year (less any amounts granted for that fiscal year through previous *Appropriation Acts)*. Moneys of the GRF can be spent for the purposes identified by the *Appropriation Act* and the Estimates. Additional funds for the fiscal year are provided through additional *Appropriation Acts*.

The Government may table supplementary estimates after the passage of the *Appropriation Act* that supplied funding specified in the Budget estimates. Supplementary estimates would typically be tabled in the fall and in the spring prior to the tabling of the Main Estimates.

When the Legislature is not in session and money is needed for an expense that was not foreseen or not provided for or insufficiently provided for, the Lieutenant Governor in Council may order a special warrant, pursuant to the FAA. Any funding provided by special warrant would appear in the next supplementary estimates document. Special warrants are to be included in the next *Appropriation Act* that is not an Act for interim supply.

The Legislative Assembly has, in a few cases, provided statutory authority (i.e., continuing authority) to spend money for a specific purpose. Statutory appropriations are not included in *Appropriation Acts.*

Accountability to the Legislative Assembly

The Legislative Assembly is interested in how the resources that the Legislature has authorized to be spent from the GRF are managed. Annually, the Government is required to account to the Legislature for its results. Pursuant to the FAA, after the end of the year, the Minister of Finance tables the Public Accounts (section 18). The Summary Financial Statements contained in Volume 1 of the Public Accounts report on the results of all government entities and provides a comparison back to the Summary Budget. Volume 2 of the Public Accounts provides a comparison of the GRF spending to the appropriations approved by the Legislative Assembly.

The Legislature has created other entities when it is desirable that activities operate outside the GRF. The enabling legislation of these entities (e.g., Crown corporations and other government organizations) specifies how they are to be held accountable (e.g., financial statements are tabled in the Legislative Assembly).

Provincial Auditor

Pursuant to *The Provincial Auditor Act*, the Provincial Auditor is appointed by resolution of the Legislative Assembly on the unanimous recommendation of the Standing Committee on Public Accounts. The Provincial Auditor is an officer of the Legislative Assembly and assists the Legislative Assembly in holding the Executive Government accountable for spending public resources.

The Provincial Auditor Act sets out powers and duties of the Provincial Auditor. Pursuant to *The Provincial Auditor Act*, the Provincial Auditor is the auditor of the accounts of the Government of Saskatchewan and is to examine all accounts related to public money and any other accounts not related to public money where the Provincial Auditor is required by law to examine. The Office of the Provincial Auditor reports the results of its examinations to the Legislative Assembly. The Provincial Auditor typically reports audit findings in the spring and the fall of each year.

Other Acts set the Provincial Auditor as the auditor or set out a process to appoint an auditor. Pursuant to the FAA, the Provincial Auditor is required to audit and issue a report on the Summary Financial Statements (section 17). When pursuant to a specific Act, the Government has appointed another auditor to audit a particular agency, the Provincial Auditor works with the appointed auditor using the framework recommended by "The Task Force on the Roles, Responsibilities and Duties of Auditors (June 1994)."

Pursuant to the FAA, the Provincial Auditor issues an audit opinion on the Summary Financial Statements. The Provincial Auditor also issues an audit opinion on individual financial statements, if appointed as auditor pursuant to an entity's enabling legislation.

Standing Committee on Public Accounts

The Standing Committee of the Legislative Assembly on Public Accounts (PAC), which is a scrutiny committee of the Legislative Assembly, considers the Public Accounts and the reports of the Provincial Auditor. PAC comprises Members of the Legislative Assembly. The chair is from the Opposition but PAC has a government majority.[2]

PAC has the power to call witnesses and documents. Officials from ministries and other agencies appear before PAC. The Provincial Auditor assists PAC in its review. The Provincial Comptroller is also present to answer questions.

[2] Like other standing committees, the size and composition is established in accordance with the Rules and Procedures of the Legislative Assembly. At the beginning of a new Legislature, the Standing Committee on House Services sets the ratio of membership and assigns the individual Members but the decision as to what members will sit is made informally in caucus. Membership of standing committees is to reasonably reflect the ratio of party standings in the Assembly.

PAC reports its recommendations to the Legislative Assembly and the Legislature can accept or reject the advice of PAC. The Government is asked to respond to this Report (this is done through the Ministry of Finance).

Standing Committee on Crown and Central Agencies

The Standing Committee of the Legislative Assembly on Crown and Central Agencies (CCAC), which is a policy field committee of the Legislative Assembly, comprises Members of the Legislative Assembly. The chair is from the governing party and the Committee has a government majority. [3]

The CCAC considers matters relating to the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries, supply and services, central government agencies, liquor, gaming and all the other revenue related agencies and entities.

The applicable minister and senior executives are called before the CCAC to answer questions with respect to legislative proposals, budgetary estimates, annual reports, regulations and bylaws of professional associations and issues of topical concern. Reports of the Provincial Auditor, as they relate to CIC and its subsidiaries are referred here. The Provincial Auditor also attends these reviews.

References

1000 Form and Structure of the Government
1300 Government Management and Control
1400 Financial Management and Control
2000 Overview of the Public Accounts
2300 Financial Reporting for Entities
3000 Control of the GRF

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[3] Ibid.

Provincial Budget. Ministry of Finance, Government of Saskatchewan. 2 December, 2019 https://publications.saskatchewan.ca/#/categories/886

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Standing and Special Committees Overview ~~April 2016~~. Legislative Assembly of Saskatchewan. October, 2022 https://www.legassembly.sk.ca/media/1303/committeesoverview.pdf

Government Management and Control

Introduction

This section discusses management and control through the Executive Branch of the Government. For the Legislature's role in controlling public money, refer to Section 1200 Role of the Legislature to Control Public Money.

Cabinet

Pursuant to *The Executive Government Administration Act*, the Lieutenant Governor appoints the Executive Council (i.e., Cabinet) and a President of the Executive Council. In Saskatchewan, by tradition, the Premier is appointed the President of the Executive Council.

Through *The Executive Government Administration Act*, the Premier selects ministers to preside over ministries or other similar agencies, their responsibilities for Acts, corporations and other entities, and their appointments to standing Cabinet committees. All ministers are in Cabinet. The Premier is chair of Cabinet and the Minister responsible for the Office of the Executive Council.

Cabinet is the decision-making body of the Government. Cabinet exercises the specific authority that was delegated to the Lieutenant Governor in Council by the Legislative Assembly or that is permitted through common law. Cabinet makes decisions with respect to proposed Orders in Council and regulations and determines government policies, priorities, the legislative agenda and the annual budget.

The broad directions and priorities of Cabinet are communicated to the public through the Speech from the Throne and the Budget Speech.

Ministers

All government organizations, including ministries, Crown corporations and provincial agencies, and all ministers' offices are part of the cabinet system and in most cases subject to its requirements. Ministers are the political heads of ministries and/or Crown corporations or agencies. Ministers are responsible for bringing to Cabinet, policy, budget and other proposals that are part of their assigned responsibilities or their responsibilities pursuant to legislation.[1]

[1] Department of Executive Council, Government of Saskatchewan (September 27, 1999). *The Cabinet System of the Government of Saskatchewan.* Pages 6-7.

Cabinet Committees

Saskatchewan has chosen to use committees to undertake some of the analysis and identification of key decisions before the matter comes to Cabinet for discussion and decision. The Premier determines the committees that are needed.

The names and terms of reference of the committees vary over time; however, there are always two kinds of committees. There are committees that review policy and attempt to integrate policy from a government-wide perspective and there are committees that review the details of implementing policy, particularly details that are implemented through legislation and regulations.

The chair must be a Cabinet minister and most, if not all, of the members are Cabinet ministers. Occasionally, a government caucus member (e.g., a Member of the Legislative Assembly of the governing party) is appointed to a Cabinet committee.

Except for committees provided for through legislation (i.e., Treasury Board and the Crown Investments Corporation), which can make decisions within their statutory powers, all conclusions of committees become recommendations to Cabinet and are subject to Cabinet review and decision.[2]

Secretariats assist Cabinet by managing the information flow, organizing meetings, and analyzing issues prior to finalization of the items that are provided to Cabinet committees for review. Secretariats for Cabinet committees are decentralized among the Office of the Executive Council, the Ministry of Finance and the Crown Investments Corporation.[3]

Treasury Board

The *Financial Administration Act, 1993* establishes Treasury Board and sets out its powers and duties. Treasury Board comprises the Minister of Finance, and other persons (e.g., ministers, Members of the Legislative Assembly) appointed by the Lieutenant Governor in Council. The Minister of Finance is the chair of Treasury Board and the Deputy Minister of Finance is the secretary.

Treasury Board provides advice to Cabinet on financial aspects of policy options to be considered or decisions to be implemented. In accordance with *The Financial Administration Act, 1993*, Treasury

[2] Ibid. Page 16.
[3] Ibid. Page 19.

Board is responsible to the Lieutenant Governor in Council for all matters relating to:

- the finances of the Government of Saskatchewan;
- the evaluation of programs of the Government of Saskatchewan;
- the administrative policies and management practices and systems in the Government of Saskatchewan;
- the accounting policies and practices of the Government of Saskatchewan;
- the organization of the Government of Saskatchewan; and
- other matters that may be assigned by the Lieutenant Governor in Council (section 4).

Treasury Board is also responsible to the Lieutenant Governor in Council for all matters relating to investments made by the Government of Saskatchewan (section 8).

For more information regarding the role of Treasury Board, see Section 1400 Financial Management and Control.

The Minister of Finance

The Financial Administration Act, 1993 provides powers and duties to the Minister of Finance.

The Minister of Finance is responsible for all matters not assigned to any other member of the Executive Council, ministry or agency of the Government of Saskatchewan relating to:

- the collection, management and control of public money;
- the provision of financial and administrative services to ministries and public agencies (i.e., boards, commissions, Crown corporations or other agents of the Crown);
- the establishment, operation, administration or management of any superannuation plan or benefits program that is designated by the Lieutenant Governor in Council; and
- the formulation and implementation of the fiscal and economic policy of the Government of Saskatchewan (section 6).

The Minister of Finance's duties are to:

- prepare the Estimates in any form that Treasury Board may direct and present the Estimates to the Legislative Assembly (subsection 12(1)); and

- cause the Public Accounts to be prepared as soon as is practicable after fiscal year end in the form directed by Treasury Board (subsection 18(1)).

Also, pursuant to *The Financial Administration Act, 1993*, the Minister may establish, maintain or close bank accounts in the name of the Crown (section 21).

Pursuant to *The Executive Government Administration Act*, the Minister of Finance is provided with the duty to approve the financial arrangements of federal-provincial agreements that are greater than $50,000 (subsection 21(3)).

Crown Investments Corporation

The Crown Corporations Act, 1993 (CCA) establishes the Crown Investments Corporation of Saskatchewan (CIC), which is responsible for supervising all subsidiary Crown corporations and managing investments authorized by the CCA or any previous *Crown Corporations Act.* The board is both a Cabinet committee that makes public policy, investment and commercial business recommendations to Cabinet and a board of directors that makes management decisions regarding the corporation.[4]

Pursuant to *The Crown Corporations Act, 1993*, CIC is responsible to the Lieutenant Governor in Council for:

- the review and evaluation of the budgets, programs, objectives, plans, goals, revenues, expenses, expenditures, investments and operating results of subsidiary Crown corporations;
- the administrative policy and management practices and systems of subsidiary Crown corporations;
- the accounting policies and practices of subsidiary Crown corporations;
- the financial relationship between subsidiary Crown corporations and the Government of Saskatchewan; and
- any other matter assigned by the Lieutenant Governor in Council (subsection 5(2)).

Public Service

Cabinet uses the public service in providing information and recommendations respecting policies, programs and financial requirements.

4 Ibid. Page 20.

Ministries are organizational units of executive government. Ministers preside over ministries. The permanent head of a ministry is appointed by the Premier on the advice of the Deputy Minister to the Premier and Cabinet Secretary. The permanent head is the chief executive officer, as well as policy advisor to the minister.[5]

There are two types of ministries:

- central agencies, which provide support to executive government; and
- line ministries, which deliver programs and services to the people of Saskatchewan.

The central agencies in the Government of Saskatchewan are the following:

- Office of the Executive Council
- Ministry of Finance
- Ministry of SaskBuilds and Procurement
- Public Service Commission

Office of the Executive Council

The Executive Government Administration Act provides for the Office of the Executive Council and the positions of Deputy Minister to the Premier, Cabinet Secretary, and Clerk of the Executive Council.

The Premier is the minister responsible for the Office of the Executive Council. The Office supports the Premier in the Premier's roles as head of government, chair of Cabinet and chair or member of committees, provides secretariat support to one or more Cabinet committees, and oversees the Government's communications delivery system and is a liaison between Executive Council and ministries, Crown corporations and other government organizations.

Ministry of Finance

The Ministry of Finance is continued pursuant to *The Ministry of Finance Regulations, 2007* under *The Executive Government Administration Act*. The Ministry's mandate is to manage the financing, revenue and expenses of the Government in order to enhance the fiscal strength of the Province.

[5] Ibid. Pages 11 and 14.

The Ministry develops and analyzes revenue, expenditure, economic and compensation policies to assist Treasury Board and Cabinet in developing and implementing the Government's fiscal plan. The Ministry also administers the Government's central financial system, prepares the Government's financial statements and Public Accounts and develops accounting, reporting and financial administrative policies for Treasury Board. The Ministry also manages the provincial debt, the cash position of the General Revenue Fund, various Saskatchewan tax and refund programs, and public sector pension and benefit plans.

Provincial Comptroller

The Financial Administration Act, 1993 (FAA) provides for the appointment of the Provincial Comptroller by the Lieutenant Governor in Council. The Provincial Comptroller is an officer in the Ministry of Finance.

Pursuant to *The Financial Administration Act, 1993*, the duties of the Provincial Comptroller are to:

- supervise the receipt, recording and proper disposition of public money;
- maintain or cause to be maintained the appropriation and financial accounts with respect to the General Revenue Fund (GRF);
- control disbursements from the GRF in accordance with the provisions of the FAA;
- prepare the Public Accounts and other reports required by the Minister of Finance or Treasury Board; and
- ensure, as far as practicable, compliance with the directives of Treasury Board (subsection 10(1)).

For further information regarding the role of the Provincial Comptroller, refer to Section 1400 Financial Management and Control.

Ministry of SaskBuilds and Procurement

The Ministry of SaskBuilds and Procurement (SaskBuilds and Procurement) operates under the authority of *The Ministry of SaskBuilds and Procurement Regulations,* and other enabling legislation and regulations.

Through *SaskBuilds and Procurement*, support services are provided to the Government, including the provision of accommodation and a central fleet of vehicles. Central coordination of the purchase and disposal of goods for the Government is provided through the Single Procurement Service.

The development and implementation of policies and programs relating to information technology and information and records management are conducted through the Information Technology Division, which is part of *SaskBuilds and Procurement*.

Public Service Commission

The Public Service Commission (PSC) is continued under *The Public Service Act, 1998.* The PSC is responsible for leading effective human management in government.

Other Organizations

Other organizations that impact government operations are the Provincial Archives of Saskatchewan and the Board of Revenue Commissioners.

Provincial Archives of Saskatchewan

The Archives and Public Records Management Act (APRMA), continues the Provincial Archives of Saskatchewan. The board of directors appoints the Provincial Archivist, who is the officer in charge of the archives. The Provincial Archives of Saskatchewan is responsible for the safekeeping, classification, indexing and public use of all public records (e.g., government records, court records) and private records of historical significance, in accordance with the APRMA. The APRMA also sets out the requirements for the proper disposal of public records.

Board of Revenue Commissioners

The Revenue and Financial Services Act continues the Board of Revenue Commissioners and sets out its powers and duties. The Board of Revenue Commissioners comprises the persons appointed as full-time members of the Saskatchewan Municipal Board. The Board of Revenue Commissioners performs duties assigned by statute, the Lieutenant Governor in Council, a minister, or those delegated to it by Treasury Board. It may take any proceedings necessary to recover public money due to the Crown, issue orders for the collection of public money, and authorize the cancellation or adjustment of any debt due the Crown or the refunding of any public money paid to the Crown.

References

1000 Form and Structure of the Government
1400 Financial Management and Control

1500 Applicability of the Financial Administration Manual
2000 Overview of the Public Accounts
2100 Overview of General Revenue Fund Accounting
2200 Summary Financial Statements
3000 Control of the GRF
3101 GRF Payment Responsibilities

Appendix A Executive Government
Appendix B Public Agencies
Appendix C Public Money
Appendix G General Laws

Bibliography

Executive Government Processes and Procedures in Saskatchewan. Regina: Cabinet Secretariat, Executive Council, Government of Saskatchewan, 1990.

Government of Saskatchewan. Ministries and Agencies. 2 December, 2019 http://www.saskatchewan.ca/government/government-structure

The Cabinet System of the Government of Saskatchewan. Regina: Department of Executive Council, Government of Saskatchewan, 1999.

Financial Management and Control

Purpose of Manual

The purpose of the Financial Administration Manual is to communicate to ministries and public agencies, Treasury Board's policies and the Provincial Comptroller's directives for the control, management and accounting of government financial resources.

Authority

This manual is produced under the authority of Treasury Board. The authority of Treasury Board and the Provincial Comptroller is provided through *The Financial Administration Act, 1993* (FAA).

Treasury Board

Treasury Board is responsible to Cabinet for the finances, the administrative policies and management practices and systems, and the accounting policies and practices of executive government. Refer to Appendix A Executive Government for a list of ministries and other organizations that are part of executive government.

As provided for in *The Financial Administration Act, 1993*, Treasury Board has the powers to:

- make orders and issue directives that are related to its responsibilities (clause 5(a));
- prescribe the form and content of the Public Accounts and the Estimates (clause 5(b));
- prescribe the form and manner of financial records and accounting systems of the Government of Saskatchewan (clause 5(c));
- direct any person receiving, managing or disbursing public money to keep any books, records or accounts that it considers necessary (clause 5(e)); and
- determine its rules and procedures (clause 5(f)).

Also, pursuant to *The Financial Administration Act, 1993*, Treasury Board may designate a public agency (i.e., board, commission, Crown corporation or other agent of the Crown) as subject to its directives (clause 5(d)). Refer to Appendix B Public Agencies for a list of public agencies. Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries are excluded from this list as the applicability of policies to them is dealt with separately.

Other powers and duties of Treasury Board pursuant to *The Financial Administration Act, 1993* include the following:

- The Estimates are to be prepared by the Minister of Finance in any form that Treasury Board may direct (subsection 12(1)).
- The Public Accounts are to be prepared by the Provincial Comptroller and are to contain the Summary Financial Statements, a summary of the financial condition of trust funds managed by a member of the Executive Council and any other information required by the Act, any other Act or Treasury Board (clause 10(1)(d) and subsection 18(2)).
- Public moneys are to be forwarded, deposited and otherwise dealt with in accordance with any orders and directives of Treasury Board (section 22). Refer to Appendix C Public Money for a list of public money.
- The Summary Financial Statements for the Government of Saskatchewan for each fiscal year are to be prepared by the Provincial Comptroller in accordance with the accounting policies established by Treasury Board (section 16).

Provincial Comptroller

The Provincial Comptroller is appointed pursuant to *The Financial Administration Act, 1993,* which establishes the duties of the Provincial Comptroller to:

- supervise the receipt, recording and proper disposition of public money;
- maintain or cause to be maintained the appropriation and financial accounts with respect to the GRF;
- control disbursements from the GRF in accordance with the provisions of the FAA;
- prepare the Public Accounts and other reports required by the Minister of Finance or Treasury Board; and
- ensure, as far as practicable, compliance with the directives of Treasury Board (subsection 10(1)).

The Financial Administration Act, 1993 states that every payment out of the GRF is to be made under the direction and control of the Provincial Comptroller and in the manner that the Provincial Comptroller may direct (section 28).

The FAA also allows the Provincial Comptroller to issue directives detailing the manner in which Treasury Board directives are to be complied with (subsection 10(2)) and to issue any directives where the Provincial Comptroller determines that a payment is not a lawful or proper charge against an appropriation (subsection 32(5)).

References

1000 Form and Structure of the Government
1300 Government Management and Control
1500 Applicability of the Financial Administration Manual
2000 Overview of the Public Accounts
2100 Overview of General Revenue Fund Accounting
2200 Summary Financial Statements
3000 Control of the GRF
3101 GRF Payment Responsibilities

Appendix A Executive Government
Appendix B Public Agencies
Appendix C Public Money

Applicability of the Financial Administration Manual

Purpose

To outline which government entities are required to follow the different sections of the Financial Administration Manual.

Authority

The authority of Treasury Board and the Provincial Comptroller is provided through *The Financial Administration Act, 1993* (FAA).

Applicability

The following table summarizes the application of the Treasury Board policies and Provincial Comptroller directives that are contained in the Financial Administration Manual.

Refer to the following Appendices for the listings of agencies that make up groupings identified in the table below as follows:

- Appendix A Executive Government – lists ministries and other organizations that are part of executive government;
- Appendix B Public Agencies – lists crown agencies that are both non-corporate and incorporated as well as Treasury Board Crowns; and
- Appendix C Public Money – lists the executive and legislative branches, revolving funds, special purpose funds, trusts and pension funds.

Policy/Directive Number and Name		Application
2005	Form and Content of the Public Accounts	Public Accounts
2010	Reporting Payee Details in the Public Accounts	GRF and Revolving Funds
2100	Overview of General Revenue Fund Accounting	GRF
2120	GRF Accounting Policies	GRF
2200	Summary Financial Statements	SFS Reporting Entity
2210	SFS Accounting Policies	SFS Reporting Entity
2280	Environmental Liabilities Management and Reporting	Ministries and Public Agencies
2305	Approval of the Financial Statements of Government Entities	Government entities that are required to table
2310	Compendium of Financial Statements and Compendium of Payee Details	Compendium of Financial Statements - entities that are required to table their financial statements, except for the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries. Compendium of Payee Details – entities included in the Summary Financial Statements, except for CIC and its subsidiaries
2315	Reporting Payee Details - Other Entities	Entities included in the Summary Financial Statements, except for CIC and its subsidiaries
3000	Control of the GRF	GRF
3001	Net Budgeting in the GRF	GRF
3005	Refunds to Vote	GRF
3007	Shared Services	GRF

Policy/Directive Number and Name		Application
3008	Shared Grants and Programs	GRF
3010	Application for Remissions	GRF
3020	Suspense Accounts and Conditional Receipts	GRF
3101	GRF Payment Responsibilities	GRF
3105	Imprest Bank Accounts	GRF
3110	Petty Cash and Cash Register Floats	GRF
3112	Petty Cash and Cash Register Float Losses	GRF
3120	Payroll Payments	GRF
3122	Salary Payments for New Employees	GRF
3130	Air Billing Accounts	GRF
3132	Advances to Individuals	GRF
3134	Travel Cards	GRF
3136	Travel Expense Claims	GRF
3142	Timing of Grant Payments	GRF
3150	Timing of Supplier Payments	GRF
3152	Interest on Late Supplier Payments	GRF
3154	Purchase Cards	GRF
3156	Taxes on Goods and Services	GRF
3158	Telephone Services	GRF
3160	Mail Services	GRF
3162	Workers' Compensation Board Assessment	GRF
3180	Association Dues and Professional Fees	GRF
3182	Education Expenses	GRF
3186	Demands for Payment	GRF
3188	Payments Due Deceased Persons	GRF
3205	Approval of Revolving Funds	Revolving Funds
3210	Budget and Control of Revolving Funds	Revolving Funds
3215	Financial Reporting Requirements and Accounting Policies for Revolving Funds	Revolving Funds
3305	Holding Money in the GRF through Consolidated Offset Balance Concentration (COBC)	Money held in the GRF that does not otherwise belong to the GRF (as approved)
3310	Holding Money in the GRF (Other Entities)	Money held in the GRF that does not otherwise belong to the GRF (as approved)
3315	Terms and Conditions for Moneys Held in the GRF	COBC and Other Entities in the government's central financial system
3405	Establishment and Control of Special Purpose Funds and Trust Money	Special Purpose Funds and Trust Money Held by Ministries
3410	Cash Management of Special Purpose Funds and Trust Money	Special Purpose Funds and Trust Money Held by Ministries
3415	Financial Statements and Accounting for Special Purpose Funds and Trust Money	Special Purpose Funds and Trust Money Held by Ministries
3420	Disposition of Unclaimed Trust Money	Special Purpose Funds and Trust Money Held by Ministries
3505	Receipt and Control of Public Money	GRF, Special Purpose Funds and Trust Money Held by Ministries
3510	Minor Errors in Remittances	GRF, Special Purpose Funds and Trust Money Held by Ministries
3515	NSF Cheques	GRF, Special Purpose Funds and Trust Money Held by Ministries
3520	Credit and Debit Card Receipts	GRF, Special Purpose Funds and Trust Money Held by Ministries

Policy/Directive Number and Name	**Application**
3525 Receipt of Donations	GRF, Special Purpose Funds and Trust Money Held by Ministries
3530 Electronic Funds Transfer Receipts	GRF, Revolving Funds and Other Entities in the government's central financial system
3605 Approval of Bank Accounts	GRF, Special Purpose Funds and Trust Money Held by Ministries, COBC bank accounts and where required by law
3610 Controls over Bank Accounts	GRF, Special Purpose Funds and Trust Money Held by Ministries
3615 Bank Account Interest and Charges	GRF, Special Purpose Funds and Trust Money Held by Ministries
3705 Credit Terms	GRF, Special Purpose Funds and Trust Money Held by Ministries
3710 Accounts Receivable Records	GRF, Special Purpose Funds and Trust Money Held by Ministries
3715 Collection Activities	GRF, Special Purpose Funds and Trust Money Held by Ministries
3720 Collection Agency Fees	GRF, Special Purpose Funds and Trust Money Held by Ministries
3725 Write-off or Cancellation of Accounts Receivable	GRF, Special Purpose Funds and Trust Money Held by Ministries
3805 Management of Inventories	GRF, Special Purpose Funds and Trust Money Held by Ministries
3810 Management of Tangible Capital Assets	GRF, Special Purpose Funds and Trust Money Held by Ministries
4005 Acquisition of Financial Systems	GRF, Special Purpose Funds and Trust Money Held by Ministries
4010 Development of Financial Systems	GRF, Special Purpose Funds and Trust Money Held by Ministries
4015 Implementing Financial Systems	GRF, Special Purpose Funds and Trust Money Held by Ministries
4020 System Processing Controls	GRF, Special Purpose Funds and Trust Money Held by Ministries
4025 System Security	GRF, Special Purpose Funds and Trust Money Held by Ministries
4101 Incidents of Suspected Fraud or Similar Illegal Acts	Ministries
4102 Employee Onus to Report Suspected Fraud or Similar Illegal Acts	Ministries
4105 Reporting Incidents of Fraud or Similar Illegal Acts	Ministries and Treasury Board Crowns
4110 Compensation for Loss Payments	Ministries
4115 Fidelity Bond	Ministries and organizations listed in Schedule A
4120 Employee Liability Protection	Ministries
4125 Insurance	Ministries
4130 Internal Audit Guideline	Ministries
4205 Secondments	Ministries, Treasury Board Crowns, and the Saskatchewan Health Authority
4210 Personal Service Contracts	Ministries
4215 Ministerial Assistants' Salaries and Other Related Expenses	Ministries and Public Agencies, including the Crown Investments Corporation of Saskatchewan and its subsidiaries
4305 Vehicle Policy for Senior Officials	Ministries

Policy/Directive Number and Name	Application
4310 Relocation Expenses	Ministries
4315 Long Service Recognition	Ministries and Treasury Board Crowns
4320 Retirement Expenses	Ministries and Treasury Board Crowns
4325 Recognizing Excellence	Ministries and Treasury Board Crowns
4405 Employee Travel	Ministries
4407 Vendor Sponsored Travel	Ministries and Public Agencies
4410 Interview Expenses	Ministries
4415 Geological Survey Parties	Ministries
4420 Business Expenses for Ministry Officials	Ministries
4425 Banquet Expenses	Ministries
4430 Ministers' Travel and Business Expenses	Ministries
4435 Frequent Flyer Points	Ministries
4440 Private Aircraft	Ministries
4445 Fines for Parking and Traffic Offences	Ministries
4505 Purchases of Supplies and Services	Ministries
4510 Contracts for Services	Ministries
4525 Communications (Advertising)	Ministries, Treasury Board Crowns, Crown Investments Corporation of Saskatchewan and its subsidiaries
4530 Transportation of Goods	Ministries
4535 Rent of an Aircraft	Ministries
4540 Primary Research	Ministries, Treasury Board Crowns, Crown Investments Corporation of Saskatchewan and its subsidiaries
4545 Protocol Gifts	Ministries
4550 Christmas Cards	Ministries
4552 Condolences upon the Death of an Employee	Ministries
4553 Premier's Office – Gifts and Flower Arrangements	Premier's Office
4555 Land Purchases	Ministries
4565 Appliances for Employee Use	Ministries
4605 Control of Transfers	Ministries
4610 Contributions (Donations)	Ministries and Treasury Board Crowns
4615 Grants in Lieu of Taxes	Crown Investments Corporation of Saskatchewan and its subsidiaries and Treasury Board Crowns
5005 Per Diem Rates (Boards, Commissions and Committees)	Where remuneration is set by the Lieutenant Governor in Council or by a minister
5010 Travel and Other Expenses (Boards, Commissions and Committees)	Where remuneration is set by the Lieutenant Governor in Council or by a minister

References

1000 Form and Structure of the Government
1300 Government Management and Control
1400 Financial Management and Control
2000 Overview of the Public Accounts
2100 Overview of General Revenue Fund Accounting
2200 Summary Financial Statements
3000 Control of the GRF
3101 GRF Payment Responsibilities

Appendix A Executive Government

[Appendix B Public Agencies](#)
[Appendix C Public Money](#)

Overview of the Public Accounts

What are the Public Accounts?

The Public Accounts are accountability documents tabled annually in the Legislative Assembly by the Minister of Finance. The requirements for the Public Accounts are specified in *The Financial Administration Act, 1993* (FAA).

Contents of the Public Accounts

The FAA provides that the Public Accounts are to contain the Summary Financial Statements, a summary of the financial condition of trust funds managed by a member of the Executive Council and any other information required by the FAA, any other Act or by Treasury Board (subsection 18(2)).

The Public Accounts also include, in accordance with the FAA:

- the net effect of all virements in the fiscal year, as required by subsection 13(2);
- the information on road-use fuel tax accountability, as required by subsection 18.1(3);
- a detailed statement of remissions, as required by subsection 24(6);
- a report of amounts charged against an appropriation that are in excess of the appropriation for the fiscal year (overexpenditures), as required by subsection 37(3); and
- a report of the facts relating to the pledging of securities, as required by subsection 55(2).

Preparation of the Public Accounts

The FAA provides that the Minister of Finance is to cause the Public Accounts to be prepared as soon as is practicable after the end of the fiscal year in the form directed by Treasury Board (section 18). The FAA also provides that the Provincial Comptroller is to prepare the Public Accounts (clause 10(1)(d)). The Financial Management Branch of the Provincial Comptroller's Office of the Ministry of Finance does the preparation.

Tabling of the Public Accounts

The FAA requires the Minister of Finance to table the Public Accounts on or before October 31 following the end of the fiscal year with respect to which the Public Accounts relate (section 18). After the Public Accounts are tabled, the documents are available on the Internet on the Ministry of Finance website.

References

1200 Role of the Legislature to Control Public Money
2005 Form and Content of the Public Accounts
2010 Reporting Payee Details in the Public Accounts
2100 Overview of General Revenue Fund Accounting

Form and Content of the Public Accounts

Objective

The objective of the policy is to outline the presentation of the Public Accounts.

Authority

The Financial Administration Act, 1993, clause 5(b) provides authority to Treasury Board to prescribe the form and content of the Public Accounts that are presented to the Legislative Assembly.

Treasury Board Policy

.01 The Public Accounts of the Government of Saskatchewan are organized into two reports.

.02 Volume 1 contains the following:

- Financial Statement Discussion and Analysis; and
- Summary Financial Statements.

.03 Volume 2 contains the following:

- General Revenue Fund (GRF):
  - schedules and details;
  - capital asset acquisitions schedule and details;
- Revolving Funds:
  - expenditure details;
- Supplier Summary:
  - summary listing of payees who provided goods and services and capital assets of $50,000 or more to the GRF and Revolving Funds during the year;
- Other Information including:
  - assets, liabilities and residual balances of pension plans and trust funds administered by the Government;
  - remissions of taxes and fees; and
  - road-use fuel tax accountability revenues and expenditures.

References

1200 Role of the Legislature to Control Public Money
2000 Overview of the Public Accounts
2010 Reporting Payee Details in the Public Accounts
2100 Overview of General Revenue Fund Accounting

Reporting Payee Details in the Public Accounts

Objective

The objective is to set levels for reporting payee details of the General Revenue Fund (GRF) and revolving funds in the Public Accounts.

Authority

The Financial Administration Act, 1993, clause 5(b) provides authority to Treasury Board to prescribe the form and content of the Public Accounts that are presented to the Legislative Assembly.

Treasury Board Policy

.01 Payee details for the GRF and revolving funds in the Public Accounts are reported as follows:

- Details for salaries, transfers and supplier payments where payees received $50,000 or more.

- For transfers, details are not provided:
  - for high volume programs of a universal nature, or income security and other programs of a confidential and personal nature. Treasury Board's approval is required to exclude this information.
  - where governing program legislation requires payee information to be kept confidential.

- Additional disclosure may be provided where warranted based on significance or sensitivity (e.g., minister's travel is disclosed regardless of the amount).

References

1200 Role of the Legislature to Control Public Money
2000 Overview of the Public Accounts
2005 Form and Content of the Public Accounts
2100 Overview of General Revenue Fund Accounting

Overview of General Revenue Fund Accounting

Objective

The objective is to outline requirements for General Revenue Fund accounting.

What are the GRF Financial Statements?

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

Authority

The Financial Administration Act, 1993, clause 5(c) provides authority to Treasury Board to prescribe the form and manner of financial records of the Government of Saskatchewan.

Background

The fiscal year for the General Revenue Fund is from April 1 to March 31.

The GRF is a significant component of the Summary Financial Statements published in Volume 1 of the Public Accounts. In accordance with subsection 18(3) of *The Financial Administration Act, 1993,* the Public Accounts are to be tabled in the Legislative Assembly on or before October 31 following the end of the fiscal year with respect to which the public accounts relate.

Provincial Comptroller Directives

.01 Ministries are required to assist in the completion of the GRF financial information by following year-end procedures for processing transactions and journal entries within the time frames requested and by completing year end schedules and other information as required by the Provincial Comptroller within the time frames requested. Refer to the Accounting Manual and its appendicies.

.02 The GRF is audited as a part of the audit of the province's Summary Financial Statements. The Provincial Auditor's Office will complete a summary of unadjusted errors determined during their audit of each ministry. The Provincial Auditor's Office will discuss the items with the ministry's Corporate Services Head. The purpose of the discussion is to ensure the ministry understands the error. It also allows the ministry an opportunity to present its view on the assessed error. At the conclusion of this process, the Provincial Auditor's Office will provide a copy of the completed error summary, evidenced that it has been discussed with the ministry, to the audited ministry and to the Director, Financial

Management Branch, Provincial Comptroller's Office, Ministry of Finance.

References

2000 Overview of the Public Accounts
2005 Form and Content of the Public Accounts
2010 Reporting Payee Details in the Public Accounts
2120 GRF Accounting Policies
3000 Control of the GRF

Accounting Manual

GRF Accounting Policies

Objective

The objective is to outline Treasury Board's accounting policies for the General Revenue Fund (GRF).

Authority

The Financial Administration Act, 1993, clause 5(c) provides authority to Treasury Board to prescribe the form and manner of financial records of the Government of Saskatchewan.

Treasury Board Policy

.01 Accounting policies used by the GRF are in accordance with generally accepted accounting principles for the public sector, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA). Treasury Board's approval for exceptions is required.

Procedures

Basis of Accounting

.02 The GRF accounting policies are based on accrual accounting with the exception that the GRF accounts for defined benefit pension obligations on a cash basis.

Provincial Comptroller Directives

.03 Refer to the Accounting Manual and its appendices for further information on accounting policies and procedures.

.04 Ministries are to account for transactions in accordance with the GRF accounting policies and procedures.

.05 Questions regarding accounting requirements may be directed to the Corporate Services Head who may consult with the Assistant Provincial Comptroller, Ministry of Finance.

.06 Accounting policy changes are implemented from time to time. These changes are communicated through the Accounting Manual and through other notifications from the Provincial Comptroller. Ministries should monitor these changes and apply them to ministry transactions.

References

2000 Overview of the Public Accounts
2005 Form and Content of the Public Accounts
2010 Reporting Payee Details in the Public Accounts
2100 Overview of General Revenue Fund Accounting
3000 Control of the GRF

Accounting Manual

Summary Financial Statements

Objective

The objective is to outline requirements for the Summary Financial Statements.

Summary Financial Statements

The Summary Financial Statements (SFS) report the financial activities of organizations which are controlled by the Government. The SFS are part of the Public Accounts.

Authority

The Financial Administration Act, 1993, section 16 states the financial statements of the Government of Saskatchewan (referred to as the Summary Financial Statements) for each fiscal year are to be prepared by the Provincial Comptroller in accordance with the accounting policies established by Treasury Board.

Background

The financial reporting period for the Summary Financial Statements is from April 1 to March 31.

The SFS are to be audited by the Provincial Auditor.

The SFS are to be included in the Public Accounts. In accordance with subsection 18(3) of *The Financial Administration Act, 1993,* the Public Accounts are to be tabled in the Legislative Assembly on or before October 31 following the end of the fiscal year with respect to which the public accounts relate.

Treasury Board approves the form and content of the Summary Financial Statements prior to release.

Treasury Board Policy

.01 Treasury Board directed the SFS be completed by June 30 and released by August 1.

Provincial Comptroller Directives

.02 In order to prepare the SFS within the time frames directed by Treasury Board, government organizations included in the SFS are requested to plan their audit to accommodate the SFS timing requirements and to provide the following within specified time frames: audited financial statements and other information and completed consolidation schedules using outlined procedures.

References

2000 Overview of the Public Accounts
2005 Form and Content of the Public Accounts
2210 SFS Accounting Policies

SFS Accounting Policies

Objective

The objective is to outline Treasury Board's accounting policies for the Summary Financial Statements (SFS).

Authority

The Financial Administration Act, 1993, section 16 specifies the financial statements of the Government of Saskatchewan (referred to as the Summary Financial Statements) for each fiscal year are to be prepared by the Provincial Comptroller in accordance with the accounting policies established by Treasury Board.

Treasury Board Policy

.01 The SFS are prepared in accordance with generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA). Treasury Board's approval for exceptions is required.

Procedures

Reporting Entity

.02 In accordance with PSAB, the SFS report the financial activities of organizations which are controlled by the Government.

.03 Trusts administered by the Government are excluded from the government reporting entity.

.04 A list of organizations included in the government reporting entity is provided in Volume 1 of the Public Accounts.

Method of Consolidation

.05 Organizations included in the government reporting entity are segregated into two classifications. **Government business enterprises** are entities that are self-sufficient and have the financial and operating authority to sell goods and services to individuals and organizations outside the government reporting entity as their principal activity. All other entities are **government service organizations**.

.06 Government service organizations are consolidated after adjusting their accounting policies to a basis consistent with public sector accounting standards. Significant inter-organization balances and transactions are eliminated.

.07 Government business enterprises are recorded using the modified equity method. The Government's investment in government business enterprises, which is initially recorded at cost, is adjusted to include the net earnings/losses and other net equity changes of the enterprise without adjustment to conform to accounting policies of the SFS. With the exception of dividends declared, inter-organization balances and transactions are not eliminated.

Basis of Accounting

.08 The SFS are prepared using the accrual basis of accounting.

Revenues, Expenses, Assets and Liabilities

.09 Treasury Board's significant accounting policies for revenues, expenses, assets and liabilities are outlined in the Summary Financial Statements significant accounting policies note.

.10 Refer to the Summary Financial Statements and related notes and schedules and for information regarding these financial statements.

References

2000 Overview of the Public Accounts
2005 Form and Content of the Public Accounts
2200 Summary Financial Statements

CPA Public Sector Accounting Handbook, PS 1300 – Government Reporting Entity

Financial Reporting for Entities

Diversion of Revenue

Pursuant to *The Financial Administration Act, 1993* (FAA), all revenues of the Province are to flow to the General Revenue Fund (GRF) for appropriation by the Legislature, unless the Legislature has authorized the diversion of moneys through an Act of the Legislature (section 19).

Other Entities

The Legislature has created other entities when it is desirable that activities operate outside the GRF. Generally, this occurs where it is appropriate to separate activities that are commercial in nature (e.g., Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries) or where fees are dedicated to a purpose (e.g., Fish and Wildlife Development Fund).

The Legislature has created Crown corporations (commercial and non-commercial), which are assigned to a minister, who is responsible for bringing matters related to the corporation to Cabinet and the Legislative Assembly. Other organizations are also created, some with the status of a corporation, when it is desirable that their function be carried out with some level of autonomy.

The Legislature has created funds which, for the most part, are administered through ministries (i.e., the minister administers the fund in accordance with enabling legislation). Some enabling legislation provides for a board or committee to advise the minister with respect to the management of the fund.

Some funds are administered by a board of trustees (e.g., the Community Initiatives Board manages the Community Initiatives Fund, pursuant to *The Saskatchewan Gaming Corporation Act*). Other funds are administered through an organization by the board of directors (e.g., the Saskatchewan Arts Board administers the Saskatchewan Arts Board Fund, pursuant to *The Arts Board Act, 1997*).

Government entities are subject to enabling legislation, which establishes the entity and sets out its powers and duties. Enabling legislation may also provide certain powers over the entity to others (e.g., Treasury Board, the responsible minister, the Minister of Finance). Also, in many cases there are general laws applicable to government entities, which provide broad powers to others (e.g., the Lieutenant Governor in Council, Treasury Board, the Minister of Finance).

Financial Reporting

Enabling legislation specifies the fiscal year for the entity for accounting and reporting purposes. Financial reporting and auditing provisions in enabling legislation are necessary to ensure accountability for spending.

Enabling legislation outlines the type of reporting required. A financial statement is generally required. Other reports may also be required (e.g., a report of services, activities and costs). Enabling legislation outlines the recipient of the report and whether the report is to be tabled in the Legislative Assembly.

The Legislative Assembly Service provides a report of legislation where tabling is required. This report is called the "List of Acts or Resolutions that require a Report or Statement to be tabled in the Legislative Assembly of Saskatchewan" and is available on the Legislative Assembly website under Tabling of Documents.

When documents are tabled intersessionally (the Assembly is not sitting), a covering letter must accompany the financial documents. The covering letter should identify a specific date for tabling, rather than "to be tabled on or before" the tabling deadline. Sample covering letters are provided on the Legislative Assembly website under Tabling of Documents.

The Financial Management Branch of the Provincial Comptroller's Office prepares the Compendium, which contains financial statements that are tabled in the Legislative Assembly. The Compendium on the Internet provides links to the financial statements.

Enabling legislation may require the financial statement to be provided to the responsible minister and tabled in the Legislative Assembly; however, this is not always the case. The Beef Development Board is required to submit an annual report to the Agri-Food Council; this report is not tabled in the Legislative Assembly. The process that is provided for in enabling legislation should be appropriate for the stakeholders to hold the entity accountable.

Treasury Board's Authority

Enabling legislation may provide certain powers over the entity to Treasury Board (e.g., to direct the form and content of the financial statements). Also, the FAA provides broad powers to Treasury Board (e.g., pursuant to subsection 5(d) of the FAA, Treasury Board may designate a public agency as subject to its directives). A list of public agencies is found in Appendix B.

References

1200 Role of the Legislature to Control Public Money
2305 Approval of the Financial Statements of Government Entities
2310 Compendium of Financial Statements and Compendium of Payee Details
2315 Reporting Payee Details - Other Entities

Tabling of Documents

Approval of the Financial Statements of Government Entities

Objective

The objective is to set out the approval process for financial statements of government entities, other than for the main financial statements of the Province.

Authority

Enabling legislation of entities
The Financial Administration Act, 1993, clause 5(a) and subsection 10(2)

Applicability

The Provincial Comptroller maintains a list of financial statements that are reviewed by the Provincial Comptroller.

Treasury Board Policy

.01 Government entities and funds that are required to table financial statements are required to obtain Treasury Board approval of their financial statements prior to tabling.

.02 Treasury Board has delegated the approval as follows:

- For the financial statements of the Crown Investments Corporation of Saskatchewan (CIC), its subsidiaries and any funds administered by CIC or its subsidiaries, approval prior to tabling is to be obtained from the Board of Directors of CIC.
- For financial statements of government entities, other than the main financial statements of the Province and those that are the responsibility of CIC, approval prior to tabling is to be obtained from the Provincial Comptroller or delegate.

.03 Approval of the financial statements includes approval of both form and content, with form referring to physical format and presentation and content referring to accounting policies, accounting treatment and overall disclosure of financial information.

.04 The Provincial Comptroller is required to obtain Treasury Board's approval of any financial statements within the Provincial Comptroller's purview that have a reservation or qualification of an auditor's opinion or that contain a major issue that requires a decision of Treasury Board.

.05 The Provincial Comptroller is to submit reports, at least annually, to Treasury Board listing the financial statements approved.

Provincial Comptroller Directives

.06 On behalf of management of the organization, the Provincial Auditor or appointed auditor submits the draft audit report and financial statements directly to the Provincial Comptroller for format approval.

.07 The Financial Management Branch of the Provincial Comptroller's Office of the Ministry of Finance performs the review. If there is a reservation or qualification of opinion or a major issue, Treasury Board's approval must be obtained. Treasury Board may accept the qualification or direct that the financial statements be amended.

.08 The Provincial Comptroller's Office responds to the auditor and requests a copy of the finalized statements. The auditor submits a copy of the final audit report and financial statements to the Provincial Comptroller.

.09 The Provincial Comptroller's Office issues a newsletter to financial statement preparers following Public Sector Accounting Standards (PSAS). The newsletter provides highlights of PSAS changes as well as other helpful hints for current PSAS sections. See Appendix J for past issues of the newsletter.

References

1200 Role of the Legislature to Control Public Money
2300 Financial Reporting for Entities
2310 Compendium of Financial Statements and Compendium of Payee Details
2315 Reporting Payee Details - Other Entities

Appendix J The Going Concern Newsletters

Compendium of Financial Statements and Compendium of Payee Details

Objective

The objective is to provide, through a Compendium, easy access to financial statements of entities with tabling requirements, and easy access to payee details of SFS entities, other entities responsible to the Crown Investments Corporation of Saskatchewan (CIC) and the main financial statements.

Authority

The Financial Administration Act, 1993, clause 5(a) and subsection 10(2)

Treasury Board Policy

.01 The Compendium of Financial Statements is to include the financial statements of all entities with tabling requirements other than the main financial statements and the financial statements of CIC, its subsidiaries, and any fund administered by CIC or its subsidiaries.

.02 The Compendium of Payee Details is to include the payee details of all SFS entities, other than CIC, its subsidiaries, and any fund administered by CIC or its subsidiaries.

Provincial Comptroller Directives

.03 The Compendiums are prepared on an annual basis by the Financial Management Branch of the Provincial Comptroller's Office of the Ministry of Finance.

.04 Individual financial statements of entities are prepared, audited and tabled in accordance with enabling legislation.

.05 Individual payee details of entities are prepared and tabled in accordance with FAM Section 2315 and published online.

.06 There is no legislative requirement to prepare and table the Compendiums.

.07 As the individual financial statements are tabled, they are posted to the Compendium of Financial Statements on the Ministry of Finance's website.

.08 As the individual payee details are tabled, they are posted to the Compendium of Payee Details on the Ministry of Finance's website. Entities may choose to publish payee details on their website as well.

.09 The Table of Contents for the Compendium of Financial Statements provides a list of financial statements that are included.

.10 The Table of Contents for the Compendium of Payee Details provides a list of payee details that are included.

References

1200 Role of the Legislature to Control Public Money
2300 Financial Reporting for Entities
2305 Approval of the Financial Statements of Government Entities
2315 Reporting Payee Details - Other Entities

Reporting Payee Details - Other Entities

Objective

The objective is to set requirements for the reporting of payee details by specified entities.

Authority

The Financial Administration Act, 1993, clauses 5(a) and subsection 10(2)

Applicability

This policy applies to entities included in the Summary Financial Statements, except for Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries.

Treasury Board Policy

.01 Entities included in the Summary Financial Statements, except for Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries are required to table, in the Legislative Assembly, payment information similar to the payment details that are provided in the Public Accounts for the General Revenue Fund and revolving funds, and publish the tabled payment information online. See Section 2010 Reporting Payee Details in the Public Accounts for reporting requirements for payee details in the Public Accounts.

Provincial Comptroller Directives

.02 There is no requirement for payment details to be audited.

.03 The payee information may be tabled in the Legislative Assembly as supplementary information along with the financial statements or annual report.

References

1200 Role of the Legislature to Control Public Money
2010 Reporting Payee Details in the Public Accounts
2300 Financial Reporting for Entities
2305 Approval of the Financial Statements of Government Entities
2310 Compendium of Financial Statements and Compendium of Payee Details

Control of the GRF

Gross Budgeting Concept

The Financial Administration Act, 1993 (FAA) continues the General Revenue Fund (GRF) and enshrines the gross budgeting concept (section 19). The GRF is the main fund that receives government revenue. The GRF is available for appropriation for the public services of Saskatchewan.

All payments from the GRF must have legislative authority, which is the authority to undertake the activity; budgetary authority, which is the appropriation granted by the Legislature from which payments are made; and spending authority, which is the approval of the permanent head or delegate that certifies the lawfulness, propriety and accuracy of the proposed payments and the allocation of the related charges.

The gross budgeting concept means that all revenues and expenditures are reflected at gross amounts. This means that offsetting revenues that are attributable to a program are not netted against expenditures of the program but are recorded as revenue.

The following are subject to the gross budgeting concept and the provisions in the FAA regarding the GRF:

- Ministries
- Legislative Assembly Service
- Chief Electoral Officer
- Conflict of Interest Commissioner
- Information and Privacy Commissioner
- Ombudsman
- Advocate for Children and Youth
- Public Interest Disclosure Commissioner
- Provincial Auditor
- Judiciary

Appropriation

Appropriation is formally defined in the FAA (clause 2(a)) to mean:

(i) an appropriation in an *Appropriation Act*;
(ii) an amount permitted or directed to be paid from the general revenue fund under this or any other Act (statutory); or
(iii) an appropriation by special warrant issued pursuant to section 14.

Appropriation means that the Legislature has provided money for a specific use.

Legislative Authority for Spending

Unless statutory appropriation is provided, authority for spending from the GRF is provided by the Legislature on an annual basis through an *Appropriation Act(s)*.

Statutory Appropriation

The Legislative Assembly has, in a few cases, provided statutory appropriation, which is the continuing authority for spending from the GRF for a specific purpose. This authority is provided in the same Act that authorizes the activity. An example of statutory appropriation is interest on the public debt.

The FAA provides for net budgeting in the GRF, which is similar to statutory appropriation in that there is continuing authority to incur expenses for a specific purpose (however, there must be sufficient associated revenues). Refer to Section 3001 Net Budgeting in the GRF for more information.

Appropriation Act

The main *Appropriation Act* authorizes appropriations for a fiscal year (less any amounts granted for that fiscal year through previous *Appropriation Acts*). Moneys of the GRF can be spent for the purposes identified in the *Appropriation Act* and estimates.

In accordance with the Legislative Assembly's Rules and Procedures, the main appropriation bill is to be concluded by the sitting day prior to the Completion Day of the legislative session (the normal Completion Day is the Thursday before Victoria Day).

At the end of a fiscal year, unused appropriations lapse and the cycle begins again for the new fiscal year.

An *Appropriation Act* may provide for the carry over of appropriation for major capital projects from one fiscal year to a subsequent fiscal year. The approval of Treasury Board through the budget process is required. Capital carry-overs require a separate vote to schedule it in the *Appropriation Act*. By policy, Treasury Board requires the entire vote to be capital.

Estimates

The document tabled with the Budget that reflects the Government's detailed expenditure plan for the GRF for the fiscal year is called the Estimates (also known as the Main Estimates).

The FAA provides specific direction with respect to the preparation and tabling of estimates for a fiscal year. The Minister of Finance is to prepare the estimates in any form required by Treasury Board and to table them.

They are to include:

- any expenses that are required to be voted on by the Legislature;
- any expenses that are permitted or required to be paid out of the GRF and that are not required to be voted on by the Legislature;
- any loans, advances or investments that are required to be voted on by the Legislature;
- any loans, advances or investments that are permitted or required to be paid out of the GRF and that are not required to be voted on by the Legislature; and
- any other information that Treasury Board considers appropriate (section 12).

The Main Estimates must include all expenditures (i.e., expenses, capital, loans, advances, investments) that are a charge on the GRF. These expenditures are grouped into votes and further subdivided into subvotes. The Legislative Assembly approves the amounts at the subvote level.

Vote

A Vote represents a block of funding provided by statute or approved by the Legislature through an *Appropriation Act*. The block of funding is for a particular activity or purpose as outlined in the Estimates. A vote generally relates to expenditures of a ministry.

Subvote

A subvote is a division of a vote. Subvotes usually represent a major program or function within the vote.

Allocation (sub-program)

An allocation (sometimes referred to as a sub-program) is a division of a subvote. An allocation represents a further delineation of the program, such as a distinct client group or method of delivering the program.

Further Estimates

Further estimates are additional estimates that are tabled by the Government while the Estimates are being reviewed by the Legislative Assembly.

Supplementary Estimates

Supplementary estimates are additional estimates that are tabled by the Government after the passage of the *Appropriation Acts* that supplied funding as specified in the Budget estimates. A document containing supplementary estimates detail is prepared in a format that is consistent with the Main Estimates (i.e., on a subvote and sub-program). Supplementary estimates would typically be tabled in the fall and in the spring prior to the tabling of the Main Estimates.

The Treasury Board Secretariat of the Ministry of Finance prepares the Main Estimates, further estimates and supplementary estimates. These documents are available on the Ministry of Finance website.

Legislative Review

The operating expenditures of the Government in the estimates are grouped by the Executive Branch and the Legislative Branch. Refer to Section 1000 Form and Structure of the Government for information on the branches of the Government.

Through its Rules and Procedures, the Legislative Assembly has provided for the consideration of estimates.

The Standing Committee on House Services is to consider the estimates of the Legislative Branch of government. The Speaker and the officials of the various legislative offices attend as witnesses.

The Committee of Finance is to consider the estimates for Executive Council. The estimates of the Executive Branch (except Executive Council) are to be considered by a policy field committee, as allocated by the Standing Committee on House Services. During the review, ministers are asked questions with respect to their ministries' estimates. They often have their deputies and other senior officials with them to provide the requested information.

Once the committee has 'voted' on the estimates, the amounts are reported back to the Legislative Assembly for inclusion in the appropriation bill.

Legislative Approval

When an *Appropriation Act* is passed by the Legislature and receives Royal Assent, appropriations are granted for the purposes identified in the *Appropriation Act* and estimates.

Automatic Interim Funding

The FAA (section 14.1) provides for interim funding commencing on April 1 of a new fiscal year, based on two-twelfths of the previous year's estimates (includes the Estimates, further estimates and supplementary estimates). Automatic interim funding cannot be used to fund programs that could not have been legally charged to the previous year's appropriation. Typically, this would be new programs legally authorized in the new year or existing programs that were not funded in the previous year. Automatic interim funding allows the Government to continue to operate existing programs without an interim supply bill until the normal Completion Day of the legislative session.

However, there are situations when an interim supply bill would still be required. For example, an interim supply bill would be required if funding was needed for new programs, if the Completion Day extended significantly past the normal Completion Day, or if more than two-twelfths automatic interim funding was needed, for a program.

Automatic interim funding does not apply if there is an early budget and an *Appropriation Act* is enacted before the commencement of a fiscal year. Automatic interim funding must be included as part of the sums appropriated by the next *Appropriation Act* and not in addition to the sums.

Adjustments to Appropriations

Additional funds may be provided by the Legislature for a fiscal year through additional *Appropriation Acts*.

Despite the requirement for strict adherence to the principles of legislative control, the Legislature recognized the need to be flexible during the year as conditions and government priorities change. The Legislature, through the FAA, has provided two mechanisms whereby annual budgetary authority to incur expenses can be modified. These mechanisms are special warrants and virements.

Special Warrants

Pursuant to the FAA, the Lieutenant Governor in Council may order a special warrant when the Legislature is not in session and money is needed for an expense that was not foreseen or provided for, or insufficiently provided for (section 14).[1] Amounts approved by special warrant are deemed to be an appropriation for the fiscal year in which they are issued and are included in the next *Appropriation Act* that is not an Act for interim supply. Any funding provided by special warrant would appear in the next supplementary estimates document.

Virements

Pursuant to the FAA, the Minister of Finance may approve a virement to move amounts of an appropriation from one subvote to another subvote within the same vote when funds are available but designated for another use (section 13).

Payments from the GRF

The FAA stipulates that no person is to make a requisition for payment out of an appropriation that would be an unlawful or improper charge

[1] *The Provincial Auditor Act* provides for a different process for special warrants for the Provincial Auditor.

against the appropriation, that would result in an expense in excess of the appropriation or that would reduce the balance available in the appropriation so that it would not be sufficient to meet the commitments chargeable against it (subsection 31(4)).

The FAA directs the Provincial Comptroller to maintain or cause to be maintained, the appropriation accounts of the GRF and the financial accounts relating to the operations of the GRF and to control disbursements from the GRF in accordance with the FAA (section 10).

Appropriation Control

The FAA directs the Provincial Comptroller to control disbursements from the General Revenue Fund (GRF), to maintain appropriation accounts of the GRF (section 10), and to ensure no payment is made in excess of an appropriation (section 32(2)).

The FAA allows payments to be made against a liability incurred before the end of the fiscal year if the liability is recorded against an appropriation during the fiscal year or during a supplementary period that follows the end of the fiscal year (section 37).

For detailed information regarding payments from the GRF, refer to Section 3100 Payments from the GRF.

Agreements or Contracts

The FAA does not permit agreements or undertakings to be entered into in a fiscal year that would result in a charge to an appropriation for that fiscal year in excess of the unencumbered balance of that appropriation (section 33).

Over-spending

In rare situations, over-spending occurs. While there is no legislative authority to incur costs that exceed the appropriation, when this occurs, the FAA requires the amount of the expense in excess of appropriation to be a first charge against a suitable appropriation for the next year and the appropriation for the next year is charged with that amount, which means that amount is no longer available to be spent. In accordance with the FAA, over-expenditures are reported to the Legislative Assembly (section 37(3)).

Deposit in the GRF

The FAA permits any moneys that are not otherwise required to be paid into the GRF to be held in the GRF upon the authorization of Treasury Board. These moneys are held in the GRF on any terms and conditions that Treasury Board may set, including the payment of interest from the GRF (section 20). Refer to Treasury Board's policies in Section 3300 Holding Money in the GRF for more information.

Advances from the GRF

The FAA permits the Minister of Finance to advance moneys from the GRF to any public agency in any amounts and on any terms and conditions that may be approved by the Lieutenant Governor in Council (section 39) provided there is a suitable appropriation.

The FAA also permits the Minister of Finance, subject to any directives of Treasury Board, to advance moneys from the GRF to any person on account of expenses that are authorized by an appropriation and that are incurred or are to be incurred against the appropriation (section 41). Refer to Treasury Board's policy regarding advances to individuals in Section 3132 Advances to Individuals.

Refunds to Vote

Treasury Board allows for certain receipts to be accounted for as a reduction of expenses. This treatment is referred to as a refund to vote. Refer to Section 3005 Refunds to Vote for more information on refunds to vote.

Shared Services

The FAA provides for shared services (i.e., one ministry provides services (e.g., information technology support) to one or more ministries. and charges its appropriation with associated costs until the reimbursements from the other ministries are received (section 33.1)). It should be noted that the Legislative Assembly Service, the Office of the Law Clerk and Parliamentary Counsel, the Legislative Library and the office of any officer of the Legislature are included under this provision. Refer to Section 3007 Shared Services for more information on shared services.

Shared Grants or Programs

The FAA also provides for shared grants or programs (i.e., one ministry administers a shared grant or program for one or more ministries and charges its appropriation with the other ministries' costs until the reimbursements from the other ministries are received (section 33.2)). Ministries must have legal authority for the grants, as this section does not provide that authority. Refer to Section 3008 Shared Grants and Programs for more information on shared grants or programs.

Remissions

The FAA allows remissions of certain revenues. When remissions are made, they are accounted for as a reduction of revenue. The FAA requires remissions granted to be reported annually in the Public Accounts (section 24). For Treasury Board's policy regarding the application for remissions, refer to Section 3010 Application for Remissions. Refer to Section 2000 Overview of the Public Accounts for more information.

Revenue Refunds

The FAA allows refunds of GRF revenue to be accounted for as a reduction of revenue (section 25). This treatment is referred to as a revenue refund. Refer to Accounting Manual, Section 3000 Revenue for more information.

Fees or Charges

The FAA allows the Lieutenant Governor in Council to authorize any member of the Executive Council to prescribe the fees and charges for the provision of any good, service, or the use of facilities by any ministry for which the member is responsible subject to any terms and conditions that the Lieutenant Governor in Council may impose (section 26). The Lieutenant Governor in Council has provided this authorization subject to all of the following conditions:

- Another Act does not provide specific authority to set a fee or charge.
- The ministry is not obligated by law to provide the good, service, or the use of facilities.
- The fee or charge prescribed does not exceed the estimated cost of providing the good, service or the use of facilities.

References

1000 Form and Structure of the Government
1200 Role of the Legislature to Control Public Money
1300 Government Management and Control
1400 Financial Management and Control
1500 Applicability of the Financial Administration Manual
2000 Overview of the Public Accounts
2005 Form and Content of the Public Accounts
2010 Reporting Payee Details in the Public Accounts
2100 Overview of General Revenue Fund Accounting
3001 Net Budgeting in the GRF
3005 Refunds to Vote
3007 Shared Services
3008 Shared Grants and Programs
3010 Application for Remissions
3100 Payments from the GRF
3300 Holding Money in the GRF

Accounting Manual, Section 3000 Revenue

Net Budgeting in the GRF

Objective

The objective is to specify the approval and control requirements for net budgeting in the General Revenue Fund.

Authority

The Financial Administration Act, 1993 (FAA), section 13.1 provides that with the authorization of the Lieutenant Governor in Council (i.e., an Order in Council), an amount equal to the actual revenues of the GRF that relate to the provision of property, goods or services (i.e., commercial-type activities), or a portion thereof, may be used, without appropriation, to pay for costs directly related to the activities. Pursuant to the FAA, Treasury Board may fix a portion of the total revenues generated by the activity to be used to engage in the activity. Treasury Board may also impose any limitations and restrictions on payments (e.g., the type of payments permitted).

Pursuant to the FAA, in order to pay expenses before sufficient revenue is received to sustain the activity, Treasury Board may set an amount (i.e., a portion of the **estimated** revenues) by which spending can exceed revenue received on a **temporary** basis. This is needed because there is generally a time lag between incurring costs for the provision of goods or services and charging for the goods or services. This is commonly referred to as the **temporary spending amount**.

Pursuant to the FAA, Treasury Board may approve rates (i.e., prices) if the Order in Council for the activity authorizes the ministry to charge fees or charges for the activity and another Act does not provide specific authority to set fees or charges for the activity.

Background

The authorization through an Order in Council under section 13.1 for spending up to actual revenues provides statutory appropriation that does not need to be voted. It provides for continued operations for approved activities from year to year, for limited situtations where the level of expenses is directly linked to revenue from the use of property or the sale of goods or services.

Net budgeting allows more flexibility for the Government to operate commercial-type activities in the GRF, rather than establishing a separate fund or organization.

Subsidy

If revenues generated by the net budgeting activity are not intended or expected to fully cover costs, an appropriation is required. This is referred to as a **subsidy**.

Restricted Revenue

Treasury Board may limit spending to a portion of the revenues generated by the activity. The portion of revenues that cannot be spent is referred to as **restricted revenue**.

Treasury Board Policy

.01 Prior approval must be obtained from Treasury Board and Cabinet for each specific net budgeting activity. (This approval must be provided before the Order in Council that authorizes the net budgeting activity is obtained.)

.02 Net budgeting is **limited** to commercial-type activities (i.e., revenue from property, goods and services). Revenues that are clearly not of a commercial-type nature do not qualify for net budgeting (e.g., revenues from taxation, non-renewable resources, CHST, equalization, dividends from CIC and the Liquor and Gaming Authority).

Provincial Comptroller Directives

.03 Ministries are to consult with the Budget Analysis Division, Ministry of Finance and the Provincial Comptroller's Office, Ministry of Finance, when a new net budgeting activity is contemplated. Each potential activity for net budgeting requires analysis to determine whether or not the activity qualifies for net budgeting.

.04 Activities that involve reallocation of expenses within or between ministries are not appropriate for net budgeting, as they are not commercial-type activities.

.05 Activities that involve the sale of land are not appropriate for net budgeting. It should be noted that the definition of service does not include the sale of land, as the sale of land is the sale of a government asset and not a revenue-generating activity.

.06 A Treasury Board and Cabinet submission (Cabinet Decision Item) requesting approval for the net budgeting activity should include information to support the request, including the following:

- description of the activity and the legal authority for the activity;
- direct costs to engage in the activity;
- indirect costs (e.g., employee benefits, accommodation) relating to the activity that are paid from other subvotes;
- rates to be charged and whether there is a profit or loss;

- proposed temporary spending limit and the rationale (e.g., the expected time lag between incurring costs and generating revenue and the amount in dollars); the temporary spending amount is based on cash flow needs until revenues are received.

.07 Ministries are to consult with the Budget Analysis Division, and the Provincial Comptroller's Office regarding preparation of an Order in Council. The Order in Council to authorize the net budgeting activity under the FAA requires the recommendation of the Minister of Finance.

.08 Analysis of the operations is required to determine an appropriate temporary spending amount for each specific activity. Where a subsidy is provided, a temporary spending amount may not be required. Where there is no appropriation, for example, one-twelfth of the estimated revenue may be appropriate. The amount required depends on the cash requirements of the activity.

.09 Approval of the Assistant Provincial Comptroller, Provincial Comptroller's Office is required for new natural accounts for coding revenue for the approved net budgeting activity, which are required for spending control purposes.

.10 Spending control on the Government's central financial system is required to permit a ministry to spend an amount equal to the actual revenue that directly relates to an approved net budgeting activity (or a portion of that actual revenue as set by Treasury Board), in addition to amounts that may be appropriated (i.e., a subsidy).

.11 Only costs that are directly related to the approved net budgeting activity are to be charged to the net budgeting subvote.

.12 Capital assets related to the net budgeting activity are to be purchased outside the net budgeting subvote.

.13 Treasury Board may establish recovery rates (i.e., prices) for the goods or services, if rates are not specified in legislation. As a general rule, rates should be set to recover the full costs of the good or service, including costs that may not be directly charged to the activity (e.g., salary overhead costs, accommodation, administration, amortization).

.14 Treasury Board may allow for all of the revenue generated by the activity to be used. However, if costs not charged to the activity (e.g., employee benefit costs paid centrally by the Government) are recovered through the pricing structure, Treasury Board may determine that a portion of the revenue related to the recovery of these costs cannot be spent (i.e., restricted revenue). Ministries are to record this restricted revenue to a separate natural account. This type of natural account is referred to as a surcharge natural account in the Government's central financial system.

.15 To ensure that Treasury Board's direction is followed (i.e., the proper amount of revenue has been restricted), ministries should review, throughout the year, the allocation of revenue to the surcharge account.

.16 If Treasury Board has provided for a temporary spending amount, it is added to the spending control on the Government's central financial system at the start of a fiscal year. By cut-off each year, the temporary spending amount will no longer be available. It must be reduced to zero. As the net budgeting activity is restricted to the amount of actual revenue or portion thereof fixed by Treasury Board, and to any subsidy provided through appropriation, ministries must monitor the revenues and expenses of the net budgeting activity throughout the year to ensure that it will not be overspent at year end.

An overspent situation could occur if a ministry used the temporary appropriation without sufficient revenues at year-end to cover its usage. It could also occur if the ministry was unable to allocate surcharge revenue to the surcharge account at year-end.

.17 To ensure that the net budgeting activity will not be overspent, virements-in and/or special warrants may be required.

.18 If a subsidy is appropriated for the activity and it is not required, it is available to be vired out for other purposes.

.19 The temporary spending amount cannot be vired out. This temporary spending amount is only to be used for the purposes of the approved net budgeting activity.

.20 As with other subvotes, overexpenditures are not permitted. In accordance with subsection 37(3) of the FAA, overexpenditures, if not provided for through virement or special warrant in the current fiscal year, would be charged to the next year's appropriation. That means that the subvote for the net budgeting activity will be charged in the next fiscal year for the overexpenditure. The ministry may require an appropriation in the next fiscal year to cover the overexpenditure.

.21 The General Revenue Fund records reflect gross revenues and gross expenses in accordance with the gross budgeting concept.

References

3000 Control of the GRF
3005 Refunds to Vote
3007 Shared Services
3008 Shared Grants and Programs

Refunds to Vote

Objective

The objective is to provide for refunds to vote (i.e., the recording of certain receipts as a reduction of expenditures).

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28.

Definition

A **refund to vote** is the recording of certain receipts as a reduction of expenditures in order to reflect the true costs of the vote. As this treatment deviates from the strict application of the gross budgeting principle, the approval of Provincial Comptroller or delegate is required in accordance with the policy.

Treasury Board Policy

.01 Whenever a duplicate payment is made, a payment is made in error, or a payment is made on an employee's behalf, the amount of such payment is to be recovered. Refunds of expenditures incurred in the current year are to be credited to the vote against which they were initially charged.

.02 Refunds of expenditures of past fiscal years are to be recorded as revenue.

.03 At the discretion of the Provincial Comptroller or delegate, refunds of expenditures incurred in the current fiscal year may be credited to the vote against which they were initially charged.

Provincial Comptroller Directives

.04 Refunds to vote are to be recorded in the same fiscal year in which the expenditure was incurred. If the amount has not been received at March 31, a receivable is to be recorded.

.05 Refunds to vote should be coded to the same coding from which the original expenditure was made, unless otherwise approved. For information with respect to processing a refund to vote, refer to the Accounting Manual, Appendix H Central System Processing.

.06 Refunds to vote are not to exceed the amount of the original expenditure. Any excess is to be recorded as revenue.

.07 Approval requests for refund to vote situations are to be submitted for approval to the Assistant Provincial Comptroller, Ministry of Finance, except as indicated in .08 to .10.

.08 Ministries may record as refunds to vote, refunds of expenditures incurred in the current year as a result of overpayments, duplicate payments, payments made in error, cancelled cheques or returned goods.

.09 The ministry Corporate Services Head may approve refunds to vote of parking reimbursements from employees where payment for parking services is made on the employees' behalf as part of the ministry's mandate. This authority cannot be delegated. A record of these approvals must be kept.

.10 The ministry Corporate Services Head may approve refunds to vote of salary reimbursements for secondments where the services provided by the employee during the secondment are not normally provided by the home ministry as part of the home ministry's mandate. This authority cannot be delegated. A record of these approvals must be kept. For Treasury Board's administrative policy with respect to secondments, refer to Section 4205 Secondments.

.11 Inquiries with respect to delegated authority should be directed to the Assistant Provincial Comptroller, Ministry of Finance.

Secondments

.12 Salary overhead costs (i.e., government's share of employee benefits) are paid centrally by the Ministry of Finance.

- When the secondment is with another ministry, the recovery of employee benefits is not applicable.

- When the secondment is with an organization other than a ministry, the Government's share of employee benefits (e.g., EI, CPP) is to be recovered from the organization. If it is not practical to calculate the salary overhead costs, the recovery may be determined by applying average rates, as set out in Appendix I Fringe Benefit Factors, to the gross salary. Since the Ministry of Finance pays for these costs, the recoveries of these costs must be deposited to casual revenue. These rates are updated annually.

.13 The employee's full salary (and employee benefits, if applicable) is to be recovered if the employee is seconded on a full-time basis. For secondments that are less than full time, the prorated share of the salary (and employee benefits, if applicable) is to be recovered. Refund to vote requests that are exceptions to this are to be submitted to the Financial Management Branch for approval, not to the ministry Corporate Services Head. For information on processing secondments, refer to the Accounting Manual, Appendix H Central System Processing.

.14 Where an employee is seconded to provide services to a ministry from an organization external to the General Revenue Fund, the salary of the seconded employee should be included in the detail listings of personal service payments in the Public Accounts in accordance with Section 2010 Reporting Payee Details in the Public Accounts. See the Accounting Manual, Appendix H Central System Processing for details relating to recording these salaries.

Approval

.15 Approval requests for other refund to vote situations are to be submitted to the Assistant Provincial Comptroller, Ministry of Finance for approval.

.16 Approval to refund to vote on an ongoing basis may be provided when a particular situation occurs on a regular basis throughout the year and/or in future years.

.17 Some examples where the refund to vote treatment is provided for on an ongoing basis are the following:

- reimbursements to ministries under the policy in Section 4215 Ministerial Assistants' Salaries and Other Related Expenses;
- reimbursements to the Public Service Commission under the policy in Section 4315 Long Service Recognition;
- reimbursements under the policy in Section 4540 Primary Research; and
- reimbursements of association dues and professional fees under the policy in Section 3180 Association Dues and Professional Fees.

.18 Reimbursements from other ministries pursuant to arrangements for shared services and shared grants are covered in Section 3007 Shared Services and Section 3008 Shared Grants and Programs.

References

2010 Reporting Payee Details in the Public Accounts
3001 Net Budgeting in the GRF
3007 Shared Services
3008 Shared Grants and Programs
3180 Association Dues and Professional Fees
4205 Secondments
4210 Personal Service Contracts
4215 Ministerial Assistants' Salaries and Other Related Expenses
4315 Long Service Recognition
4540 Primary Research
Appendix I Fringe Benefit Factors

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Accounting Manual, Appendix H Central System Processing

Shared Services

Objective

The objective is to specify the approval and control requirements for shared services within the General Revenue Fund.

Authority

The Financial Administration Act, 1993, sections 10 and 33.1

Pursuant to *The Financial Administration Act, 1993* (FAA), subject to any Treasury Board orders or directives, a ministry may provide to another ministry, services required by the ministry to perform its functions or carry out its objects and purposes. The providing ministry may initially charge the part of the shared services that is to be paid by another ministry to a suitable appropriation available to the providing ministry. The receiving ministry reimburses the providing ministry for the costs of those services for the same fiscal year for which the costs were incurred by the providing ministry.

Pursuant to the FAA, subject to the approval of Treasury Board and any limitations and restrictions that Treasury Board may impose, ministries may exceed their appropriation on a temporary basis.

Definitions

Providing ministry means a ministry that provides a service to a receiving ministry.

Receiving ministry means a ministry that receives a service from a providing ministry.

Shared services refer to situations where one ministry provides services to another ministry, and the ministry receiving the services reimburses the providing ministry for those services. Shared services cover such activities as the provision of administrative or information technology services and the provision of accommodation and facilities. They do not cover secondments or other arrangements that do not involve the direct provision of services. Shared services applies to Legislative Assembly Service, the Office of the Law Clerk and Parliamentary Counsel, the Legislative Library and the office of any officer of the Legislature.

Shared services do not include commercial-type cost recovery activities from the use of property or the sale of goods or services between a ministry and third parties outside of ministries. Refer to Section 3001 Net Budgeting in the GRF for more information with respect to net budgeting.

Background

Each ministry has an appropriation for its costs. Payments from appropriation require legal, budgetary and spending authority. The FAA provides the legal authority for one ministry to provide shared services to other ministries.

The FAA also provides, subject to any Treasury Board orders, the authority for the providing ministry to charge its appropriation with the other ministry's share of the costs, until the other ministry's share is recovered. The FAA **does not** provide the authority to directly charge costs to another ministry's appropriation.

Treasury Board Policy

.01 Treasury Board approval is required for shared services arrangements.

.02 No profit component can be built into shared services arrangements. Only direct costs may be reimbursed.

Provincial Comptroller Directives

.03 Where shared services arrangements are contemplated, ministries are to consult with the Budget Analysis Division, Ministry of Finance and the Provincial Comptroller's Office, Ministry of Finance.

Ministries should provide information to support the request, including the following:

- costs that are to be shared, (specific approval to allocate amortization is required);
- basis for allocation (%, actual, usage);
- description of the benefits of the arrangement; and
- ministries involved in the arrangement.

.04 The providing ministry is to charge shared services expenses to a suitable appropriation in the year they are incurred and reimbursements are to be credited to the balance of the appropriation to which they were initially charged. The end result is that each ministry reflects its share of the costs. Shared services transactions between ministries must be processed as outlined in the Accounting Manual, Appendix H Central System Processing.

.05 It is expected that for most arrangements for shared services, ministries will be able to manage within their appropriations. If there is a time lag until the ministry is reimbursed, it may be necessary for the ministry to seek Treasury Board's approval, pursuant to the FAA, to exceed its appropriation on a temporary basis. An analysis of the operations is required to determine an appropriate amount for each shared services arrangement.

.06 Upon Treasury Board approval, a temporary amount is provided for in the appropriation control on the Government's central financial system at the start of a fiscal year. As this amount is to be used on a temporary basis, ministries must monitor expenses and reimbursements in the subvote, throughout the year, to ensure that at year end, the subvote will not be overspent.

.07 As with other subvotes, overexpenditures are not permitted. In accordance with subsection 37(3) of the FAA, overexpenditures, if not provided for through virement or special warrant in the current fiscal year, would be charged to the next year's appropriation. That means that the subvote for shared services will be charged in the next fiscal year for the overexpenditure. The ministry may require an appropriation in the next fiscal year to cover the overexpenditure.

.08 Shared services arrangements between ministries should be supported by a memorandum of understanding to avoid misunderstanding.

.09 Reimbursements for services are to be limited to direct costs of the services (i.e., costs for the shared service that are paid for through the subvote). Reimbursements are not to exceed the amount of the original expenses. The providing ministry is to return any excess to the receiving ministry in order to adhere to the gross budgeting principle.

.10 The providing ministry must recover costs billed to the receiving ministry/ministries prior to year-end cut-off; otherwise, the providing ministry is charged with the costs. Refer to the Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules. The receiving ministry is responsible for the timely review and settlement of invoices from the providing ministry prior to the year-end cut-off. There is no provision for unrecovered costs to be recovered in the next fiscal year.

References

3000 Control of the GRF
3001 Net Budgeting in the GRF
3005 Refunds to Vote
3008 Shared Grants and Programs
3101 GRF Payment Responsibilities

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Accounting Manual, Appendix H Central System Processing

Shared Grants and Programs

Objective

The objective is to specify the approval and control requirements for shared grants and programs within the General Revenue Fund.

Authority

The Financial Administration Act, 1993, sections 10 and 33.2

Pursuant to *The Financial Administration Act, 1993* (FAA), subject to any Treasury Board orders or directives, a ministry having authority to make a shared grant or provide a shared program may initially charge the part of the shared grant or shared program costs that is to be shared with and paid by the other ministry to a suitable appropriation available to the paying ministry and the other ministries sharing the costs shall reimburse the paying ministry for their share of the costs for the same fiscal year in which the costs were incurred by the paying ministry.

Pursuant to the FAA, subject to the approval of Treasury Board and any limitations and restrictions that Treasury Board may impose, ministries may exceed their appropriation on a temporary basis.

Definitions

Shared grants or programs refer to situations where one ministry administers transfers on behalf of other ministries and recovers the other ministries' share.

Paying ministry means the ministry that makes the initial payment of a shared grant or provides a shared program.

Background

Each ministry has an appropriation for its costs. Payments from appropriation require budgetary authority, legal authority and the exercise of that authority.

The paying ministry must have legal authority through other legislation to make these grant payments, as the FAA **does not** provide this authority.

The FAA provides, subject to any Treasury Board orders, the authority for the paying ministry to charge its appropriation with the other ministry's share of the costs, until the other ministry's share is recovered. The FAA **does not** provide the authority to directly charge costs to another ministry's appropriation.

Treasury Board Policy

.01 Treasury Board approval is required for shared grants or programs.

Provincial Comptroller Directives

.02 Where shared grants or programs are contemplated, ministries are to consult with the Budget Analysis Division, Ministry of Finance and the Provincial Comptroller's Office, Ministry of Finance.

.03 Budgetary authority, legal authority and the exercise of that authority is required by both the paying and other ministry(ies). If, for example, an Order in Council and/or an agreement are required to provide the required legal authority for the grant or program, both the paying and other ministries are required to obtain these, either jointly or separately.

.04 The paying ministry is to charge the payments under shared grants or programs to a suitable appropriation and reimbursements are to be credited to the balance of the appropriation to which they were initially charged. The end result is that each ministry reflects its share of the costs. See the Accounting Manual, Appendix H Central System Processing for details relating to processing of these reimbursements.

.05 It is expected that for shared grants or programs, ministries will be able to manage within their appropriations.

.06 As with other subvotes, overexpenditures are not permitted. In accordance with subsection 37(3) of the FAA, overexpenditures, if not provided for through virement or special warrant in the current fiscal year, would be charged to the next year's appropriation.

.07 The paying ministry must recover the other ministries' costs prior to year-end cut-off; otherwise, the paying ministry will be charged with those costs. Refer to the Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules. The reimbursing ministry is responsible to process its share of the shared grant or program prior to year-end cut-off. There is no provision for unrecovered costs to be recovered in the next fiscal year.

References

3000 Control of the GRF
3001 Net Budgeting in the GRF
3007 Shared Services
3101 GRF Payment Responsibilities

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Accounting Manual, Appendix H Central System Processing

Application for Remissions

Objective

The objective is to standardize the application for remissions pursuant to section 24 of The Financial Administration Act, 1993.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22, and 28.

Background

Pursuant to section 24 of *The Financial Administration Act, 1993* (FAA), a recommendation for a remission may be made by the Minister of Finance to the Lieutenant Governor in Council when it is considered to be in the public interest to do so or if a great hardship or injustice to persons has occurred or is likely to occur. The Minister of Finance may grant a remission if the amount is not greater than $5,000.

Definition

A **remission** is the waiving of a liability to pay or refunding of a tax, royalty, rental, fee, forfeiture, fine, pecuniary penalty or other amount imposed or authorized to be imposed pursuant to an Act.

A remission differs from a write-off or cancellation that arises from an accounts receivable regarded as being uncollectible.

Treasury Board Policy

.01 Each application for remission pursuant to *The Financial Administration Act, 1993* (FAA) is to be in the form of a report by the minister or permanent head of the applicable ministry or the minister responsible for the applicable Act.

.02 Each report is to include the reasons for the remission.

Provincial Comptroller Directives

.03 The FAA requires a detailed statement of remissions granted pursuant to section 24 to be annually incorporated into the Public Accounts. For information on the form and content of the Public Accounts, refer to Section 2005 Form and Content of the Public Accounts.

.04 Remissions pursuant to section 24 of the FAA are administered by the Revenue Division of the Ministry of Finance.

References

2005 Form and Content of the Public Accounts
3000 Control of the GRF
3505 Receipt and Control of Public Money
3725 Write-off or Cancellation of Accounts Receivable

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules, Remissions

Suspense Accounts and Conditional Receipts

Objectives

The objectives are to ensure that:

- *suspense accounts are appropriately established and administered;*
- *suspense accounts, including Conditional Receipts, are used only as intended; and*
- *revenue is appropriately recorded.*

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28

Definition

Conditional Receipts is the name given to the main suspense account used by the General Revenue Fund (GRF).

Treasury Board Policy

.01 Suspense accounts may be employed by ministries to facilitate the handling of and accounting for moneys that either:

- are held for third parties and cannot be paid out until some future date; or
- for which the ultimate disposition of the funds cannot be readily determined.

.02 Entries in suspense accounts should be cleared to the appropriate accounts as soon as information relevant to their ultimate disposition becomes available.

.03 Ministries are to use the GRF bank account for the deposit of suspense funds wherever possible. The Provincial Comptroller may authorize the use of separate suspense bank accounts where it can be determined that the use of the GRF bank account is impractical.

.04 Receipts of such moneys deposited to the GRF bank account are accounted for as Conditional Receipts.

.05 Bank accounts must be approved and controlled in accordance with the policies in Section 3600 Control of Bank Accounts.

.06 Ministries are responsible to analyze and reconcile records of all suspense bank accounts on a monthly basis.

.07 At the end of each fiscal year, ministries are to ensure that all amounts identified as revenues of the Province are cleared from the suspense account and recorded to the appropriate GRF revenue account.

Provincial Comptroller Directives

.08 The following general directives apply to all suspense accounts except where otherwise authorized:

- All accounting records, systems and any changes thereto, employed in connection with suspense accounts require the approval of the Provincial Comptroller in accordance with the requirements of Section 4000 Financial Systems.
- The bank balance for each suspense account is to be reconciled monthly to the balance according to the ministry's records in accordance with the requirements of Section 3600 Control of Bank Accounts.
- Any interest accruing in a suspense account is to be transferred to the GRF as revenue.

.09 Suspense bank accounts that are no longer required are to be closed in accordance with Section 3600 Control of Bank Accounts.

References

3000 Control of the GRF
3500 Control of Public Money
3505 Receipt and Control of Public Money
3510 Minor Errors in Remittances
3515 NSF Cheques
3520 Credit and Debit Card Receipts
3525 Receipt of Donations
3600 Control of Bank Accounts
4000 Financial Systems

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules, Conditional Receipts

Payments from the GRF

Role of the Ministry

The permanent head is responsible for delivering ministerial activities within established spending limits. As the senior officer, the permanent head is also responsible to the Executive Council (i.e., Cabinet), through the minister, for the integrity of the entire financial process within the ministry.

Authorities

Before initiating an expenditure and requisitioning payment, ministries are responsible to ensure that there is sufficient authority in an Act for the ministry to undertake the activity which will result in the charge to the appropriation. Funds must also be appropriated for the purpose for which a requisition is issued before a payment may be made. This is part of the Legislative Assembly's control of public money.

Administrative control over the payment process is established under *The Financial Administration Act, 1993* (FAA) by requiring permanent heads of ministries to authorize payments against their budgets. This payment control feature is referred to as financial signing authority or spending authority. For practical reasons, legislation permits this financial authority to be delegated to officials. Such delegations must be outlined in writing.

Payment Requirements

Section 29 of the FAA requires all payments out of an appropriation to be requisitioned.

The FAA provides that requisitions for payment must be made in any manner or by any method that the Provincial Comptroller directs or approves (subsection 31(2)).

The requisition may involve an electronic approval of a payment request, signing an invoice, or signing an invoice register printed from the Government's central financial system. It can also be another means designated by the Provincial Comptroller. The permanent head or delegate is to make the requisition for payment (subsection 31(1)).

No payment is to be made out of an appropriation unless the minister or the permanent head, or delegate of the permanent head, certifies that goods and services are received and payment is in accordance with the contract or is reasonable, or the payee is eligible for or entitled to the payment as outlined under the FAA section 30.

The permanent head or delegate, in exercising authority to charge an appropriation, must certify the lawfulness, propriety and accuracy of the proposed payment and the allocation of the related charges (section 31(3)). Also, no requisition for a payment out of an appropriation is to be authorized that: would not be a lawful and proper charge; would result in an expense in excess of the appropriation; or would reduce the balance available in the appropriation so that it would not be sufficient to meet the commitments chargeable against it (section 31(4)).

The Provincial Comptroller may authorize measures, put in place by the permanent head, to assure the certification requirements in sections 30 and 31are met (subsection 28(2)).

Payment Lawfulness

Under the FAA, the Provincial Comptroller is to establish procedures considered necessary to be satisfied that payments are lawful and proper charges against an appropriation (section 32(3)).

Appropriation Control

The FAA also directs the Provincial Comptroller to control disbursements from the General Revenue Fund (GRF), to maintain appropriation accounts of the GRF (section 10), and to ensure no payment is made in excess of an appropriation (section 32(2)).

Provincial Comptroller Directives

The Provincial Comptroller may issue, amend and rescind directives as outlined in the FAA (e.g., regarding the manner payments are made under section 28).

Payment Processes

All GRF payments must comply with the requirements outlined in Section 3101 GRF Payment Responsibilities. The main payment process is direct payment to the payee via direct deposit or cheque through the Government's central financial system. Refer to the Accounting Manual, Appendix H Central System Processing. Other mechanisms involved in making GRF payments include the following:

- Section 3105 Imprest Bank Accounts;
- Section 3110 Petty Cash and Cash Register Floats;
- Section 3120 Payroll Payments;
- Section 3130 Air Billing Accounts;
- Section 3132 Advances to Individuals (e.g., for travel, business, relocation);
- Section 3134 Travel Cards; and
- Section 3154 Purchase Cards.

Policies and Directives

The following are Treasury Board policies and Provincial Comptroller directives which are specific to payments from the GRF:

- Section 3112 Petty Cash and Cash Register Float Losses;
- Section 3122 Salary Payments for New Employees;
- Section 3136 Travel Expense Statements;
- Section 3142 Timing of Grant Payments;
- Section 3150 Timing of Supplier Payments;
- Section 3152 Interest on Late Supplier Payments;
- Section 3156 Taxes on Goods and Services;
- Section 3158 Telephone Services;
- Section 3160 Mail Services;
- Section 3162 Workers' Compensation Board Assessment;
- Section 3180 Association Dues and Professional Fees;
- Section 3182 Education Expenses;
- Section 3186 Garnishments and Demands for Payment; and
- Section 3188 Payments Due Deceased Persons.

References

3101 GRF Payment Responsibilities

Accounting Manual, Appendix H Central System Processing

GRF Payment Responsibilities

Objective

The objective is to outline the requirements and procedures for payments from the General Revenue Fund (GRF) in compliance with The Financial Administration Act, 1993 (FAA).

Authority

The Financial Administration Act, 1993, Sections 28, 29, 30, 31 and 32

Background

The FAA requires every payment out of an appropriation to be requisitioned by the permanent head or delegate. As well, certification by the permanent head or delegate under section 30 is required, indicating goods and services received and payment is in accordance with the contract or is reasonable, or the payee is eligible for or entitled to the payment. The FAA, section 31(3), requires every person who requisitions a payment to certify the proposed payment(s) are lawful, proper and accurate, including the allocation of related charges. The Provincial Comptroller may authorize measures, put in place by the permanent head, to assure the certification requirements in sections 30 and 31 are met (subsection 28(2)). See Section 3100 Payments from the GRF for more details.

The requisition for payment must be made in any manner or by any method that the Provincial Comptroller directs or approves. A "requisition for a payment" under the FAA may involve an electronic approval of a payment request, signing an invoice, or signing an invoice register printed from the Government's central financial system. It can also be another means designated by the Provincial Comptroller.

Provincial Comptroller Directives

.01 Ministries are responsible for ensuring sufficient controls are put in place to assure that payment requests are in compliance with all relevant legislation, Treasury Board policy and other administrative requirements before executing each transaction.

.02 The permanent head is to assign responsibility for initiating and approving financial transactions through delegation. Delegations must be formally assigned and recorded. Some delegations are broader (e.g., the delegations under the FAA for certifying requests for payment under section 30 and section 31). Certain specific policies require specific delegations (e.g., for the approval of out-of-province travel).

Employees are to be made aware of their delegated responsibilities. Those individuals delegated certain responsibility cannot further delegate their responsibility. See Appendix F Summary of Delegations.

.03 All government employees play an important role in ensuring responsible management of public funds, promoting accountability, and reducing the risk of error and fraud. Financial training modules are available to help equip employees with financial knowledge to make informed decisions, understand the requirements of certain laws, and carry out their responsibilities. Corporate Services Heads are responsible for ensuring government employees complete mandatory financial training as outlined in Schedule A.

.04 Ministries are responsible for ensuring duties of employees are adequately segregated within the GRF payment process (e.g., employees receiving goods and services do not have the ability to approve the related invoice).

.05 Approvers are to ensure each payment request complies with nine payment criteria. There must be processes in place in ministries to ensure these requirements are met. See Schedule B Payment Checklist for a checklist to assist in meeting the criteria.

(i) There must be legislative authority to undertake the activity/program to which a payment request relates. *Where legislative authority for making a payment is unclear, ministries should consult their legal advisors.*

(ii) There must be funds appropriated for the purpose for which an expenditure is being made.

(iii) The request must not result in an expense in excess of the appropriation or reduce the balance available in the appropriation so that it would not be sufficient to meet the commitments chargeable against it.

(iv) Authority has been delegated to the approver by the permanent head to charge the appropriation for the proposed payment (FAA section 31 certification).

(v) Provisions of applicable general laws (e.g., *The Executive Government Administration Act*, *The Purchasing Act, 2004* and *The Public Service Act, 1998*) and collective agreements (e.g., The Collective Bargaining Agreement between The Government of Saskatchewan and Saskatchewan Government and General Employees' Union) must be complied with.

(vi) Specific kinds of expenses (e.g., contracts, business expenses, grants) must comply with applicable Treasury Board policy and related directives and procedures.

(vii) Payment requests must be:
- For the appropriate amount;
- To the correct party; and
- For goods/services that are received, or for other payments, the payee is eligible for or entitled to the payment.

(viii) Payment requests are to be coded to appropriate account classifications. Ministries must ensure the payment is coded to the correct natural account category (e.g., salary, transfer, supplier payment) and pursue appropriate detailed chart of accounts coding to support their programs/activities and meet accounting and reporting requirements.

(ix) For transactions of a specific nature, there is supporting documentation and authorization(s) included.

.06 Where the certification of FAA sections 30 and 31 requirements in .04 above do not involve individual certification, measures (e.g., system processes and controls) implemented by the permanent head to certify or confirm the requirements of section 30 and 31 are met must be approved by the Provincial Comptroller.

.07 Most payment requests are submitted to the Government's central financial system via an electronic payment request and approved electronically by the permanent head or delegate. In limited situations, certifications may be a manual signature (e.g., debit memos, employees without access to iExpense, and other approved situations).

.08 The typical process begins when ministries send invoices and other payment requests to Accounts Payable and Fixed Assets Processing (AP/FA), Provincial Comptroller's Office, Ministry of Finance, where they are scanned and entered into the Government's central financial system, and then forwarded electronically to the ministry. The ministry contact verifies and records that goods and services have been received, enters account coding, and then submits the payment request for approval. Approval is provided electronically by an independent individual in the ministry with delegated authority (to certify the payment request as lawful, proper and coded appropriately, including that goods and services have been received or payee is eligible for payment). Independent means that there is adequate segregation of duties between the individual verifying that goods and services have been received and the individual approving payment. Once approved, the transaction is forwarded electronically to Finance for payment.

.09 Supplier payments and employee reimbursements are automatically scheduled on the Government's central financial system for payment according to government policies for the release of funds. Where ministries must schedule a payment for release, relevant policies and procedures must be followed (e.g., Section 3142 Timing of Grant Payments). For details related to payment scheduling, see the Accounting Manual, Appendix H Central System Processing.

.10 Payments are sent to the supplier from Finance. In rare cases, cheques are returned to the ministry. The Accounting Manual, Appendix H Central System Processing outlines the special processes for such situations to minimize the risk of fraud.

.11 Ministries must ensure that details of completed transactions are scrutinized by management at an appropriate level. Managers review reports of completed transactions from the Government's central financial system and follow up on any errors, variances or other issues in a timely manner. The review should be evidenced by initialing and dating the report.

.12 Ministries are responsible for keeping all file documentation required to provide an acceptable audit trail (which may include electronic documentation within the central financial system). A signed file record of current delegations is also required.

.13 The Provincial Comptroller's Office assists with requesting authority to make a payment for fraudulent purchase card charges where no goods or services have been received. All fraudulent purchase card charges are to be reported to the Provincial Comptroller's Office immediately. If the loss arsing from fraudulent purchase card charges is over $500, an incident report and investigation report are to be submitted in accordance with Section 4105 Reporting Incidents of Fraud or Similar Illegal Acts. If the loss is $500 or less, the loss is to be reported as inappropriate purchase card use in accordance with Section 3154 Purchase Cards.

.14 The Provincial Comptroller's Office performs review and audit functions, including select payments processed by AP/FA, according to established risk based criteria (i.e., high dollar value and randomly selected payments). Concerns are resolved with ministries as necessary.

References

3100 Payments from the GRF
3132 Advances to Individuals
3136 Travel Expense Claims
3142 Timing of Grant Payments
3150 Timing of Supplier Payments
3152 Interest on Late Supplier Payments
3154 Purchase Cards
3156 Taxes on Goods and Services
4105 Reporting Incidents of Fraud or Similar Illegal Acts
4130 Internal Audit Guideline

Accounting Manual, Appendix H Central System Processing

Making Payments in Government (2020) (Government Training)
FAM Awareness (Government Training)
Legislative and Regulatory Authorities (Government Training)
Budgeting and Appropriation (Government Training)
Fraud Awareness (Government Training)

Frequently Asked Questions About Government Payment Authorities

Schedule A
Mandatory Financial Training

	Corporate Services Assistant/Associate Deputy Minister, Executive Director, Director	**Payment Approvers** including Program Managers	**Purchasers** including Purchase Card Holders	**Other Employees**
Making Payments in Government 60 minute Module	**Mandatory**	**Mandatory**	**Mandatory**	Recommended
FAM Awareness 20 minute Module	**Mandatory**	**Mandatory**	**Mandatory**	Recommended
Legislative and Regulatory Authorities 60 minute Module	**Mandatory**	**Mandatory**	Recommended	Recommended
Budgeting and Appropriation 30 minute Module	**Mandatory**	**Mandatory**	Recommended	Recommended
Fraud Awareness 20 minute Module	**Mandatory**	Recommended	Recommended	Recommended

Schedule B
Payment Checklist

All Payments

.01 It is the responsibility of the ministry to ensure:

- The payment meets all legal requirements (e.g., legislative authority exists, funds have been appropriated, the balance available in the appropriation is sufficient);
- There is compliance with applicable Treasury Board policy and related directives and procedures;
- The payment is supported by an original invoice, or in rare situations, a copy which is certified as "original not previously paid";
- All calculations, extensions and totals are correct;
- The payee's name and address are correct;
- Chart of account distributions are appropriate;
- Support documentation (e.g., written contract, agreement, Order in Council (OC), Minister's Order, Treasury Board Order) is in place and referenced as required (where there is no documentation to initiate a payment, a Standard Payment Form may be used); and
- All required certifications/approvals are in place (e.g., certification that goods and services are received) and signers are authorized (i.e., formal delegation exists as required).

Supplier Payments

.02 It is the responsibility of the ministry to ensure:

- Goods and quantity received are the goods that were ordered;
- The unit price given by the supplier matches the purchase order or release as required;
- For services, all contract terms are adhered to;
- GST and PST are included or excluded, as appropriate;
- Transportation/freight charges are appropriate;
- The invoice has not previously been paid (certification is required for invoices over 90 days);
- The purchase is reasonable for the type of operation performed;
- Prepayment is only made where required (e.g., subscriptions, registration fees);
- The invoice received date and goods and services received date have been accurately captured (for guidance on

capturing the dates, see the Accounting Manual, Appendix H Central System Processing);

- Where goods and services have not been received and payment is required (e.g., unused hotel rooms or airline tickets, cancelled courses), certification should reference "Payment in Accordance with Contract";
- For contract payments, when required, supporting documentation includes Workers' Compensation Clearance, Statutory Declaration of Contractor and PST Clearance; and
- Purchasing and communication requirements are adhered to for approvals and processes.

Transfer Payments

.03 It is the responsibility of the ministry to ensure:

- The transfer is in accordance with the provisions of relevant legislation, and related OCs, agreements, etc.;
- A detailed calculation statement is provided when the amount of the transfer is determined using a formula as set out in legislation, regulations or in an agreement;
- A Standard Payment Form or similar document (to capture key details) is used when submitting each transfer payment or when submitting a group of transfer payments with the identical statutory and budgetary authorities;
- When an application form is used, it contains the signatures of the applicant and an authorized official of the ministry; and
- Where payments are made to suppliers to provide goods and/or services to individuals (e.g., payments to SaskEnergy on behalf of Saskatchewan Assistance Plan recipients), these payments are subject to the criteria for suppliers outlined above in .02.

Employee-related Payments

.04 It is the responsibility of the ministry to ensure:

- All necessary information is captured; the applicable form (e.g., Travel iExpense Claim, Standard Payment Form) can help determine key information;
- The employee is a bona fide employee;
- Receipts are provided as supporting documentation to indicate proof of payment, where required (e.g., hotel bills) and invoice dates should be reasonable (e.g., agree to the travel claim);

- Rates used are the approved rates for the claim date (e.g., for the date traveled on the travel claim);
- For travel claims, that meals claimed are eligible given departure and arrival times;
- Claims are certified by the claimant that the expenses claimed were incurred on government business;
- Exceptional expenses (e.g., excess meal rates) are properly authorized;
- Advances are deducted from travel claim totals as required; and
- Hotel expenses and other travel related expenses, charged to a purchase card, are not claimed on a travel claim.

Payroll Payments

.05 It is the responsibility of the ministry to ensure:

- Timecards are completed by all employees and certified correct by the employee's manager(s);
- Time reported on timecards is accurate and complete and employees have fulfilled all attendance requirements;
- Non-routine payroll amounts (e.g. vacation payouts, temporary assignment of higher duties) are properly reviewed and approved, prior to payment;
- Payroll reports are reviewed prior to payment for reasonableness, as well as to identify unusual items;
- Only bona fide employees appear on payroll reports;
- Exceptions encountered during the review of payroll reports are sufficiently investigated; and
- The review of payroll reports is evidenced.

Imprest Bank Accounts

Objective

The objective is to provide for the use of imprest bank accounts.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28

Definition

An **imprest bank account** is a bank account that is periodically funded from the General Revenue Fund (GRF) bank account as expenditures are made. Generally, imprest bank accounts are used for making payments where the Government's central payment system cannot be used in an effective or efficient manner (e.g., to pay individuals for casual work such as fighting forest fires).

Treasury Board Policy

.01 Approval by the Provincial Comptroller or delegate is required to establish an imprest bank account.

.02 Approval of the Provincial Comptroller or delegate is required for increases to the level of an imprest bank account.

.03 Cash to establish an imprest bank account is to be charged to the appropriate balance sheet code.

.04 Ministries are responsible for implementing suitable controls to minimize loss or inappropriate use.

.05 Ministries are responsible to ensure that all expenses incurred through an imprest bank account meet all payment requirements of Treasury Board and the Provincial Comptroller for the particular type of payment.

Provincial Comptroller Directives

.06 Approval to establish and increase the level of an imprest bank account is delegated to the Assistant Provincial Comptroller, Provincial Comptroller's Office (PCO), Ministry of Finance.

Controls

.07 Controls are required to ensure that:

- the establishment of an imprest bank account is properly approved;
- no moneys are deposited to an imprest bank account other than the initial moneys approved, any approved increases, and reimbursements;
- imprest bank accounts are not overdrawn;

- disbursements are accurately recorded on a timely basis and adequate supporting documentation and proper authorization is provided in accordance with Section 3101 GRF Payment Responsibilities;
- cash is safeguarded and controlled; refer to Section 3505 Receipt and Control of Public Money for the policy for controlling public money and Section 3600 Control of Bank Accounts for policies for controlling bank accounts; and
- cash is returned to the GRF when the imprest bank account is no longer needed.

Controls for Wages

.08 When wages are paid through an imprest bank account, the following must be adhered to:

- Properly authorized rates are used.
- Time worked is properly authorized and reported.
- Overtime is properly authorized and paid at the correct rate.
- Sufficient controls must exist to prevent fictitious persons from being paid.

Requests for Approval

.09 Requests for cash to establish imprest bank accounts or increase the level of imprest bank accounts are to be made in writing. Requests are to describe the types of payments and outline procedures to provide adequate control over the receipts and disbursements of money.

Bank Accounts

.10 Bank accounts are approved by the Assistant Provincial Comptroller, PCO, and controlled in accordance with Section 3605 Approval of Bank Accounts.

Financial Systems

.11 The financial systems employed in connection with an imprest bank account and proposed changes are to have the approval of the Provincial Comptroller in accordance with Section 4015 Implementing Financial Systems.

Payments

.12 Payments from the imprest bank account are limited to the nature of the payments approved. Payments are subject to the same requirements as payments made directly from the Government's central payment system. Refer to Section 3101 GRF Payment Responsibilities for more information.

Appropriation Control

.13 Payments from the imprest bank account are limited to the appropriation. Cash for the bank account should be provided as required to ensure that the bank account does not go into an overdraft position and to ensure the appropriation is charged on a timely basis for the expenditures.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3500 Control of Public Money
3505 Receipt and Control of Public Money
3600 Control of Bank Accounts
3605 Approval of Bank Accounts
4000 Financial Systems
4015 Implementing Financial Systems

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules, Imprest and Petty Cash Accounts

Petty Cash and Cash Register Floats

Objective

The objective is to provide for the use of petty cash funds and cash register floats.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28

Definitions

A **petty cash fund** is a specified amount of cash entrusted to an individual and used for minor disbursements (e.g. supplies).

A **cash register float** is a specified amount of cash entrusted to an individual for use in cash registers in order to provide change to customers.

Treasury Board Policy

.01 Approval by the Provincial Comptroller or delegate is required for the establishment of a petty cash fund or a cash register float.

.02 Approval by the Provincial Comptroller or delegate is required for increases to petty cash funds or cash register floats.

.03 Cash to establish a petty cash fund or cash register float is to be charged to the appropriate balance sheet natural account.

.04 Ministries are responsible for implementing suitable controls to minimize loss or inappropriate use of the petty cash fund or cash register float.

.05 Ministries are responsible to ensure that all expenses incurred through a petty cash fund meet all payment requirements of Treasury Board and the Provincial Comptroller for the particular type of payment.

Provincial Comptroller Directives

.06 Approval to establish and increase petty cash funds and cash register floats is delegated to the ministry Corporate Services Head. This authority cannot be delegated further.

Controls

.07 Controls are required to ensure that:

- Petty cash funds and cash register floats are properly approved;
- Cash is only entrusted to employees where there is segregation of duties;

- Custodians are aware of their responsibilities;
- Cash is safeguarded and protected against loss;
- Petty cash funds are used for appropriate purchases ($50 or less);
- Petty cash disbursements are accurately recorded on a timely basis and adequate supporting documentation and proper authorization is provided;
- Petty cash is reconciled at month-end and year-end and cash register floats are counted daily;
- Petty cash records, receipts and reconciliations are periodically reviewed by a supervisor;
- Cash is periodically verified and confirmed by a supervisor; and
- Cash is returned to the General Revenue Fund (GRF) when the petty cash fund or cash register float is no longer needed.

Assessing Need .08 When establishing or increasing petty cash funds and cash register floats, ministries should consider the following:

- The need for the petty cash fund or cash register float;
- Whether the level of the fund is appropriate for the fund's usage; and
- Whether the procedures for operating the fund meet the requirements outlined in this section.

Size of Petty Cash Fund .09 To determine the appropriate size of a petty cash fund, ministries should review all factors, such as monthly cash flow requirements and the time needed to process claims for reimbursement. The size should be large enough to ensure operational requirements are met and yet small enough to reduce the risk of abuse or theft. Excessive petty cash funds should not be established to compensate for slow processing of reimbursements. Monthly reimbursement of the fund is generally appropriate; however, weekly reimbursement may be required during peak periods.

Custodian Responsibilities .10 A petty cash fund or cash register float is assigned to an employee, who is the custodian of the cash. The money does not belong to the custodian. The custodian is charged with the duty to safeguard the petty cash fund or cash register float. The custodian must also ensure the integrity of all transactions of the petty cash fund.

Seasonal or Temporary

.11 Where a petty cash fund or cash register float is required on a temporary or seasonal basis, the cash should be returned to the GRF as soon as the petty cash fund or cash register float is no longer needed.

Transfer to a New Custodian

.12 The transfer of petty cash funds or cash register floats from one custodian to another must be properly recorded on the government's central financial system (i.e. the prepayment must be in the name of the new custodian).

.13 Petty cash funds must be reconciled and balanced and cash register floats must be verified prior to transferring the fund to a new custodian.

Custodian Leaves

.14 When a custodian leaves the ministry, the petty cash fund or cash register float issued to the custodian is to be transferred to another custodian or collected and deposited to the GRF and applied against the original coding.

Petty Cash Disbursements

.15 The use of purchase cards is encouraged. However, ministries may make purchases of supplies of $50 (exclusive of taxes) or less from a petty cash fund where a purchase card is not practical. A purchase order is not required for these purchases.

.16 Money orders may be used instead of cash for petty cash payments where it is more efficient or safe. For example, money orders should be used if the payment is to be sent by mail. The need for money orders would be rare.

.17 Business expense items and intra-city travel expenses (e.g. parking) under $50 are to be paid through normal payment processes through the central financial system. However, if warranted by the circumstances, on an exceptional basis, they may be reimbursed through petty cash if the required approval is received and the appropriate documentation (e.g. Standard Payment Form – Purpose: Business Expense Reimbursement or Travel Expense Statement) and coding is provided.

.18 Ministries are not permitted to use petty cash for the payment of a grant, contract or lease.

.19 Payments are subject to the same requirements as payments made directly from the GRF.

Petty Cash Reimbursement

.20 The custodian is responsible for arranging reimbursements to the petty cash fund. Petty cash reimbursements should occur as frequently as necessary in order to maintain adequate cash to meet operational needs; however, small reimbursements are discouraged because of administrative costs.

.21 Ministries prepare payment documents for petty cash reimbursements to the custodian of the fund. The reimbursement must be charged to the account classifications that are applicable to the disbursements (e.g. Office Supplies are coded to 550000). Paid invoices and/or receipts signed by the employee must be submitted as supporting documentation.

Petty Cash Reimbursement Form

.22 The Petty Cash Reimbursement form can be used to assist in the reimbursement of the petty cash fund. It can also be used when reconciling the fund.

Reconciliation

.23 At all times, the cash on hand plus the reimbursements in process should equal the amount of the petty cash fund. The custodian must reconcile the petty cash fund every month and at year-end. Cash register floats should be counted daily.

Year-end

.24 The year-end reconciliation must be sent to the ministry Corporate Services Head or delegate for verification.

.25 Ministries should ensure employees submit expense claims prior to the year-end cut-off date to ensure expenses are charged to the proper year.

Overages

.26 Overages identified in petty cash funds or cash register floats are revenue and do not belong to the custodian.

Shortages

.27 Refer to Section 3112 Petty Cash and Cash Register Float Losses for the policy for reimbursing petty cash and cash register floats for losses.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3112 Petty Cash and Cash Register Float Losses
3154 Purchase Cards

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Petty Cash and Cash Register Float Losses

Objective

The objective is to outline the requirements for the replacement of petty cash funds in the event of a shortage or loss.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28

Treasury Board Policy

.01 Petty cash funds may be reimbursed for shortages or losses when approved by the permanent head or delegate and the amount of the reimbursement does not exceed $500. All attempts to recover the loss must be exhausted.

.02 Treasury Board Orders are required for reimbursements over $500.

Provincial Comptroller Directives

.03 Ministries are to use the Standard Payment Form signed by the permanent head or delegate for reimbursements under this policy.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3110 Petty Cash and Cash Register Floats
4100 Other Risk Management Policies

Payroll Payments

Objective

The objective is to outline policies and related procedures concerning payroll.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28

Treasury Board Policy

.01 Salaries of employees and others paid through the government's central payroll system are paid monthly if not otherwise specified (e.g. in a collective bargaining agreement).

.02 Monthly salaries shall be paid on the last working day of the month for which the salaries are payable.

.03 Ministries are responsible to ensure that:

- Time reports include only the names of bona fide government employees; and,
- Employees have fulfilled all attendance requirements.

.04 The Provincial Comptroller is responsible to determine the manner in which payrolls are to be produced and distributed.

Provincial Comptroller Directives

Bi-weekly Payroll

.05 Labour service, part-time and term/casual salaries are paid bi-weekly.

Direct Deposit

.06 Employee salaries are paid through the government's central payroll system by direct deposit to the financial institution of their choice. Deposit advices are accessible online.

Salary Benefits

.07 The government's share of employee benefits is paid centrally by the Ministry of Finance.

Payroll Processing

.08 The Public Service Commission (PSC) is responsible for the central payroll system. The PSC also maintains related system security. Finally, the PSC provides key controls in payroll processing such as staffing releases, salary audits, and financial reports for the review of payroll data.

.09 Ministries are responsible to ensure that appropriate processes and controls over the processing and review of payroll data are in place.

.10 The PSC performs central payroll functions on behalf of ministries. Ministries are responsible to ensure that service level agreements and delegations of authority clearly reflect the roles and responsibilities of the PSC.

.11 Minimum controls over the processing and review of payroll data should include:

- A proper segregation of duties.
- Certification by employees that the time they report is accurate and complete.
- The signoff of timecards by managers or delegates to certify accuracy and completeness of reported time.
- The review and approval of non-routine payroll amounts (e.g. vacation payouts, temporary assignment of higher duties), prior to payment.
- Employees are paid in accordance with *The Saskatchewan Employment Act* (i.e. employees are paid no later than six days after the end of a pay period).
- The review of payroll reports prior to payment. This review is to include an assessment for reasonableness of the amounts as well as the identification of unusual items. Exceptions are to be investigated further. This review is to be evidenced, for example, by maintaining a log that indicates the report has been reviewed.
- The review of monthly financial system reports by managers, which is to be evidenced.

.12 Further payroll direction is available from the PSC.

.13 The Provincial Comptroller's Office, Ministry of Finance performs a sample post-audit function for payroll payments to assure payments are lawful and proper charges against an appropriation. Audit concerns are resolved with ministries as necessary.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3122 Salary Payments for New Employees
3132 Advances to Individuals

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Service Level Agreements between Public Service Commission and Ministries

Submit a Timecard (Taskroom)

Payroll Schedules (Taskroom)

Salary Payments for New Employees

Objective

The objective is to ensure new employees who have not been set up on the Government's central payroll system receive payment for salary.

Authority

The Financial Administration Act, 1993, section 28

Provincial Comptroller Directives

.01 One salary payment (net of deductions) through the Government's central financial system may be provided to an employee who has been formally appointed but not set up on the Government's central payroll system in time for the next payroll run.

.02 One salary payment (net of deductions) through the Government's central financial system may be issued to an employee who has commenced work but has not been formally appointed. In extenuating circumstances, subsequent salary payments through the Government's central financial system may be permitted for an employee who has not been formally appointed. The request must be accompanied by a short-term employment contract (i.e., maximum four months). The contract should state that once the appointment is finalized, the contract is considered terminated.

.03 The payment request is to be made by the permanent head or delegate and to include an estimate of the employee's net salary and the employee's commencement date is to be indicated.

.04 These payments are accounted for as a deduction on the employee's regular salary payment through the Government's central payroll system.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3120 Payroll Payments
3132 Advances to Individuals
4210 Personal Service Contracts
4510 Contracts for Services

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Accounting Manual, Appendix H Central System Processing

Air Billing Accounts

Objective

The objective is to provide a mechanism to streamline the payment of air travel.

Authority

The Financial Administration Act, 1993, section 28

Definitions

An **air billing account** is an account with the purchase card bank that is used to charge air travel. It works like a credit card, except there is no physical card. Air billing accounts allow air travel charges to be tracked by employee and destination. Air billing accounts are issued to organizational units.

The purchase card bank is the financial institution contracted to provide the purchase cards and online software for the Government's Purchase Card Program. Currently the Government's purchase card bank is the Bank of Montreal.

A corporate account is a segregated account established with the purchase card bank to provide for different types of billing and payment arrangements.

The billing cycle is the 4th of the month to the 3rd of the next month.

Provincial Comptroller Directives

.01 Air billing accounts may be used to pay for airfare through the General Revenue Fund. The use of air billing accounts is not mandatory. The purchase card bank provides travel insurance benefits to all travelers with air travel charged to the account (refer to the Purchase Card Program intranet site – Travel Insurance for further information).

.02 Ministries should refer to Section 3154 Purchase Cards for policies and procedures respecting the use of air billing accounts.

.03 Minister's Office air billing accounts are required to be set up in a corporate account that is separate from the ministry purchase cards. The monthly statement for these accounts is paid separately from the monthly ministry purchase card payment. A separate reconciliation and payment process is required for these accounts due to the requirement to report ministers' travel in the Public Accounts. Refer to Section 2010 Reporting Payee Details in the Public Accounts.

.04 Ministries are required to ensure the following processes are in place for the air billing accounts included in the Minister's Office Air Billing corporate account:

- **Monthly reconciliation of air billing account statement**
  This reconciliation should include:
  - ensuring the validity and accuracy of all charges and other transactions;
  - investigating all charges in dispute;
  - ensuring prior months' payments are accurately applied to the account; and
  - review and approval of the reconciliation by the Corporate Services Head or delegate.

- **Prompt payments**
  Ministries are to pay air billing account statements in full and on time each month to avoid interest charges. Ministries must pay within 21 days of the end of the billing cycle (i.e., the 24th of the month, or first business day thereafter). Refer to Section 3152 Interest on Late Supplier Payments.

.05 Ministries are responsible for implementing procedures to ensure there is adequate control over air billing account numbers. Air billing account numbers should only be provided to the ministry's travel agency or to an employee that has been given the authority to book air travel. Account numbers must not be provided to unauthorized users.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3152 Interest on Late Supplier Payments
3154 Purchase Cards
4405 Employee Travel
4430 Ministers' Travel and Business Expenses
4435 Frequent Flyer Points

Government of Saskatchewan Purchase Card Program Spend Dynamics Cardholder/Reconciler User Guide (Provincial Comptroller)

Government of Saskatchewan Purchase Card Program Spend Dynamics Approver/Manager User Guide (Provincial Comptroller)

Government of Saskatchewan Purchase Card Program Spend Dynamics Ministry Card Coordinator User Guide (Provincial Comptroller)

Advances to Individuals

Objective

The objective is to provide for the use of advances for Government expenses.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22, 28 and 41

Definition

An **advance** is a prepayment on the central financial system that is to be expensed at a later date (e.g., payment for travel expenses to be incurred).

Treasury Board Policy

.01 Advances may be issued where it is not practical to use the ordinary payment system. Advances to individuals may be made for the following:

- travel;
- business expenses;
- relocation; and
- other situations approved by the Provincial Comptroller or delegate.

.02 Advances may be approved by the permanent head or delegate for travel and relocation.

.03 An advance for business expenses incurred on government business may be made to deputy ministers, associate deputy ministers, their equivalents and senior officials that have been designated by the Deputy Minister to the Premier. The amount advanced is limited to $300. Refer to Section 4420 Business Expenses for Ministry Officials. An advance may be made to a minister and to a legislative secretary to pay for expenses they incur as minister or legislative secretary. The amount advanced is limited to $300 for a minister and $150 for a legislative secretary. Refer to Section 4430 Ministers' Travel and Business Expenses.

.04 Advances are to be charged to the appropriate balance sheet account.

.05 Ministries are responsible for implementing suitable controls to minimize loss or inappropriate use and to ensure appropriate recovery of advances.

Provincial Comptroller Directives

Travel Advances

.06 The following are eligible for travel advances:

- employees
- prospective employees
- members of boards and commissions

.07 An employee who travels infrequently may request a one-time advance. The amount of the advance is determined by estimating the out-of-pocket expenses that will be incurred on the business trip.

.08 Employees who travel frequently are encouraged to use a Travel Card or a Purchase Card to pay for their travel expenses. In extenuating circumstances, an employee who travels frequently and for whom the use of a Travel Card or Purchase Card does not meet their travel needs may request a standing advance. The amount of the advance is determined by the expenses normally incurred and the frequency of travel.

.09 To request a travel advance, the employee prepares a Standard Payment Form.

.10 Approval by the permanent head or delegate is required for the advance before payment is made. Approval by a more senior position than the employee requesting the advance is required.

.11 Employees account for travel expenses relating to the advance by completing a travel claim on iExpense on the central financial system or in rare cases, a Travel Expense Statement.

.12 For a one-time advance, the travel expense claim is to be completed immediately upon the conclusion of the trip. The amount of the claim is applied against the advance. The employee receives a reimbursement to the extent that the travel expenses on the travel claim are greater than the amount of the advance. Any excess of the advance over the travel expenses is immediately due from the employee. When this is received, the ministry deposits the payment and applies it against the advance.

.13 For a standing advance, travel expenses are to be reported at least quarterly or when the amount of the total claim exceeds $500. The amount of the claim is paid to the employee to reimburse actual expenses incurred and bring the advance to the level approved.

Business Advances

.14 The Office of the Executive Council maintains a list of officials that are eligible for a business advance. To obtain an advance, an official must request approval from the Office of the Executive Council. The approval memo must be provided to the ministry's administration branch before payment of an advance is made.

.15 Officials account for business expenses relating to the business advance using a Senior Officials Business Expense Reimbursement form.

.16 For a business advance, business expenses are to be reported at least quarterly. The amount of the claim is paid to the official to bring the amount of the advance to the level approved. For more information regarding business advances to senior officials, refer to Section 4420 Business Expenses for Ministry Officials.

.17 Ministries should try to minimize use of business advances by encouraging employees who frequently incur business expenses to use a Travel Card or a Purchase Card.

Relocation Advances

.18 An accountable advance may be granted upon the request of the employee/appointee. The amount of advance is based on the estimated relocation benefits for which the employee/appointee is eligible, providing a list of estimates of expenses is submitted to the employing ministry. A promissory note must be signed by the employee/appointee for the amount of the advance.

.19 For more information, refer to Treasury Board's policy relating to relocation in Section 4310 Relocation Expenses and to the Saskatchewan Public Service Commission Human Resource Manual, PS 706.

Administration

.20 While advances are relatively small items individually, ministries are reminded that to ensure effective cash management within Government, it is important for amounts held in cash to be maintained at a minimum.

.21 Ministries are to review outstanding advances on a periodic basis to ensure one-time travel and relocation advances are cleared; to determine whether standing travel and business advances should be repaid (e.g., the employee ceases to travel or incur business expenses on a regular basis); to determine whether the level of the standing travel or business advance is appropriate; or to determine if Travel Cards or Purchase Cards should be issued in lieu of standing advances.

.22 Ministries are to ensure that outstanding advances for travel and business are collected from individuals that are moving to another ministry or leaving the Government. This must be done prior to that person's last day of work or last cheque.

.23 Ministries should ensure claims for travel, business and relocation expenses are submitted prior to the cut-off date to ensure expenses are charged to the proper year.

.24 Pursuant to section 57 of The Public Service Regulations, 1999, permanent employees are entitled, once per year, to receive their salary in advance for the month in which their vacation begins. These advances are handled through the Government's central payroll system.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3134 Travel Cards
3136 Travel Expense Claims
3154 Purchase Cards
4310 Relocation Expenses
4405 Employee Travel
4420 Business Expenses for Ministry Officials
4430 Ministers' Travel and Business Expenses

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules, Advances

Saskatchewan Public Service Commission Human Resource Manual, PS 706

The Public Service Regulations, 1999

Travel Cards

Objective

The objective is to provide a mechanism to streamline the payment of travel and business expenses by providing for the use of individual paid travel cards.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28

Definitions

A **travel card** is a credit card issued by the purchase card bank provided for ministers and employees to use on government business. Travel card invoices are paid by cardholders who are reimbursed for legitimate expenses incurred on government business by completing a travel claim.

The purchase card bank is the financial institution contracted to provide the purchase cards and online software for the Government's Purchase Card Program. Currently the Government's purchase card bank is the Bank of Montreal.

A corporate account is a segregated account established with the purchase card bank to provide for different types of billing and payment arrangements.

Treasury Board Policy

.01 Ministers and employees of ministries may use travel cards on government business.

Provincial Comptroller Directives

.02 Employees who travel frequently may apply for a travel card to use on government business. Executive Council is responsible for the application for ministers.

.03 Travel cards may only be used to pay for travel and business expenses. The purchase card bank provides travel insurance benefits to the cardholder (refer to the Purchase Card Program intranet site – Travel Insurance for further information).

.04 Ministries should do their best to minimize use of travel cards by encouraging employees to use a purchase card.

.05 Ministries should refer to Section 3154 Purchase Cards for policies and procedures respecting the use of travel cards.

.06 Ministry Purchase Card Coordinators (CC) are responsible for administering the travel cards in their ministry. Travel cards are required to be set up in a corporate account that is separate from the ministry purchase cards.

.07 Cardholders are responsible for making the monthly payment by the date required by the purchase card bank. Cardholders are required to pay the entire balance reported on their monthly account statement.

.08 Employees are reimbursed for legitimate expenses incurred on government business by completing a travel claim through iExpense or in rare cases a Travel Expense Statement, Standard Payment Form or Senior Officials Business Expense Reimbursement, as appropriate.

.09 Ministries are responsible for implementing control processes to monitor and follow up with cardholders on overdue amounts owing to the purchase card bank. Ministries are responsible for establishing policies and procedures for addressing overdue amounts and implementing corrective action when amounts remain unpaid.

.10 Ministries are required to cancel the travel card and process a payment to the purchase card bank for travel card balances that are more than 180 days past due. The payment should be made once the amount owing has been withheld from the cardholder's next pay cheque.

.11 Cardholders are responsible for:

- reconciling their receipts to the electronic statement provided by the purchase card bank;
- reporting any errors or disputed charges within 30 days of the statement date to the purchase card bank;
- requesting reimbursement of government business travel charges on a timely basis in order to pay their travel card bill on time;
- paying their account on time; and
- paying late payment charges assessed on their account.

.12 Personal supplier reward program points may not be collected by cardholders on purchases made with their government issued travel card.

.13 When a cardholder is terminating employment with a ministry, CCs are required to cancel the travel card by the employee's last day of work. In addition, ministries are required to pay the purchase card bank for any outstanding charges owing by the cardholder when they leave the ministry. Ministries are required to process a payroll deduction from the employee's last pay cheque for the amount owing prior to making the final monthly payment to the purchase card bank.

.14 Seconded employees and other employees who are transferring to another ministry do not have to cancel their travel card. For seconded employees, the travel card may be kept in the home ministry for the duration of the arrangement. If a seconded employee becomes permanent, the travel card will need to be transferred to the other ministry. The Corporate Services Head for both ministries must authorize a request to provide the Government Purchase Card Program Administrator the authority to transfer the travel card to another ministry.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3132 Advances to Individuals
3136 Travel Expense Claims
3154 Purchase Cards
4405 Employee Travel
4420 Business Expenses for Ministry Officials
4430 Ministers' Travel and Business Expenses

Government of Saskatchewan Purchase Card Program Spend Dynamics Cardholder/Reconciler User Guide (Provincial Comptroller)

Government of Saskatchewan Purchase Card Program Spend Dynamics Approver/Manager User Guide (Provincial Comptroller)

Government of Saskatchewan Purchase Card Program Spend Dynamics Ministry Card Coordinator User Guide (Provincial Comptroller)

Travel Expense Claims

Objective

The objective is to provide direction for the completion, authorization and payment of employee travel expense claims.

Authority

The Financial Administration Act, 1993, section 28

Provincial Comptroller Directives

.01 Immediately upon the conclusion of a trip, or as soon as practical thereafter, an employee is required to complete a travel claim through iExpenses or in rare cases, a Travel Expense Statement may be used. Travel expenses may be claimed for a period of up to two months on one claim provided that the total claim does not exceed $500. The $500 guideline applies regardless of whether or not the employee has a travel advance.

.02 iExpenses (or a Travel Expense Statement in rare cases) is used for intra-city travel.

.03 Employees (Saskatchewan Government and General Employees' Union (SGEU), Canadian Union of Public Employees, Local 600-3 (CUPE, Local 600) and out-of-scope employees) are reimbursed for expenses incurred on government business at rates that are in the SGEU Collective Bargaining Agreement and specified in the Saskatchewan Public Service Commission Human Resource Manual, PS 601 Travel Allowances (PS 601-1, PS 601-2, PS 601-3, PS 601-4 and PS 601-A). Refer to Section 4405 Employee Travel for related policies and procedures. Travel rates used for reimbursement are the rates in effect for the date traveled. See Schedule A of this section for additional guidance in claiming expenses.

.04 Meal allowance rates, negotiated through the SGEU collective bargaining process, are as follows:

	In Province	Out-of-Province
Per diem allowance	$70.00	$80.00
For partial days:		
Breakfast	$16.00	$20.00
Lunch	$23.00	$25.00
Supper	$31.00	$35.00

Receipts Required

.05 Receipts are required to be attached to indicate proof of payment for expenses including the following:

- hotel/motel;
- meals in excess of meal allowances – out-of-scope, CUPE Local 600 employees, and SGEU employees travelling to locations within the northern district, as per Article 15.4 Northern District Allowance in the SGEU Collective Bargaining Agreement, may claim actual and reasonable meal expenses that are in excess of the meal allowances set out in paragraph .04;
- car rentals and fuel for car rentals;
- taxi fares – in addition, show the details of each trip (e.g., amount charged, date, location or description of departure and destination points);'
- off-street parking – if off-street parking is not available, actual costs of metered parking may be charged to a maximum of $8 per day without receipts;
- accommodation in a private residence if in excess of $50 per night when accompanied by a signed statement from the employee stating that no other accommodation was available;
- laundry – allowable if employee was absent from headquarters for a period in excess of seven consecutive calendar days;
- dry cleaning – only under exceptional circumstances away from headquarters and the need must be identified;
- excess baggage – only if baggage in excess of that normally allowed for air travel is required and an explanation is provided;
- cost of purchasing travelers’ cheques for out-of-province trips;
- telephone – showing name of party called and business reason for call; and
- other expenses – occasionally employees will incur exceptional expenses in connection with the conduct of government business. Such expenses may be claimed, supported by receipts, and authorized by the permanent head. The decision of the Provincial Comptroller’s Office, Ministry of Finance, will be final in all cases.

In rare circumstances where a receipt that is required is lost and cannot be replaced, payment without supporting documentation may be made if approval is obtained from the permanent head.

Recovery of Travel Advances

.06 Ministries are responsible for implementing controls to ensure travel advances are deducted from claim totals. The use of Travel Cards or Purchase Cards is recommended in lieu of standing travel advances to improve the process for paying for travel expenses.

Approval of Travel Claims

.07 Travel claims are certified by the employee and approved by a delegated ministry official, on behalf of the permanent head, as required under section 30 of *The Financial Administration Act, 1993.* The approver must verify the relevant items identified in Schedule A of Section 3101 GRF Payment Responsibilities. The delegated official may rely on another person to provide verification; however, the verification is to be completed prior to providing approval for payment.

Permanent Head or Delegate Approval

.08 Approval of the permanent head or delegate is required for such expenses as:

- out-of-province travel;
- registration fees; and
- excess meal rates for out-of-scope and CUPE, Local 600 employees (permanent head approval only).

A separate signature is required if the delegated ministry official mentioned in .06 above does not have the authority to approve these types of expenses.

.09 Officials cannot approve their own travel claims. Travel claims should generally be approved by a more senior person than the claimant. A minister may delegate the approval of a permanent head's travel claim to the Corporate Services head of the ministry.

References

3101 GRF Payment Responsibilities
3110 Petty Cash and Cash Register Floats
3130 Air Billing Accounts
3132 Advances to Individuals
3134 Travel Cards

3154 Purchase Cards
3156 Taxes on Goods and Services
3182 Education Expenses
4125 Insurance
4310 Relocation Expenses
4400 Travel and Business Expenses
4405 Employee Travel
4410 Interview Expenses
4415 Geological Survey Parties
4430 Ministers' Travel and Business Expenses
4440 Private Aircraft
4445 Fines for Parking and Traffic Offences
5010 Travel and Other Expenses (Boards, Commissions and Committees)

Accounting Manual, Appendix A General Revenue Fund – Year-end Procedures and Schedules

The Collective Bargaining Agreement between The Government of Saskatchewan and Saskatchewan Government and General Employees' Union (*link to be added when available*)

The Union Management Agreement between The Government of Saskatchewan and The Canadian Union of Public Employees, Local 600-3

Saskatchewan Public Service Commission Human Resource Manual, PS 601-1, PS 601-2, PS 601-3, PS 601-4 and PS 601-A

The Ministerial Assistant Employment Regulations, 1993
The Justices of the Peace Regulations, 1989
The Legislative Secretary Expenses Regulations, 2001

Board of Internal Economy Directives

Treasury Board of Canada Secretariat –Travel Directive – Appendix C
Treasury Board of Canada Secretariat –Travel Directive – Appendix D

Schedule A
Additional Guidance

CVA Vehicles/ Daily Rental Program

.01 Employees are to use Central Vehicle Agency (CVA) vehicles or rental vehicles through the Daily Rental Program (DRP) for travel on government business wherever practical.

Incidental Vehicle Usage

.02 Where a private vehicle is used on an incidental basis, rates per day or kilometre, whichever is greater, as provided for in the SGEU Collective Bargaining Agreement are based on actual usage for vehicles.

Applicability of Travel Allowances

.03 The travel rates are not charged for travel between the employee's residence and office or usual place of work. They do, however, apply to travel between the employee's residence or headquarters building and a different site to conduct government business such as attending meetings, conducting audits, inspections, etc.

Traffic Offences and Parking Tickets

.04 Charges for traffic offences are not to be paid by the Government. Refer to Section 4445 Fines for Parking and Traffic Offences for further details.

Crossing Provincial Boundary

.05 When employees leave their headquarters by automobile for a destination outside the province, rates for "within the province" apply until such time as they cross the provincial boundary, thereafter, "outside the province" rates shall apply. The same basis shall govern their return to headquarters.

Flin Flon and Lloydminster

.06 Flin Flon and Lloydminster are regarded as "in-province" with regard to travel allowance rates.

Shared Room

.07 If more than one person occupies a hotel room, the name of the other occupant(s) must be shown only when the amount claimed exceeds the "single rate" for the room; or if the room is shared by two or more employees. Ministries are responsible for ensuring:

- each employee claims only their proportionate share; or
- only one employee claims the expense and the claim is not duplicated.

Banquet

.08 Where an employee claims a banquet expense, it will be in lieu of the meal allowance provided (e.g., a dinner banquet will replace a dinner meal allowance).

Travel Insurance

.09 No claim for life insurance or cancellation insurance premium charges for air travel is permitted. No additional travel medical insurance coverage will be paid for employees covered under the Extended Health Care Plan.

Registration Fees

.10 Claims for registration fees for conferences or conventions may be made on a travel expense claim.

Exchanging Funds

.11 For out-of-country travel, the cost of exchanging funds for government travel expenses is recoverable. There are two types of exchange charges that may be incurred as follows:

Exchange associated with expenses incurred
The charges relating to the trip should be entered on the travel expense claim in the currency in which they are incurred. The exchange applicable to these expenses (using the rate in effect at the start of the trip, unless already converted on your credit card statement) should then be calculated and added to the expenses to arrive at the Canadian dollar equivalent.

Exchange rate change
If the total amount of the travel advance is not used, the difference between the rate at the time the foreign currency or travelers' cheques are purchased, and when the remainder is converted back to Canadian dollars, is to be added to or subtracted from petty disbursements on the travel expense claim. Consider the following example:

An employee purchased $500 in U.S. travelers' cheques at an exchange rate of 1.5425 for a cost of $271.25. At the end of the trip, $400 in U.S. funds had been spent on government business and the remaining $100 in travelers' cheques was cashed in at an exchange rate of 1.5000. The employee received $150 for the $100 in travelers' cheques.

The charge for the change in the exchange rate is
$100 x (1.5425 - 1.5000) = $4.25. This should be added to the travel expense claim.

If the exchange rate had increased, rather than decreased, the amount due to the change is to be deducted from the petty disbursements on the travel expense claim. Differences of less than $1 need not be considered.

Timing of Grant Payments

Objective

The objective is to provide gudiance on the timing of grant payments.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28

Background

The government is responsible to taxpayers for effectively managing public money. There is a cost to government if grants are paid to recipients earlier than required, as typically the government is required to borrow the funds and pay related interest costs.

Definition

Grants – (i.e. transfers) are transfers of **monetary assets** or tangible capital assets from a government to an individual, an organization or another government for which the government making the transfer does not:

- Receive any goods or services directly in return, as would occur in a purchase/sale or other exchange transaction;
- Expect to be repaid in the future, as would be expected in a loan; or
- Expect a direct financial return, as would be expected in an investment. (CPA Public Sector Accounting Handbook, PS 3410).

Treasury Board Policy

.01 Ministries are responsible for scheduling grant payments in a manner that reflects the objective of the grant, the needs of the grant recipient, as well as the requirement to effectively manage the government's cash resources.

Provincial Comptroller Directives

.02 Operating grants should be paid monthly as this will typically meet a recipient's cash flow needs. However, operating grants less than $100,000 may be paid annually and those between $100,000 and $250,000 may be paid in quarterly payments, as this provides for administrative efficiency without incurring substantial borrowing costs.

.03 Capital grants should be paid in a manner that reasonably approximates the cash flow requirements of the project (e.g. as construction progresses or at key milestones).

.04 Payments may be made on another basis:

- To better meet the operating/cash flow requirements of a recipient (e.g. in tenths where this aligns with the nature of a recipient's business);
- Immediately, such as may be the case with a disaster assistance payment; or
- According to the unique objective of the grant (e.g. in a pattern needed to secure the hosting of a major event in the Province).

Ministries must maintain documentation outlining the rationale for paying grants in a manner different than addressed in .02 and .03 above.

.05 To facilitate effective cash management of government funds, larger grants (i.e. individual payments greater than $1 million), are to be reported in advance to the Provincial Treasury Office, Ministry of Finance.

.06 The government's central financial system can accommodate the scheduling of payments. Refer to the Accounting Manual, Appendix H Central System Processing.

.07 Where grant payments are made to suppliers to provide goods and/or services to individuals, these payments are subject to the 30 day payment policy (e.g. payments to SaskEnergy on behalf of Saskatchewan Assistance Plan recipients). Refer to Section 3150 Timing of Supplier Payments.

.08 Recurring grant payments should be made by direct deposit to the payee's bank account. For more information on making payments by direct deposit, refer to the Accounting Manual, Appendix H Central System Processing. Ministries should schedule direct deposits for the desired payment date. Where a cheque is used for payment, cheques must be scheduled on the central financial system to allow for mailing time (approximately four days).

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3150 Timing of Supplier Payments

Accounting Manual, Section 3200 Government Transfers

Accounting Manual, Appendix H Central System Processing

Timing of Supplier Payments

Objective

The objective is to ensure cash is managed effectively by providing a policy for the timing of payments to suppliers, while ensuring suppliers are treated consistently.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28

Definition

Suppliers are providers of goods and/or services. The Government can receive goods/services directly or it may pay for goods/services received by an individual (e.g., payments to SaskEnergy for Saskatchewan Assistance Plan recipients).

Treasury Board Policy

.01 Suppliers are paid within 30 days.

Provincial Comptroller Directives

.02 Suppliers are paid 30 days from the date the goods/services are received or as soon as possible thereafter. Payment is initiated once the goods/services **and** the supplier's invoice have been received.

The **goal** is to pay suppliers no later than 30 days from:

- the date that goods/services are received; or
- the date the invoice is received,

WHICHEVER IS LATER.

.03 The goal is also to pay suppliers no earlier than 30 days.

Automatic Payment

.04 The Government's central financial system will automatically pay suppliers 30 days from the date of receipt of goods/services in the ministry, or as soon as possible thereafter, provided the supplier's invoice has been received and both the date of receipt of goods/services and the date the invoice is received are entered to the system. See the Accounting Manual, Appendix H Central System Processing for details of scheduling for direct deposits and cheques.

Exceptions to the 30 Day Policy

.05 In certain circumstances, early payment for goods and services may be necessary. These exceptions include:

- Prepaid items – Prepayment is necessary when a supplier **requires** payment prior to the shipping or provision of goods and services (e.g., subscriptions, course registrations).
- Construction contracts under *The Builders' Lien Act* – Payment terms must comply with requirement to pay within 28 days of receiving a proper invoice, unless a notice of non-payment is provided under the Act.
- Special contract terms – Contract payment terms should comply with the 30-day payment policy. Exceptions must be **justifiable** as sound business decisions.
- Progress billings – A contract may provide for monthly progress billings where terms extend for several months. Payment for progress payments should comply with the 30 day payment policy.

See the Accounting Manual, Appendix H Central System Processing for processing details to use in scheduling early payments.

Trigger Dates

.06 Ministries are responsible for capturing three dates on the Government's central financial system:

- the invoice date;
- the goods/services received date (GSD); and
- the invoice received date (IRD) (i.e., the date the invoice is first received at any point in the ministry).

See the Accounting Manual, Appendix H Central System Processing for examples where the application of the GSD or the IRD requires some interpretation (e.g., pre-paid items, invoices in dispute).

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3152 Interest on Late Supplier Payments

Accounting Manual, Section 1320 Prepaid Expenses

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Accounting Manual, Appendix H Central System Processing

The Builders' Lien Act and *The Builders' Lien Regulations*

Interest on Late Supplier Payments

Objective

The objective is to provide for the payment of interest on late supplier payments.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28

Treasury Board Policy

.01 Interest is paid on supplier payments which are paid more than 15 days after the 30 day payment policy. Refer to Section 3150 Timing of Supplier Payments. Interest is paid at the prime of the Government's principal financial institution, and is automatically charged to the initiating ministry's appropriation when payment is issued.

.02 On occasion, other interest payment terms are required. Approval for such terms is required from the Deputy Minister of Finance.

Provincial Comptroller Directives

Automatic Interest

.03 Where a supplier payment has been delayed by more than 15 days after the 30-day payment goal (i.e., a total of 45 days from the later of the goods/services received date or the invoice received date), interest due the supplier is automatically calculated. Refer to the Accounting Manual, Appendix H Central System Processing for details regarding the automatic calculation. The Financial Systems Branch, Provincial Comptroller's Office, Ministry of Finance updates the related rate of interest on a monthly basis, as required.

.04 Supplier invoices for interest are generated in the Government's central financial system on a monthly basis where interest is calculated to be $5 or more per interest invoice. Interest is assigned back to ministries in accordance with the chart of accounts coding entered to the central financial system for an invoice.

.05 Ministries are responsible for reviewing and approving the interest invoices for payment. If an interest invoice should not be approved, ministries must document the reason and advise the Financial Systems Branch, Ministry of Finance.

Exceptions for Interest

.06 Interest is not paid to employees and board members, Saskatchewan Government ministries (including revolving funds), the federal government, other provincial/territorial governments, Crown corporations or other government related entities as defined by inclusion in the Government's Summary Financial Statements. Ministries are responsible for identifying other vendors that are not eligible to receive interest and notifying the Financial Systems Branch, Ministry of Finance.

.07 Payments to suppliers that are categorized as transfers are not subject to the automatic calculation of interest. Ministries may manually calculate interest for late payments to suppliers who have provided goods/services to individuals outside of the Government (e.g., payments to retailers for school supplies for Saskatchewan Assistance Plan recipients).

.08 Other interest terms approved include:

- The Ministry of Highways and Infrastructure may pay interest on final payments for completed construction contracts after more than 60 days following satisfactory completion, providing contracts include a clause approved by the Ministry of Justice setting forth the terms and conditions under which interest will be paid.

- Ministries with construction contracts that fall under *The Builders' Lien Act* must comply with the requirements to pay contractors within 28 days of receiving a proper invoice, unless a notice of non-payment is provided under the Act. Where payment is not provided within 28 days, and no dispute is made, interest will accrue at the greater of the pre-judgment interest rate in effect pursuant to *The Pre-judgment Interest Act* or the interest rate specified in the contract, if any.

- Ministries may pay interest on SaskTel invoices overdue in excess of 30 days from the billing date. Interest may be paid in accordance with the rates charged for late payments by SaskTel.

- Ministries may pay interest on overdue purchase card balances. Interest may be paid in accordance with the rates charged for late payments by the purchase card provider.

Ministries must process the above interest terms manually.

.09 Refer to the Accounting Manual, Appendix H Central System Processing for information regarding the recording of interest.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3130 Air Billing Accounts
3134 Travel Cards
3150 Timing of Supplier Payments
3154 Purchase Cards

Accounting Manual, Appendix H Central System Processing

The Builders' Lien Act and *The Builders' Lien Regulations*

Purchase Cards

Objective

The objective is to outline policy and procedures for the government's Purchase Card Program.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28

Definitions

The purchase card bank is the financial institution contracted to provide the purchase cards and online software for the government's Purchase Card Program. Currently the government's purchase card bank is the Bank of Montreal.

A corporate account is a segregated account established with the purchase card bank to provide for different types of billing and payment arrangements.

The billing cycle is the 4th of the month to the 3rd of the next month.

Treasury Board Policy

.01 The use of purchase cards to acquire eligible goods and services is mandatory. This means ministries are expected to do their best to ensure purchase cards are used for eligible purchases. The maximum transaction limit for purchase cards is $10,000 (including taxes) unless otherwise approved by the Provincial Comptroller or delegate.

Provincial Comptroller Directives

.02 Purchase cards provide purchasing and payment efficiencies for low value goods and services, while maintaining strong controls. Purchase cards are issued to individuals, not organizational units. Air billing accounts are issued to organizational units (refer to Section 3130 Air Billing Accounts).

.03 With the exception of meals and mileage-related expenses, travel expenses may also be charged to purchase cards. Business expenses may also be paid with a purchase card. While ministries are expected to use purchase cards for these expenses to the extent possible, there may be circumstances where this is not practical.

.04 Ministries are expected to do their best to issue purchase cards to employees who frequently incur travel and/or business expenses. The purchase card bank provides complimentary travel insurance benefits to the cardholder (refer to the

Purchase Card Program intranet site – Travel Insurance for further information).

.05 Ministries must designate one or more employees to act as their Ministry Purchase Card Coordinators (CC).These individuals will work with the government Purchase Card Program Administrator (Administrator) in the Provincial Comptroller's Office (PCO). Ministries must identify one of their CCs as the primary coordinator for their ministry.

.06 The Administrator processes ministry requests for changes to CCs access to the purchase card bank's online software. To set up new CCs or to remove CCs, the Corporate Services Head submits a request through My Support in GEM. Requests to remove CCs must be submitted prior to the CCs change of role and/or termination of employment with the ministry.

.07 Ministries are responsible for coordinating the initiation and cancellation of purchase cards directly with the purchase card bank. Ministries are also responsible for setting up and maintaining appropriate user access in the purchase card bank's online software.

.08 Ministries must close a purchase card immediately after a decision has been made resulting in a purchase card no longer being required or by the cardholder's last day of employment with the ministry. Purchase cards may not be transferred from one ministry to another.

Enrolment

.09 Cardholders must complete a card account request and sign a Cardholder Acknowledgement of Responsibility Form. CCs are responsible for ensuring these forms are completed. Each cardholder is given a transaction limit and a monthly purchase limit. Ministries set these limits based on expected purchase card use. Monthly limits greater than $100,000 must be approved by the Assistant Provincial Comptroller, Provincial Comptroller's Office (PCO). Requests can be submitted to pcopcard@gov.sk.ca.

Purchase Authority

.10 Cardholders must have appropriate delegated authority to purchase goods and services.

Procedures

.11 Ministries must ensure procedures are in place for the following:

- Acquiring goods and services;
- Receiving goods;
- Receiving partial shipments;
- Managing return of goods;
- Resolving disputed transactions; and
- Filing purchase card statements with attached receipts and back-up documents.

Training

.12 Ministries must ensure CCs, cardholders and approvers are provided adequate training on their respective responsibilities, relevant ministry policies and the government's policies and procedures, as well as the use of the purchase card bank's online software.

Use

.13 Purchase cards may be used to acquire goods and services while on-site at the point of sale, over the telephone and via the Internet.

.14 As outlined in the Cardholder Acknowledgement of Responsibility Form, cardholders are required to:

- Follow all applicable policies and procedures of the government (including the Guide to Procurement, Purchasing Branch, Ministry of SaskBuilds and Procurement – refer to Section 4505 Purchases of Supplies and Services); and
- Retain receipts and other appropriate documentation for all purchases. These should be attached to a copy of the online statement.

Restrictions

.15 Unless otherwise approved by the Provincial Comptroller, a purchase card **cannot** be used to acquire the following:

- Personal purchases;
- Meals and mileage related expenses for private vehicle usage incurred by employees while traveling on government business and reimbursable through a travel claim in the Expense Module or in rare cases on a Travel Expense Statement. This is because these are reimbursable at set rates, rather than based on actual costs paid;
- Minister's travel payments except when air travel charges are made on an air billing account in the Minister's Office

Air Billing corporate account (refer to Section 3130 Air Billing Accounts);
- Payments to another ministry;
- Expenses (i.e. fuel, repairs) paid by SaskBuilds and Procurement for Central Vehicle Agency (CVA) vehicles (refer to the CVA Operator's Handbook for further information); and
- Cash advances.

.16 Personal supplier reward program points may not be collected by cardholders on purchases made with their government issued purchase card.

Inappropriate Use

.17 Where inappropriate card use occurs, ministries must address the issue with the cardholder and, if necessary, confiscate the card. Inappropriate card use must be reported to the Assistant Provincial Comptroller, PCO by submitting an email to pcopcard@gov.sk.ca.

PST/GST/HST on Purchases

.18 Cardholders must ensure PST, GST and HST for purchase card purchases are recorded properly on the purchase card bank's online software. Refer to Section 3156 Taxes on Goods and Services. Where GST or HST is paid in error or a supplier does not collect PST and PST should be remitted (usually a supplier located outside of Saskatchewan), refer to the Accounting Manual, Appendix H Central System Processing.

Card and PIN Security

.19 Cardholders must not share their card or personal identification number (PIN) with any other person. Cardholders must follow all security instructions and directions provided by the purchase card bank.

Lost or Stolen Cards

.20 Cardholders must immediately notify the purchase card bank and their CC if their card is lost or stolen.

Fraudulent Charges

.21 Fraudulent charges, where the cardholder did not initiate a transaction themselves, must be immediately disputed with the purchase card bank by the cardholder. The ministry CC should also be notified. Ministries are responsible for resolving disputed transactions in a timely manner as outlined in the Government of Saskatchewan Purchase Card manuals. Eligible disputed transactions are generally refunded by the bank within 1-2 business days.

.22 If the loss arising from fraudulent purchase card charges is over $500, an incident report and investigation report are to be submitted in accordance with Section 4105 Reporting Incidents of Fraud or Similar Illegal Acts. If the loss is $500 or less, the loss is to be reported as inappropriate purchase card use in accordance with paragrah .17.

Charges with no Authority

.23 Purchase card charges, for which the government does not receive goods or services, are to be reported to the PCO immediately. This would include fraudulent charges that are not refunded by the bank (e.g. phishing scams or where a PIN is used on a card) or other charges where goods or services are not received (e.g. cancelled flight charges not refunded). PCO will assist with requesting authority (e.g. Treasury Board Order) to make a payment to the purchase card issuer.

Ministry Invoice and Cardholder Statements

.24 The purchase card bank provides the ministry with a monthly ministry invoice and electronic cardholder statements for the previous billing cycle. The monthly ministry invoice includes all purchase card transactions for a ministry.

Reconciliation

.25 Each cardholder, or an appropriate substitute, must reconcile the cardholder's receipts to the transactions recorded on the purchase card bank's online software.

Approvals

.26 Ministries must ensure that all cardholder transactions are approved by persons that have an appropriate level of delegated authority to approve payments. This is normally the cardholder's immediate supervisor or manager. Except for air billing accounts included in the Minister's Office Air Billing corporate account, the approval must be recorded electronically on the purchase card bank's online software.

.27 Approvers are required to sign an Approver Acknowledgment of Responsibility form. CCs are responsible for ensuring these forms are completed. As outlined in this form, approvers must ensure:

- That goods and services have been received, that purchases are lawful and proper, and that related charges are allocated to the correct appropriation; and
- Processes are in place to ensure cardholders' purchase transactions comply with all applicable policies and procedures of the government.

Payment to the purchase card bank relies on the approver's authorization. Refer to Section 3101 GRF Payment Responsibilities for the requirements for payments.

Segregation of Duties

.28 Ministries must ensure duties are properly segregated to prevent individuals from being in a position to both initiate and approve their own purchases.

Monitoring

.29 Ministries must monitor purchase card transactions to ensure they are reconciled and approved according to purchase card policy.

Internal Controls

.30 Ministries are responsible for processes and controls to ensure purchase card use complies with applicable laws, policies and procedures of the government.
Ministries are responsible for having an individual, who is independent of the purchase card administration processes, perform the following functions periodically:

- Verify that there is proper segregation of duties;
- Verify that user access in the purchase card bank's online software is current and appropriate (e.g. approver users align with the ministry's delegated authority to approve payments;
- Verify that open cards reflect those authorized and that they continue to be required; and
- Verify that the cards' transaction and monthly purchase limits in the purchase card bank's online software are in agreement with the authorized limits.

Paying Ministry Invoices

.31 Ministries must pay the monthly ministry invoice in full and on time each month to avoid interest charges. Ministries must pay within 21 days of the end of the billing cycle (i.e. the 24th of the month, or first business day thereafter). Refer to Section 3152 Interest on Late Supplier Payments.

.32 Ministries are not required to include supplier information with the ministry's monthly purchase card payment, but must be able to provide, on request, supplier payment information that complies with Public Accounts disclosure policy. Refer to Section 2010 Reporting Payee Details in the Public Accounts.

Forms

.33 Forms referenced in this section are found in the Government of Saskatchewan Purchase Card manuals or on the Purchase Card Program intranet site – BMO Forms.

References

2010 Reporting Payee Details in the Public Accounts
3100 Payments from the GRF
3101 GRF Payment Responsibilities
3130 Air Billing Accounts
3134 Travel Cards
3152 Interest on Late Supplier Payments
3156 Taxes on Goods and Services
4105 Reporting Incidents of Fraud or Similar Illegal Acts
4405 Employee Travel
4420 Business Expenses for Ministry Officials
4430 Ministers' Travel and Business Expenses
4435 Frequent Flyer Points
4505 Purchases of Supplies and Services
4510 Contracts for Services

Accounting Manual, Appendix H Central System Processing

Government of Saskatchewan Purchase Card Program Spend Dynamics Cardholder/Reconciler User Guide (Provincial Comptroller)

Government of Saskatchewan Purchase Card Program Spend Dynamics Approver/Manager User Guide (Provincial Comptroller)

Government of Saskatchewan Purchase Card Program Spend Dynamics Ministry Card Coordinator User Guide (Provincial Comptroller)

Taxes on Goods and Services

Objective

The objective is to specify requirements for the payment and collection of taxes on the purchase and sale of goods and services by the Government of Saskatchewan.

Authority

The Financial Administration Act, 1993, section 28

Background

The Government of Saskatchewan pays Provincial Sales Tax (PST) on both in-province and out-of-province purchases of taxable goods and services. PST is collected on the sale of taxable goods and services.

For the purpose of the Goods and Services Tax (GST) and the Harmonized Sales Tax (HST), the Government of Saskatchewan is registered as an entity that consists of ministries and certain Crown corporations, boards, commissions and agencies. For the list of entities as specified in the Canada-Saskatchewan Reciprocal Taxation Agreement, contact the Taxation and Intergovernmental Affairs Branch, Ministry of Finance.

GST/HST is not paid on purchases of goods and/or services for the Crown.

GST/HST must be paid for the following:

- purchases made by employees in the course of employment related travel, including transportation, meals, accommodation, taxi services, and incidental travel expenses (this includes credit card purchases made with a credit card issued in the name of the employee (i.e., Travel Card));
- professional fees paid on behalf of employees; and
- purchases through petty cash.

GST is collected by organizations in the entity on supplies of taxable goods and/or services provided to persons outside the entity.

Provincial Comptroller Directives

.01 PST is paid to suppliers registered to collect the tax.

.02 For purchases of goods and services from a supplier that does not collect PST (usually a supplier located outside of Saskatchewan), PST is paid and recorded in revenue. Refer to the Accounting Manual, Appendix H Central System Processing for related procedures.

.03 PST is collected on the sale of taxable goods and services. Refer to the Accounting Manual, Appendix H Central System Processing for related procedures.

.04 Where invoices for goods/services include an incorrect charge for GST/HST, the supplier is notified through the Notification Letter – Non-payment of GST/HST that the Government of Saskatchewan does not pay GST/HST. This notification should be provided at the time the payment is made.

.05 Where GST taxable goods/services are provided to persons outside the entity, GST is to be collected. Refer to the Accounting Manual, Appendix H Central System Processing for related procedures.

.06 For processing refunds of PST and GST collected, refer to the Accounting Manual, Appendix H Central System Processing.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3110 Petty Cash and Cash Register Floats

Accounting Manual, Appendix H Central System Processing

Websites
PST Information: Ministry of Finance, Saskatchewan
https://www.saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/provincial-sales-tax

GST/HST Information: Canada Revenue Agency

https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/18-2/provincial-governments.html#toc4

Telephone Services

Objective

The objective is to specify requirements for the payment of telephone services.

Authority

The Financial Administration Act, 1993, section 28

Provincial Comptroller Directives

.01 Telephone accounts payable to SaskTel or other companies must be supported by a detailed billing showing rental, supplementary and long distance charges.

.02 Ministries must account for all long distance calls and certify them as being incurred on government business.

.03 Ministries should ensure SaskTel bills are paid on time. Ministries may find it necessary to verify SaskTel bills after the fact, in order to ensure they are paid within the 30 days after the billing date. Ministries must verify that interest charges are appropriate and follow up with SaskTel if there are problems. For more information refer to Section 3150 Timing of Supplier Payments and Section 3152 Interest on Late Supplier Payments.

.04 Ministries may reimburse individuals for telephone expenses incurred for government business. For information regarding reimbursing individuals for telephone expenses, refer to Section 3136 Travel Expense Claims.

.05 Ministries should monitor usage of government-owned telephones, along with other government assets, for compliance with the User Acceptable Use Policy.

.06 For ministers' offices, the billing summary authorized by the Chief of Staff or designate, confirming goods and services received for government business, is used for payment. The billing detail is to be retained in the ministers' offices for audit reference.

References

3101 GRF Payment Responsibilities
3136 Travel Expense Claims
3150 Timing of Supplier Payments
3152 Interest on Late Supplier Payments

Accounting Manual, Appendix H Central System Processing

User Acceptable Use Policy

Mail Services

Objective

The objective is to provide direction for the use of mail services and the payment of postage and mail-related expenses invoiced by the Mail Services Branch, Ministry of SaskBuilds and Procurement.

Authority

The Financial Administration Act, 1993, section 28

Background

The Mail Services Branch, Ministry of SaskBuilds and Procurement provides centralized inter-office mail and messenger services. Through this central system, outgoing mail is sorted and delivered to inter-office locations throughout the province. Items for Canada Post are metered/processed in all inter-office locations and deposited into the regular Canada Post system.

For a complete description and detailed preparation instructions for mailing each product, see the Canada Post website at www.canadapost.ca/business/tools/pg/default-e.asp).

In cases where a ministry is sending mail outside of Canada, Canada Post should be contacted.

The Mail Services Branch recovers costs associated with the provision of centralized mail services, including inter-office mail services to ministries. Fees are established to recover the cost for the provision of each type of service. Inter-office mail is charged back based on the volume use of each ministry.

Definitions

Inter-office mail is a service offered by the Mail Services Branch that allows government employees to send mail between inter-office locations as a low cost alternative to couriers or Canada Post. Time sensitive shipments may be sent via Trace Mail to provide the shipper with a signed receipt from the destination.

Metered letter mail is mail on which the required postage is paid and indicated by a meter impression. There will be no postage stamps, but the mail will be marked by a postage meter.

Permit mail is a service designed to relieve the burden of metering mail and provide volume discounts on Canada Post products excluding letter mail. The Mail Services Branch maintains permit accounts at Canada Post for government use. Most permit mail requires the envelope/wrapper to be printed with the appropriate permit indicia in the upper right hand corner.

Trace mail is a type of inter-office mail service offered by the Mail Services Branch that allows signatures to be captured on letters or parcels shipped to its final location in government.

Provincial Comptroller Directives

.01 The Mail Services Branch invoices ministries on a monthly basis for the provision of mail services. Ministries are required to perform the procedures outlined below, prior to approval of the invoice for payment.

Permit and Metered Mail

.02 The invoice will reflect the number of permit and metered mail items processed through the Mail Services Branch during the month. The ministry is required to review the number of mail items as well as the invoice amount for reasonability. This could include a variance analysis of current month's amounts to the average of prior months' amounts.

.03 When an amount charged for permit and metered mail appears to be unreasonable, the ministry should contact the Mail Services Branch to request the details supporting the invoice amount. Details such as monthly charges, number of permit pieces and usage of alternate mailroom locations will be provided.

Postage Stamps

.04 Ministries may purchase postage stamps using the Stamp and Trace Requisition Form. A copy of this form should be retained to match with the Mail Services Branch invoiced amount.

.05 Ministry employees making the occasional purchase of postage stamps for government mail may be reimbursed from ministry petty cash. Refer to Section 3110 Petty Cash and Cash Register Floats. Postage stamps are not subject to PST.

Prepaid Products

.06 Ministries may purchase Canada Post prepaid labels and envelopes from the Mail Services Branch using the Requisition for Canada Post Prepaid Products Form. Ministries should match the submitted form to the invoiced amount.

Special Messenger

.07 Special Messenger deliveries between ministry permanent heads in Regina may be requested by contacting the Mail Services Branch.

Trace Mail

.08 Ministries may purchase trace mail using the Stamp and Trace Requisition Form. A copy of this form should be retained to match with the Mail Services Branch invoiced amount. Unlike the Canada Post Prepaid Products, Trace Mail is invoiced on the regular monthly Mail Services Branch invoice.

Miscellaneous

.09 All other invoiced amounts, including clearing of Canada Post Mail boxes should be verified to properly authorized supporting documentation.

.10 The ministries should refer to the Mail Services Client Procedures or Mail Services Service Standards on Taskroom for sending inter-office mail or the Canada Post Guide for postal services. For further information, contact the Mail Services Branch, Ministry of SaskBuilds and Procurement.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3110 Petty Cash and Cash Register Floats

Website
Canada Post Information: The Canada Post Guide and Reference Tools
www.canadapost.ca/business/tools/pg/default-e.asp

Mail Services:
https://taskroom.saskatchewan.ca/services-and-support/mail-services

Stamp and Trace Requisition Form

Requisition for Canada Post Prepaid Products Form

Workers' Compensation Board Assessment

Objective

The objective is to outline the procedures for payment of the Workers' Compensation Board assessment.

Authority

The Financial Administration Act, 1993, section 28

Background

The Workers' Compensation Act, 2013, section 3 states, in part: "This Act applies to all employers and workers engaged in, about or in connection with any industry in Saskatchewan except: (a) the farming or ranching industry; and (b) those industries, employers or workers excluded pursuant to subsection (2). The Lieutenant Governor in Council may, by regulation, exclude any industry, employer or worker from all or any of the provisions of this Act."

The Workers' Compensation General Regulations, 1985 (Regulations) require all employers to submit a statement of payroll showing the actual earnings for the preceding year and the estimated earnings for the current year of all workers employed.

Provincial Comptroller Directives

.01 Finance and Operations Services, Corporate Services Division, Ministry of Finance provides the statement for the Province as required by section 122 of the Act. The Ministry of Finance sends the Employer's Payroll Assessment (annual return) showing the actual earnings for the preceding year and the estimated earnings for the current year of all workers employed, to the Workers' Compensation Board (WCB). The Ministry of Finance makes the payment of the assessment.

.02 While this function is performed centrally within the Government, ministries may be required to provide payroll information to the Ministry of Finance to assist in filing the annual return.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
4110 Compensation for Loss Payments

Association Dues and Professional Fees

Objective

The objective is to outline the procedures for paying association dues and professional fees of employees.

Authority

The Financial Administration Act, 1993, section 28

Background

Section 89 of *The Public Service Regulations, 1999* states:

"The Government of Saskatchewan shall pay, on behalf of employees of the public service, the professional fees of those employees who are required either by an Act or by a department to be a member of a professional association."

For in-scope employees covered by the SGEU Collective Bargaining Agreement, article 15.11 states: "The Employer agrees to pay the professional fees that are due on or after October 1, 2004 as per the 2003 schedules of all employees who are required either by statute or by an agency to be a member of a professional association. Permanent part-time employees working 40% or greater will be eligible for full reimbursement of such fees provided the employee has not been reimbursed and is not eligible to be reimbursed from another employer. For permanent part-time employees working less than 40%, reimbursement shall be prorated based on time worked provided the employee has not been reimbursed and is not eligible to be reimbursed from another employer. For partial years, reimbursement shall be prorated on the basis of time worked provided however that no payment will be made for partial years when the amount yielded is less than twenty-five dollars ($25)."

Provincial Comptroller Directives

.01 For partial years, payment is prorated on the basis of time worked.

.02 An original receipt or invoice is required to support the payment request. The particulars are to include the payee's complete name and address, a description of the payment, the amount of the payment and the period covered. Payment may be made directly to the employee or to the association on the employee's behalf.

.03 Payment of professional dues should only be made on behalf of employees where the fees are mandatory to maintain a membership in good standing (e.g. membership fees payable to Chartered Professional Accountants of Saskatchewan).

Optional fees are not to be paid as professional fees on behalf of employees (e.g. membership fees payable to Chartered Professional Accountants of Canada). Consideration could be given to whether optional fees provide employees with access to appropriate professional development opportunities and can be paid as professional development.

.04 Payments pursuant to this policy are generally considered non-taxable benefits to the employee. In situations where this is unclear, the Canada Revenue Agency may be consulted for advice.

.05 Memberships in inter-provincial and other associations may be treated as a non-taxable benefit to the employee with the approval of the permanent head.

.06 When an employee resigns and fees have been paid on their behalf, the employee is required to repay the Government for such fees on a prorated basis in relation to the number of uncompleted months remaining in the membership year. If an employee dies or retires on a government sponsored retirement plan, no repayment is required. For information regarding recording recoveries, refer to Section 3005 Refunds to Vote.

References

3005 Refunds to Vote
3100 Payments from the GRF
3101 GRF Payment Responsibilities
3156 Taxes on Goods and Services

Accounting Manual, Section 1320 Prepaid Expenses

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Saskatchewan Public Service Commission Human Resource Manual, PS 1201

The Public Service Regulations, 1999, section 89

The Collective Bargaining Agreement between The Government of Saskatchewan and Saskatchewan Government and General Employees' Union

The Union Management Agreement between The Government of Saskatchewan and The Canadian Union of Public Employees, Local 600-3

Education Expenses

Objective

The objective is to outline the procedures for the payment of education expenses (i.e., Tuition and Book Education Allowance Program and the Education Leave Program and conferences and conventions).

Authority

The Financial Administration Act, 1993, section 28

Background

The Public Service Regulations, 1999, sections 75 and 76, state:

75 (1) The permanent head supervising an employee may grant the employee education leave in accordance with commission policies.

(2) Education leave assistance and allowances are governed by commission policy.

76 (1) An employee who is granted education leave must complete an education leave agreement in a format approved by the commission.

(2) An employee mentioned in subsection (1) must complete a return in service commitment that is in accordance with commission policy.

(3) The department in which an employee who is granted education leave is employed shall file a copy of the education leave agreement with the commission.

Provincial Comptroller Directives

.01 Details on the Tuition and Book Education Allowance Program and the Education Leave Program Policy are provided in the Saskatchewan Public Service Commission's Human Resource Manual as follows:

- Tuition and Book Education Allowance Program, PS 901-1; and
- Education Leave Program Policy, PS 901-2.

.02 Allowances under the Tuition and Book Allowance Program are processed through the Government's central financial system. This is under the assumption that they are non-taxable.

.03 Education Leave Allowance is taxable income. These allowances are processed through the central payroll system.

.04 Registration fees for work related conferences, conventions and training not part of the above-mentioned Public Service Commission programs are paid through the Government's central financial system. Approval from the permanent head or delegate is required for attendance.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities
3132 Advances to Individuals
3136 Travel Expense Claims
3156 Taxes on Goods and Services
4400 Travel and Business Expenses
4420 Business Expenses for Ministry Officials
4425 Banquet Expenses

The Public Service Regulations, 1999, sections 75 and 76

Saskatchewan Public Service Commission Human Resource Manual, PS 901-1, PS 901-2

Website:
Income Tax Information: Canada Revenue Agency
https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/scholarships-bursaries-tuition-training.html

Demands for Payment

Objective

The objective is to outline the procedures for demands for payment including notices of seizure, garnishments, and assignments.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28

Background

The Enforcement of Money Judgments Act (EMJA) specifies the way in which the government must deal with notices of seizure regarding employee remueration and amounts owing to suppliers. Under the EMJA, sheriffs enforce judgments through Notices of Seizure.

The Enforcement of Maintenance Orders Act, 1997 (EMOA) specifies the way in which government must deal with notices of seizure relating to enforcement of maintenance orders. Under the EMOA, any person may serve a notice of seizure to any person alleged to be indebted to a person obligated to pay a maintenance order.

Under section 21 of *The Enforcement of Money Judgments Regulations*, for notices of seizure of public service employee remuneration, service is in person or by registered mail on the Deputy Minister of Finance and if the wages are paid by another ministry other than the Ministry of Finance, on that Deputy Minister.

Under subsection 20(3) of *The Enforcement of Money Judgments Regulations*, for notices of seizure of Crown accounts due to a person for commercial goods or services acquired by the Crown in the ordinary course of business, service is in person or by registered mail on the Deputy Minister of Finance and if the account is to be paid by a ministry other than the Ministry of Finance, on that Deputy Minister.

Under section 6 of *The Enforcement of Maintenance Orders Regulations, 2009,* if the money to be seized is owing by a ministry of the Government of Saskatchewan, service is to be on the Public Service Commission (for employee remuneration) and on the minister, deputy minister or acting deputy minister of that ministry (supplier payments).

Definition

Demands for payment are legal documents issued under legal authority. They request that amounts payable by the government to a specific party be paid to the issuer of the demand (a third party). Demands for payments typically include notices of seizure, garnishments, and assignments.

Treasury Board Policy

.01 The Government of Saskatchewan honours demands for payments, including garnishments, as required by law.

Provincial Comptroller Directives

.02 Generally, the Government of Saskatchewan receives demands for payment only on salaries and wages; However, other demands may be received that may have to be honoured.

.03 Demands for payment against wages and salaries are processed by the Public Service Commission (PSC). Ministries must contact the PSC immediately upon receipt of a demand for payment against wages and salaries.

.04 Ministries receiving demands for payment relating to supplier payments should immediately contact the Financial Shared Services Branch, Provincial Comptroller's Office, Ministry of Finance.

.05 Ministries may contact their solicitor for advice on demands for payment.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities

The Enforcement of Money Judgments Act
The Enforcement of Money Judgments Regulations

The Enforcement of Maintenance Orders Act, 1997
The Enforcement of Maintenance Orders Regulations, 2009

Payments Due Deceased Persons

Objective

The objective is to specify requirements for payments owing to deceased persons.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 28

Treasury Board Policy

.01 Payments due deceased persons shall be made to their estate to facilitate disposition of the estate assets. In the case of trust money of a deceased resident of an institution operated by the Government, payments may be made to persons other than the estate under the following conditions:

- The total value of the estate is $5,000 or less and consists only of personal property.
- A Bond of Indemnity is completed and signed by the payee.
- Payment must be for funeral or related expenses of the deceased resident or it may be paid to a person who has taken responsibility for the estate of the deceased resident to be distributed in accordance with the law.

References

3100 Payments from the GRF
3101 GRF Payment Responsibilities

Saskatchewan Public Service Commission Human Resource Manual, PS 603-2

Establishment and Control of Revolving Funds

The following outlines the nature and purpose of revolving funds and their control and financial management requirements.

Revolving Funds

Revolving funds are established through legislation to account for specific government operations that recover all or a portion of costs from users. The revenue generated by the revolving fund is used to finance its operations which in turn generate further revenue, hence the term "revolving fund". They are financed through the General Revenue Fund (GRF) and have continuing authority to make payments out of the GRF for specific purposes as defined in legislation, and to recover these expenses from users. The receipts generated are available for re-spending without further authority or appropriation.

Revolving funds are intended to operate on a break-even basis by recovering the cost of services from users. If they are unable to do so by adjusting **recovery rates** (i.e., prices), the level of operations or other means, a **subsidy** must be provided by the GRF through the responsible ministry's appropriation.

A limit set by Treasury Board is placed on the accumulated operating surplus or deficit of the revolving fund. This limit, referred to as an **accumulated surplus or deficit limit,** serves as a mechanism to control the operation of the fund within a break-even position.

Revolving funds are financed through an approved **accumulated net expenditure limit** with the GRF. The accumulated net expenditure limit is the borrowing limit the revolving fund has with the GRF. It is analogous to a line of credit. The intent is that the line of credit is repaid over time through the recovery of expenses. The limit is set by the Lieutenant Governor in Council and continues from year to year. The limit serves as a control mechanism to restrict the level of operations within the original intent as approved by the Lieutenant Governor in Council.

Purpose and Objectives

Use of a revolving fund may extend to a program(s) or an entire government operation. There are generally two types of revolving funds:

- those which are quasi-commercial in nature and provide and recover the cost of services from users external and internal to government; and
- those operated primarily for cost allocation within government.

Revolving funds are used to:

- provide cost efficiencies in purchasing, distribution or production;
- achieve efficient and effective use of resources (i.e., through a fleet management approach for capital assets); or
- accurately accumulate costs (capital and operating) by program/projects for allocation to users on an equitable basis.

Relationship to the General Revenue Fund

Revolving fund payments are made directly out of, and receipts are deposited directly into, the GRF. The excess of the accumulated expenditures over accumulated receipts is the **accumulated net expenditure balance** or outstanding borrowing from the GRF.

The accumulated net expenditure of the revolving fund is accounted for by the GRF as a non-financial asset/(liability). The annual net expense/(recovery) of the revolving fund is not included in the annual surplus or deficit of the GRF.

In specific situations, transactions with the revolving fund may be accounted for as lending or investing activities by the GRF as described below.

Lending or Investing Activities of a Revolving Fund
Where legislation specifically provides for the GRF to provide loans and advances to a revolving fund for lending or investing by the revolving fund (e.g., loans to non-government entities), these transactions may be accounted for as loans and advances by the GRF. Separate accumulated net expenditure limits are established through legislation for lending or investing activity.

Refer to Section 3215 Financial Reporting Requirements and Accounting Policies for Revolving Funds for information on the reporting of revolving fund transactions in the Public Accounts and for revolving fund disclosure requirements.

References

3205 Approval of Revolving Funds
3210 Budget and Control of Revolving Funds
3215 Financial Reporting Requirements and Accounting Policies for Revolving Funds

Approval of Revolving Funds

Objective

The objective is to outline the requirements for the establishment, amendment or discontinuance of a revolving fund.

Authority

The Financial Administration Act, 1993, clauses 5(a), 5(e), subsection 10(2), sections 22 and 28 and enabling legislation

Background

Legislation is required to create a revolving fund and to authorize the nature of its operations.

Treasury Board Policy

.01 To establish or maintain a revolving fund, an operation or operations must satisfy **one or more** of the following specific criteria:

- achieve cost efficiencies in purchasing, distribution and/or production through the centralization of commonly used goods or services;
- achieve efficient and effective utilization of capital assets such as equipment, machinery and vehicles through a fleet management approach;
- provide a service or services which the private sector is unable or unwilling to provide;
- serve as a vehicle for government policy; and
- provide a mechanism for the accurate accumulation of capital and operating costs by program/projects in order to allocate costs to programs/projects or users on an equitable basis.

.02 In addition to meeting one or more of the specific criteria in .01 above, a revolving fund must meet **all** of the following general criteria:

- Revenues and/or expenses will occur for more than one fiscal year.
- The operations to be financed by the fund can be clearly distinguished from those financed through other appropriations.
- The size of the operation is large enough to warrant a separate entity.
- Revenue can be directly related to the expenses incurred by the fund.
- The fund will generate sufficient revenue to meet a major portion of its expenses on a continuing basis, although the

operations of the fund may require subsidization on a regular or occasional basis.

.03 A submission seeking approval to establish a revolving fund is to be submitted to the Provincial Comptroller and to Treasury Board.

.04 Treasury Board approval is required for the establishment of a revolving fund, including its level of operations.

.05 Treasury Board approval is required for any major changes to the nature or operations of a revolving fund.

.06 With Treasury Board approval, a revolving fund can be discontinued and its accounts closed out at the end of a fiscal year.

.07 To establish a revolving fund, ministries have to demonstrate the capability to:

- separately account for the operations of the revolving fund;
- establish and maintain adequate accounting and management systems for operational and reporting purposes; and
- establish and maintain control of the assets and liabilities of the revolving fund so that statements of operations and financing activities will adequately disclose the uses made of the moneys provided.

.08 Criteria for the establishment of a revolving fund and the financial management of the proposed revolving fund requires the approval of the Provincial Comptroller.

.09 Approval of the Provincial Comptroller is required for any significant changes to the nature of a revolving fund or major changes to the type of operations of a revolving fund for conformance with policy.

Provincial Comptroller Directives

Establishing a Revolving Fund

.10 There must be a clear need to establish a revolving fund. This is necessary since separate financial records and financial management are required, resulting in operating costs to be offset.

.11 Cabinet approval is required to establish a revolving fund. The responsible ministry is to prepare a submission and provide it to Treasury Board Secretariat and the Provincial Comptroller for review. The submission should present a valid business case to justify the establishment of a new revolving fund and should include:

- the mandate or legislative basis (i.e., draft bill) for the organization's existence;
- the need for and the business purpose of the revolving fund;
- the compliance with the criteria for establishing a revolving fund;
- the nature of the operations and a general description of the types of goods and services the revolving fund will provide and the major user groups, including the general public, which may be funded through a subsidy from the appropriation;
- a business case for any expected subsidies where less than the full cost of operations will be recovered and an estimate of the amount of subsidies required from the responsible ministry's appropriation (i.e., public purpose);
- the financial projections and business objectives for a three- to five-year period;
- the number of full-time equivalents (FTEs) and an organization chart with a brief description of the duties of the positions;
- the methodology to be used to recover costs, cost components to be recovered and the proposed rate structure;
- a schedule of capital assets required in operations, including the source of acquisitions (e.g., transfers from other government entities or the purchase of new assets), proposed capital replacement and capitalization policies;
- a schedule of amortization rates for each class or category of assets;
- a schedule of other obligations to be assumed by the fund such as leases or contracts;
- an estimate of expenses that will be incurred on behalf of the revolving fund but not charged to it and the proposed surcharges to recover these costs from non-government users;
- proposed limits for the accumulated net expenditure and the accumulated surplus/deficit; and

- a description of any restrictions and/or limitations imposed on the revolving fund, because of government policy, program needs and/or outside parties.

.12 The Provincial Comptroller reviews the submission for compliance with criteria for establishing a revolving fund and the adequacy of the proposed financial management of the revolving fund.

.13 Treasury Board Secretariat reviews the proposal for budget implications.

.14 The submission is sent to Treasury Board along with comments from the Provincial Comptroller and Treasury Board Secretariat. If legislative changes are required, they must be approved by Cabinet and passed by the Legislature.

Amending a Revolving Fund

.15 Changing, adding or deleting an operation are amendments. It also includes expanding the level of operations where an increase in the accumulated net expenditure limit is anticipated.

.16 Expanding the accumulated net expenditure limit for a revolving fund requires an Order in Council.

.17 A Treasury Board submission seeking approval to amend a revolving fund, prepared by the responsible ministry is provided to the Provincial Comptroller for comments and to Treasury Board Secretariat for review. The submission should include the following:

- if legislative changes are required, draft legislation (bill) to amend the revolving fund;
- a description of the nature of the change(s) proposed to the operations of the revolving fund;
- information to justify the need for the amendment to the revolving fund;
- the financial projections and business objectives for a three- to five-year period (comparisons should be made between current and proposed operating results, rate structure, FTEs, cash requirements, the accumulated net expenditure and accumulated operating surplus/deficit); and
- analysis of alternatives available and a recommendation.

.18 The Provincial Comptroller reviews the submission to ensure the amendments are in accordance with criteria for maintaining the status of a revolving fund.

.19 Treasury Board Secretariat reviews the submission for budget implications.

.20 The submission is then sent to Treasury Board along with comments from the Provincial Comptroller and Treasury Board Secretariat. If legislative changes are required, they must be approved by Cabinet and passed by the Legislature.

Terminating a Revolving Fund

.21 When it is considered appropriate to discontinue the operation of a revolving fund, a submission seeking approval prepared by the responsible ministry is submitted to the Provincial Comptroller and Treasury Board Secretariat for approval. The submission should include:

- reasons for the termination;
- analysis of the affects of termination, including quantitative and qualitative factors, alternatives available and a recommendation;
- estimated cost of termination, including the cost to disband, the cost of providing alternative services and staffing and re-allocation costs;
- proposed legislative changes;
- disposition of all items of capital or of a financial nature controlled by the fund;
- detailed schedule of timing for the transfer of operations assets and re-allocation of work force, if applicable; and
- recommended procedures for the orderly closing out of the fund.

.22 Treasury Board approval is required to close out the accounts of a revolving fund.

.23 The legislative authority for the revolving fund is to be rescinded when the fund has been terminated and the accounting transactions completed.

.24 Refer to Section 3215 Financial Reporting Requirements and Accounting Policies for Revolving Funds for the accounting treatment to wind up a revolving fund.

References

3200 Establishment and Control of Revolving Funds
3210 Budget and Control of Revolving Funds
3215 Financial Reporting Requirements and Accounting Policies for Revolving Funds

Accounting Manual

Budget and Control of Revolving Funds

Objective

The objective is to specify budget and control requirements to ensure a revolving fund operates within its intended purpose and objectives including break-even requirements and financing limits.

Authority

The Financial Administration Act, 1993, clauses 5(a), 5(e), subsection 10(2) and sections 22 and 28

Treasury Board Policy

Budgets

.01 Revolving fund budgets for each fiscal year are to be prepared and submitted to Treasury Board in a manner prescribed by Treasury Board.

.02 Treasury Board approval of the annual budget is required, including the annual operating expenses, recovery rates, revenues, capital acquisitions, capital disposals and the net expense/recovery. The methodology and assumed activities levels that are used to determine recovery rates must be included in the budget submission.

.03 Treasury Board approval is required for any revisions in budgeted expenses, recovery rates or capital acquisitions. Such approvals are required prior to incurring additional expenses or revising recovery rates.

Break-even

.04 Revolving funds are normally expected to reflect break-even operations. Recovery rates should be set to recover each major cost component such as:

- the portion of capital expenditures used in operations or required during the year (this recovery component should equal annual amortization);
- operating expenses over a normal operating cycle (in some instances, an operating cycle may be longer than one year); and
- administrative expenses over a fiscal year.

.05 Revolving funds are to recover costs from users or from subsidization over a period of time. The revolving fund is a method of financing only and is not intended to accumulate permanent operating deficits or surpluses.

Subsidy

.06 Treasury Board may approve budgeted net deficits on the operation of a revolving fund. Any deficit that is, in fact, a subsidy and not a deficit due to business fluctuations must be covered by a subsidy to the revolving fund from the responsible ministry's appropriation in the same fiscal year.

Surcharge

.07 Treasury Board may apply a surcharge at its discretion to recover all, or a portion of, the costs related to the revolving fund that are not paid by the revolving fund (e.g., expenses incurred by various government appropriations). Revolving funds should estimate the value of services provided to them free of charge and determine the applicable surcharge to third parties necessary to recover such costs. In general, these surcharges should be levied against Crown corporations, organizations, individuals and agencies not directly subject to Treasury Board control.

.08 If Treasury Board directs the application of a surcharge, it should be accounted for separately from the recovery rates set to recover revolving fund expenses. The surcharges must be deposited as revenue into the General Revenue Fund (GRF). For purposes of these surcharges, interest revenue on revolving fund third party loans and investments and any gain on the disposal of capital assets are not considered as surcharges returnable to the GRF.

Accumulated Surplus/Deficit Limit

.09 Treasury Board controls the operations of each revolving fund, in part, by monitoring the amount of its accumulated operating surplus/deficit. Treasury Board sets an accumulated surplus/deficit limit for each revolving fund.

.10 If the accumulated surplus/deficit falls above or below the limit set by Treasury Board, ministries are responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses, requests for additional funding, revisions to rates charged and changes in specified limits.

Excess Accumulated Surplus

.11 If the accumulated surplus of a revolving fund exceeds the amount specified, the normal first course of action by management is to plan to return the excess to the GRF as soon as possible in the following fiscal year.

Excess Accumulated Deficit

.12 If the accumulated deficit of a revolving fund exceeds the amount specified, the normal first course of action by management is to plan to replenish the excess through a subsidy from the GRF **within fifteen months** of the end of the fiscal year in which the excess arose.

.13 The following accumulated surplus/deficit limits have been specified for each revolving fund:

Revolving Fund	Accumulated Surplus/Deficit Limit
Commercial	$1,000,000
Pastures	$700,000
Correctional Facilities Industries	$100,000
Public Employees Benefits Agency	---
King's Printer	$177,000

Quarterly Financial Statements

.14 Revolving funds are to submit quarterly revolving fund financial statements to Treasury Board staff. An exemption from submitting quarterly financial statements may be granted upon approval of Treasury Board Secretariat.

Provincial Comptroller Directives

.15 Revolving funds are to, over a period of time, fully recover costs from users or from subsidies provided by the GRF through the responsible ministry's appropriation.

Controls

.16 Financial management policies and controls are necessary to ensure management accountability in the operation of revolving funds. The following controls provide for the operation of revolving funds within their intended purpose and objectives:

Nature of Operations

.17 The nature of operations the revolving fund can engage in is specifically outlined in legislation. This limits the operation of the fund to authorized activities.

Accumulated Net Expenditure Limit

.18 The maximum accumulated net expenditure restricts the amount of total capital or size of the revolving fund operation. The limit continues from year to year. Refer to Section 3200 Establishment and Control of Revolving Funds for further information on the accumulated net expenditure limit. At any point in time, the accumulated net expenditure is not to exceed the maximum amount established. When the maximum is reached, payments are rejected on the Government's central financial system, until funds are available or a new limit is approved.

Accumulated Surplus/Deficit Limit

.19 The accumulated surplus/deficit limit provides an indicator of the effectiveness of cost recovery. Refer to Treasury Board policy requirements outlined in Section 3210.10 to .12 if a revolving fund exceeds the accumulated deficit or surplus limits established.

.20 If a revolving fund has accumulated profits in excess of the limit established, the excess surplus should be transferred to the GRF even if a deficit, and possibly a subsidy, are expected for the following fiscal year.

.21 Repayment of a surplus to the GRF, or recovery of a deficit from the responsible ministry, helps encourage revolving funds to break even over a period of time. They are not intended to retain large profits, as this indicates "overcharging" users, or to incur large deficits, as this indicates "under-charging" users.

Maximum Limit on Advances for Lending or Investing Activities

.22 The maximum limit on advances from the GRF for lending or investing activity of the revolving fund are established by the Lieutenant Governor in Council. The advances are not to exceed the maximum amount established at any point in time.

Budgets

.23 Approval of operating and capital budgets by Treasury Board provides for control over capital expenditures, the budgeted surplus or deficit for the year and the responsible ministry net expense/recovery for the year. Refer to Section 3210.01 to .03 for budget requirements.

Financial Systems Approval

.24 Approval of financial systems by the Provincial Comptroller in accordance with requirements in Section 4000 Financial Systems of this Manual provides for appropriate financial control and financial management.

Budgets

.25 The purpose of preparing a budget is:

- to determine the budgeted operating results and the net financing requirement from the GRF;
- to provide management with a financial plan for the use of resources; and
- to enable management and Treasury Board to monitor and evaluate performance, and to control operations by comparing actual results to the targets established in the budget.

.26 Revolving fund budgets have two components:

- an operational budget, or pro-forma income statement to outline the revenues and expenses and resulting surplus or deficit (this budget reflects revenues as they are earned and expenses as they are incurred); and
- a cash flow budget to outline the cash (net financing) requirement necessary to operate.

Annual Budgets

.27 Budgets for each fiscal year are prepared and submitted to Treasury Board for approval in a manner prescribed by Treasury Board.

The budget submission includes:

- a description of the purpose, objective and activities of the revolving fund;
- a listing of services provided and user groups of each service;
- a summary of permanent and non-permanent full-time equivalent positions;
- projected operating expenses in detail;
- projected revenues, including a summary of recovery rates and an outline of the methodology and assumed activity levels for such rates;
- projected surplus/deficit by responsibility centres within the revolving fund;
- projected capital acquisitions, disposals and transfers, along with a detailed five-year capital acquisition plan;
- a projected balance sheet;
- a projected cash flow budget;

- a summary of commitments; and
- actual and/or estimated comparative data for the preceding two years.

Capital Acquisition Plan

.28 The five-year capital acquisition plan is submitted as part of the budget. This plan includes machinery and equipment replacements and the planned new acquisitions due to projected workload increases and/or program expansion. Approval of the plan does not imply approval of new or expanded programs. Capital plans are costed in current year dollars and updated annually to reflect price changes.

Subsidy

.29 Any budgeted deficit not due to business fluctuations must be recovered from the responsible ministry's appropriation in the same year the deficit is expected. This means the responsible ministry should budget for a subsidy. Refer to Section 3210.06.

.30 Where less than the full cost is to be recovered, a case must be made on "public interest grounds". The portion of the operation that relates to a public purpose mandate may be funded through the responsible ministry's appropriation as a subsidy in that fiscal year.

Surcharge

.31 Certain costs are not charged to the revolving fund (see Section 3210.07 to .08 for further details). Generally, these costs should be recovered from non-government users by applying an additional surcharge to the price.

Accumulated Surplus/Deficit Limit Exceeded

.32 Refer to Section 3210.10 to .12 for budget requirements when accumulated surplus/deficit limits are exceeded.

Quarterly Financial Statements

.33 Quarterly financial statements must be submitted to Treasury Board Secretariat for review within 30 days after the end of the quarter. These statements include:

- a balance sheet;
- a statement of operations and accumulated surplus/deficit for the year to date including a projection for the remainder of the fiscal year; and
- a year-to-date cash flow statement with a comparison of budgeted and actual amounts along with projections to the year end.

An exemption from quarterly financial statements may be granted upon approval of Treasury Board Secretariat.

References

3200 Establishment and Control of Revolving Funds
3205 Approval of Revolving Funds
3215 Financial Reporting Requirements and Accounting Policies for Revolving Funds
3530 Electronic Funds Transfer Receipts

Accounting Manual

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Financial Reporting Requirements and Accounting Policies for Revolving Funds

Objective

The objective is to outline financial reporting requirements for revolving funds.

Authority

The Financial Administration Act, 1993, clauses 5(a), 5(e), subsection 10(2) and sections 22 and 28

Treasury Board Policy

.01 The Provincial Comptroller may issue, amend and rescind directives for revolving funds regarding:

- financial management and control;
- reporting;
- accounting policies and systems; and
- any other matters required for the effective administration of this policy.

.02 On terminations of a revolving fund, the accumulated surplus/deficit amount will generally be closed out to the remaining accumulated net expenditure of the fund. In specific cases, Treasury Board may direct the responsible ministries to replenish any deficit to the General Revenue Fund (GRF).

Provincial Comptroller Directives

Accounting

.03 Revolving funds are financed through an accumulated net expenditure limit with the GRF. The accumulated net expenditure of the revolving fund is accounted for as a non-financial asset/(liability) in the GRF.

.04 The annual net expense/(recovery) of the revolving fund is consolidated and included in the surplus or deficit of the Summary Financial Statements.

Accounting Systems

.05 The accounting system must, at minimum, meet the information requirements of revolving fund and ministry managers, central agencies, Treasury Board and the Legislature. It must provide relevant and timely information for decision-making, monitoring financial performance and stewardship, budget preparation and monitoring budget compliance, cost accumulation and establishing pricing policies and complying with financial reporting requirements.

.06 The accounting systems must properly interface with the Government's central financial system to ensure payments do not exceed accumulated net expenditure limits and to ensure that the accumulated net expenditure of the revolving fund is accurately recorded as a financial asset in the GRF.

Financial Statements

.07 The financial reporting period for revolving funds is from April 1 to March 31.

.08 Detailed payee listings are to be prepared in accordance with requirements in Section 2010 Reporting Payee Details in the Public Accounts.

Audit

.09 The year-end financial statements are subject to audit by the Provincial Auditor unless otherwise prescribed by the Lieutenant Governor in Council.

Financial Statement Format Approval

.10 The format of the financial statements is approved by the Provincial Comptroller on behalf of Treasury Board.

Accounting Principles

.11 Revolving fund financial statements are to adhere to generally accepted accounting principles.

Accrual Accounting

.12 Revolving funds are to operate on or near a break-even basis. The accrual basis of accounting provides the most relevant basis for cost accumulation and establishing appropriate cost recovery rates (prices).

Revenues

.13 In order to break even, revolving funds must set prices (recovery rates) to recover each major component associated with operating the program or programs (refer to requirement in Section 3210.04 Budget and Control of Revolving Funds).

Surcharges

.14 Recovery of costs not charged to the revolving fund is done through the levy of an additional surcharge to non-government users. Refer to Section 3210.07 and .08 Budget and Control of Revolving Funds for Treasury Board policy on surcharges. Refer to Section 3215.18 for further information on costs that may not be paid by revolving funds.

.15 If Treasury Board directs the application of a surcharge, it should be accounted for separately from the recovery rates that have been set to recover revolving fund expenses only. The surcharges must be deposited into the GRF. For purposes of these surcharges, interest revenue on third party loans and investments and any gain on the disposal of capital assets are not considered as a surcharge returnable to the GRF.

Subsidies from the GRF

.16 Refer to Section 3210.04 to .06 Budget and Control of Revolving Funds for Treasury Board policy regarding subsidization from the responsible ministry appropriation. A subsidy from the GRF should be recorded by the revolving fund as non-operating income.

Expenses

.17 Authorized activities and expenses of a revolving fund are dependent on the fund's specific legislation.

Costs Not Paid by Revolving Funds

.18 All direct and indirect costs associated with the operation of the fund should be charged to the revolving fund. Certain costs absorbed by other ministerial appropriations are not charged to revolving funds when it is not possible to do so. These costs are as follows:

- financing for capital expenditures, working capital and temporary operating deficits;
- occupancy, including rent, utilities, janitorial services, furnishings and leasehold improvements;
- employee fringe benefits;
- accounting and financial services;
- mail and purchasing;
- auditing;
- personnel services;
- overhead costs which are not significant; and
- administrative salaries of ministerial personnel not solely involved in the operation of the revolving fund.

.19 **Capital Expenditures**

Where a revolving fund relies on a ministry for the use of capital assets, any recovery of amortization costs related to these assets should be accounted for according to Sections 3210.07 and .08 Budget and Control of Revolving Funds.

Specific Accounting Policies

.20 Refer to the Accounting Manual for accounting policies and procedures.

Acquisition of Capital Assets, Materials and Supplies

.21 The provisions of *The Purchasing Act, 2004* apply to purchases made by revolving funds except for assets transferred from other revolving funds, or government ministries, agencies or Crown corporations, as a result of government reorganization.

Doubtful Accounts

.22 A list of doubtful accounts must be prepared at the end of each fiscal year. The list is to include accounts receivable, loans and advances. The allowance for doubtful accounts is adjusted to agree to the listing. The increase or decrease in the allowance account is charged or credited to operations as bad debts expense.

Revolving Fund Lending or Investing Activity

.23 Where a revolving fund's legislation allows for the fund to operate lending or investing activities, maximum spending limits are set for this activity. It is necessary for this type of activity to be clearly identified by the revolving fund. It is the responsibility of the revolving fund to provide the Provincial Comptroller's Office with the "split" between receipts and disbursements for its lending and investing and for its other operations, as separate maximum accumulated net expenditure limits are set for each. As a result, separate votes are established for lending and investing transactions to facilitate segregation and disclosure for the Estimates and Public Accounts.

.24 Disbursements or receipts relating to loans to, or investments in, another party with repayment terms of greater than one fiscal year are shown as lending and investing activities of the responsible ministry in the Estimates and as GRF assets.

.25 When it becomes apparent that a particular loan or investment is uncollectible, refer to accounts receivable write-off procedures in Section 3725 Write-off or Cancellation of Accounts Receivable.

Accumulated Net Expenditure

.26 The accumulated net expenditure (ANE) is shown as a liability in the revolving fund's balance sheet as a component of non-current liabilities.

Accumulated Surplus/Deficit

Year-end Accounting

.27 At year-end, the net operating surplus or deficit of the revolving fund, inclusive of subsidies and net of surcharges returnable to the GRF, is closed to an accumulated surplus/ deficit account.

Repayment of Surplus to the GRF

.28 The repayment of an excess surplus to the GRF is recorded as a capital transaction in the revolving fund financial statements after the surplus/deficit and not included as an expense.

Recovery of Deficit from the GRF

.29 The recovery of a deficit from the GRF is recorded as an income item in the revolving fund.

Reconciliation to Amounts Reported in Public Accounts

.30 A reconciliation of the ANE reported per the revolving fund financial statements to the ANE recorded in the Government's central financial system is to be completed regularly. In the unlikely event that the ANE balances in the financial statements and central financial system do not agree a reconciliation is to be included as a note to the financial statements. The reconciliation is needed to ensure:

- revolving fund transactions are completely and accurately recorded in the Government's central financial system;
- there is timely detection and correction of errors; and
- there is compliance with spending limits.

Termination of a Revolving Fund

.31 Once Treasury Board approval is received, the revolving fund discontinues operations and fund assets are disposed of by sale, transfer or write-off. The liabilities are discharged prior to termination. Gains or losses on disposal are charged to current year operations. Financial statements for the fiscal period to the date of termination are prepared for inclusion in the Financial Statements Compendium. Revenue and expense accounts should be closed out to the surplus/deficit account for the current year and the resulting surplus or deficit at termination should be closed out to the accumulated surplus/deficit. The accumulated surplus/deficit account will generally be closed out to the remaining accumulated net expenditure of the fund; however, Treasury Board, at its discretion, may direct the responsible ministry to replenish a deficit.

References

3200 Establishment and Control of Revolving Funds
3205 Approval of Revolving Funds
3210 Budget and Control of Revolving Funds

Accounting Manual

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Accounting Manual, Appendix B General Revenue Fund Quarter-end Procedures

Holding Money in the GRF

Authority

The authority to deposit money in the General Revenue Fund (GRF) comes from section 20 of *The Financial Administration Act, 1993* (FAA). In accordance with the FAA:

- Treasury Board may authorize any moneys that are not otherwise required to be paid to the GRF, to be deposited into the GRF on any terms and conditions that Treasury Board may set, including the payment of interest from the GRF on moneys held.
- These moneys are not available for appropriation. They are a liability of the GRF to the depositing entity.
- These moneys are paid out of the GRF to the depositing entity according to the terms and conditions set by Treasury Board.
- These moneys held in the GRF may be used by the GRF.
- Where interest is payable on moneys held in the GRF, the interest is a charge on and is payable out of the GRF.

Holding Money in the GRF

The government holds third party moneys in the GRF through the following:

- Consolidated Offset Balance Concentration (COBC), a banking arrangement whereby the bank groups moneys of other entities with GRF money. Refer to Section 3305 Holding Money in the GRF through Consolidated Offset Balance Concentration (COBC).

- Other Entities in the central financial system, whereby moneys that do not belong to the GRF are held directly in the GRF through an accounting segregation. Refer to 3310 Holding Money in the GRF (Other Entities).

References

3000 Control of the GRF
3305 Holding Money in the GRF through Consolidated Offset Balance Concentration (COBC)
3310 Holding Money in the GRF (Other Entities)
3315 Terms and Conditions for Moneys Held in the GRF
3410 Cash Management of Special Purpose Funds and Trust Money
3600 Control of Bank Accounts
3605 Approval of Bank Accounts
3610 Controls over Bank Accounts
3615 Bank Account Interest and Charges

Part:	**Public Money and Property**	Number:	**3305**
Section:	**General Revenue Fund and Revolving Funds**	Date:	**2025-11-28**
Subsection:	**Holding Money in the GRF**	Page:	**1 of 2**
Policy:	**Holding Money in the GRF through Consolidated Offset Balance Concentration (COBC)**		

Holding Money in the GRF through Consolidated Offset Balance Concentration (COBC)

Objective

The objective is to specify the approval requirements for participation in the Consolidated Offset Balance Concentration (COBC) arrangement.

Authority

The Financial Administration Act, 1993, section 20 provides that Treasury Board may authorize any moneys not otherwise required to be paid into the General Revenue Fund (GRF) to be deposited into the GRF.

Definition

The **Consolidated Offset Balance Concentration (COBC)** is a banking arrangement whereby the government's financial institution groups moneys of other entities with GRF money. The arrangement facilitates more efficient cash management for the GRF and provides short-term investing opportunities for participating entities.

The COBC arrangement facilitates effective cash management by allowing the GRF to use these moneys to reduce the need to issue promissory notes to finance temporary cash shortages. It also reduces situations where the government is simultaneously investing on behalf of entities and borrowing externally in the money markets.

Treasury Board Policy

.01 The Provincial Comptroller or delegate may approve participation in the COBC arrangement.

Provincial Comptroller Directives

.02 The Assistant Provincial Comptroller, Provincial Comptroller's Office, Ministry of Finance is delegated the responsibility to approve participation in COBC.

.03 The COBC arrangement includes the following:

- Ministry bank accounts (e.g. revenue transfer accounts);
- Bank accounts of trust and special purpose funds administered by ministries; and
- Other moneys as approved by the Provincial Comptroller.

.04 A current account at the government's principal financial institution is required for participation. Refer to Section 3605 Approval of Bank Accounts for opening and closing bank accounts.

.05 To facilitate effective cash management for the GRF, bank account transactions that have a significant net cash impact (i.e. deposits or payments in excess of $1 million) to the GRF are to be reported in advance to the Provincial Treasury Office, Ministry of Finance.

.06 See Section 3315 Terms and Conditions for Moneys Held in the GRF for terms and conditions for holding money in the GRF.

References

3000 Control of the GRF
3300 Holding Money in the GRF
3310 Holding Money in the GRF (Other Entities)
3315 Terms and Conditions for Moneys Held in the GRF
3410 Cash Management of Special Purpose Funds and Trust Money
3600 Control of Bank Accounts
3605 Approval of Bank Accounts
3610 Controls over Bank Accounts
3615 Bank Account Interest and Charges

Holding Money in the GRF (Other Entities)

Objective

The objective is to specify approval requirements for holding money directly in the General Revenue Fund (GRF) through an accounting segregation.

Authority

The Financial Administration Act, 1993, section 20 provides that Treasury Board may authorize any moneys not otherwise required to be paid into the GRF to be deposited into the GRF.

Definition

Other Entites in the government's central financial system are used to account for moneys held in the GRF bank account that do not belong to the GRF. This arrangement allows participants to operate using the government's bank account and its central financial system to record receipts and make payments. Administrative costs for participants are reduced. It is used by some ministries for trust and special purpose funds and also by some Crown corporations.

Treasury Board Policy

.01 The Provincial Comptroller or delegate may approve an Other Entity (OE) in the government's central financial system.

Provincial Comptroller Directives

.02 The Assistant Provincial Comptroller, Provincial Comptroller's Office (PCO), Ministry of Finance is delegated the responsibility to approve an OE in the government's central financial system.

.03 Requests are to be made in writing to the Assistant Provincial Comptroller, PCO, Ministry of Finance, and are to outline the following:

- The reasons for using the government's central financial system, rather than acquiring a separate system; and
- The procedures to provide adequate control over the receipts and disbursements of moneys.

.04 See Section 3315 Terms and Conditions for Moneys Held in the GRF for terms and conditions for holding money in the GRF.

.05 Refer to Section 3101 GRF Payment Responsibilities for payment requirements.

References

3000 Control of the GRF
3100 Payments from the GRF
3101 GRF Payment Responsibilities
3300 Holding Money in the GRF
3305 Holding Money in the GRF through Consolidated Offset Balance Concentration (COBC)
3315 Terms and Conditions for Moneys Held in the GRF
3410 Cash Management of Special Purpose Funds and Trust Money
3530 Electronic Funds Transfer Receipts
3600 Control of Bank Accounts
3605 Approval of Bank Accounts
3610 Controls over Bank Accounts
3615 Bank Account Interest and Charges

Accounting Manual, Appendix H Central System Processing

Terms and Conditions for Moneys Held in the GRF

Objective

The objective is to outline terms and conditions for moneys held in the General Revenue Fund (GRF) through the Consolidated Offset Balance Concentration arrangement and through Other Entities in the government's central financial system.

Authority

The Financial Administration Act, 1993, section 20 provides that Treasury Board may authorize any moneys not otherwise required to be paid into the GRF to be deposited into the GRF. Section 20 states that the deposit of these moneys are to be on any terms and conditions that Treasury Board may set, including the payment of interest.

Treasury Board Policy

.01 Ministries, boards, commissions or agencies which have money held in bank accounts in the GRF shall receive interest at such rates specified on a regular basis, according to directives established by Treasury Board.

.02 Records of the transactions are kept in an account designated "Due to Other Funds Account" with a separate accounting for each fund.

Provincial Comptroller Directives

These procedures relate to moneys in bank accounts held by the GRF through the Consolidated Offset Balance arrangement with the government's principal banking institution (refer to Section 3305 Holding Money in the GRF through Consolidated Offset Balance Concentration (COBC)) and through Other Entities in the government's central financial system (refer to Section 3310 Holding Money in the GRF (Other Entities)).

.03 Interest is not paid when moneys are GRF moneys that are retained in separate bank accounts (e.g. imprest bank accounts of ministries).

.04 Interest is generally paid quarterly, unless there are administrative considerations that require interest to be paid monthly. Interest is calculated and paid by Corporate Services Division, Ministry of Finance, based on the government's 30-day borrowing rate and using daily balance information.

.05 When interest is to be paid by direct deposit, a Direct Deposit Payment Request Form is required to be prepared. See the Accounting Manual, Appendix H Central System Processing.

.06 Moneys held by the GRF are liabilities of the GRF. For information on how these deposits are accounted for in the government's central financial system, refer to the Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules – Deposits Held.

.07 Overdrafts are not permitted for bank accounts grouped with the GRF. Moneys held in the GRF through an accounting segregation are not to go into a negative balance (i.e. total disbursements are not to exceed total receipts).

References

3000 Control of the GRF
3300 Holding Money in the GRF
3305 Holding Money in the GRF through Consolidated Offset Balance Concentration (COBC)
3310 Holding Money in the GRF (Other Entities)
3410 Cash Management of Special Purpose Funds and Trust Money

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Accounting Manual, Appendix H Central System Processing

Control of Special Purpose Funds and Trust Money

Definitions

Special purpose funds are established by the Legislature for specific purposes. Special purpose funds are used when it is appropriate to segregate revenues and expenditures from the General Revenue Fund (GRF) (e.g., where fees are dedicated to a purpose).

Enabling legislation outlines the purpose of the fund and who is to administer the fund. It outlines the type of revenue that can be credited to the fund, the type of expenditures that can be made from the fund, and it provides for investments. Enabling legislation provides for a fiscal year for accounting purposes. It outlines the responsibility for the preparation and audit of financial statements. It outlines the responsibility for the tabling of the financial statements in the Legislative Assembly. Other provisions in enabling legislation may include contracting, purchasing and disposing of capital assets.

In most cases, special purpose funds are administered through ministries (i.e., the minister of a ministry holds and administers the fund pursuant to enabling legislation). In some of these cases, there may be a committee to advise the minister regarding transactions of the fund. Other funds are managed outside of ministries (e.g., by trustees established through legislation).

Trust moneys are not assets of the Province. Trust funds may be established by legislation or regulations. Where ministries administer trust money that is not held in an established fund, ministries must ensure that the activity is within the legislative authority provided to them.

Background

Some types of funds include the following:

Indemnity funds are funds where the source of assets is usually fees or premiums charged for services provided. Indemnity funds are usually considered special purpose funds. The use of fund money is restricted to specific purposes defined in the governing legislation or regulations. The service is generally the provision of protection from losses. The Government recognizes an obligation to use and dispose of the fund assets for those who may benefit from the operation of the fund, and who may also have collective or individual claim against the assets.

Institutional collective benefit (ICB) accounts are operated for the benefit of residents of government-run institutions or facilities. ICB accounts are considered trust money. The Government recognizes an obligation with respect to the use and disposition of assets for those who benefit from the operation of the accounts, although no individual claim exists.

The source of the funds is normally associated with the transfer or withholding of assets from the GRF, by receiving revenues from the sale of products produced by residents using a combination of government materials, facilities and equipment, and/or by gifts to the fund. The use of the funds is restricted to specific purposes, which normally includes the purchase of necessary supplies and materials for the activity and purchase of other assets for the group that benefits.

Third-party trust funds are funds where the Province, as trustee, recognizes an obligation with respect to the use and disposition of the fund assets for those who benefit from the fund operation and who have a claim on the fund assets. Third-party trust funds are considered trust money. The fund's assets belong to individuals or parties and the use of trust fund money is restricted to specific purposes.

Authority

The Financial Administration Act, 1993 (FAA) allows Treasury Board to direct any person receiving, managing or disbursing public money to keep any books, records or accounts that it considers necessary (clause 5(e)). The FAA requires public moneys to be forwarded, deposited and otherwise dealt with in accordance with any orders and directives of Treasury Board (section 22).

Public money as defined in the FAA includes money belonging to the Government or held by the Government of Saskatchewan or an employee or officer of the Government for the benefit of or in trust for any government or person (clause 2(p)).

The FAA allows Treasury Board to make orders and issue directives with respect to its duties under section 4 of the FAA (e.g., relating to the finances, the administrative policy and management practices, and the accounting policies and practices of the Government) (clause 5(a)).

The FAA allows the Provincial Comptroller to issue directives to ministries and public agencies detailing the manner in which Treasury Board orders and directives are to be complied with (subsection 10(2)).

Treasury Board, in accordance with its general authority or the enabling legislation of a fund, may make specific directives with respect to that fund. Enabling legislation must be reviewed to determine the nature of a fund and Treasury Board's authority over it.

Treasury Board Policies

Treasury Board has approved the following policies relating to special purpose funds and trust money:

- Section 3405 Establishment and Control of Special Purpose Funds and Trust Money;
- Section 3410 Cash Management of Special Purpose Funds and Trust Money;
- Section 3415 Financial Statements and Accounting for Special Purpose Funds and Trust Money; and
- Section 3420 Disposition of Unclaimed Trust Money.

Applicability

These policies apply to special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

References

3500 Control of Public Money
3600 Control of Bank Accounts
3700 Control of Accounts Receivable
3800 Control of Tangible Capital Assets and Inventory
4000 Financial Systems

Establishment and Control of Special Purpose Funds and Trust Money

Objective

The objective is to specify requirements for the establishment and control of special purpose funds and trust money.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22

Applicability

This policy applies to special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Treasury Board Policy

.01 The use of special purpose funds and trust funds for the purpose of segregating moneys from the General Revenue Fund (GRF) may be considered where:

- the moneys are used for special purposes; and/or
- the moneys are held in trust and are not assets of the Province.

.02 All special purpose funds and trust funds are properly authorized (e.g., an Act of the Legislature, regulations) and moneys are used for authorized purposes.

.03 Ministries, agencies, boards or commissions are responsible for the management of funds, which includes their proper establishment, classification, administration, financial management and termination.

.04 Where legislation or regulations governing funds are drafted or amended, guidelines established by the Provincial Comptroller are to be followed.

.05 Where it is desirable for a separate bank account to segregate the money from the GRF, the bank account is to be approved in accordance with Treasury Board policy. Refer to Section 3605 Approval of Bank Accounts.

.06 The requirements for the receipt and deposit of money contained in Section 3500 Control of Public Money and Treasury Board policies for the control and write-off of accounts receivable contained in Section 3700 Control of Accounts Receivable are to be followed.

.07 Disbursements made to meet expenses associated with normal fund operations are specified in guidelines, policies or regulations established by the ministry or agency within which the funds reside. All disbursements must be properly approved.

.08 Records pertaining to the establishment and financial management of each fund are to be maintained.

.09 New financial systems and any major changes to existing processes require the approval of the Provincial Comptroller prior to implementation as contained in Section 4000 Financial Systems.

.10 If a fund can no longer operate in the manner that was originally intended or for its specified purposes, then it is terminated. Fund surplus at termination is to be distributed in accordance with the Provincial Comptroller's directive.

Provincial Comptroller Directives

.11 Ministries must ensure that disbursements are for the purposes of the fund and authorized by designated persons responsible for the fund, supported by adequate documentation.

ICB Regulations

.12 The following guidelines are provided to assist ministries in drafting new institutional collective benefit regulations or amending existing ones:

Definition of ICBs

Institutional collective benefit (ICB) accounts are operated for the benefit of residents of government-run institutions or facilities. ICB accounts are considered trust money. The Government recognizes an obligation with respect to the use and disposition of assets for those who benefit from the operation of the accounts, although no individual claim exists.

The source of the funds is normally associated with the transfer or withholding of assets from the GRF, by receiving revenues from the sale of products produced by residents using a combination of government materials, facilities and equipment, and/or by gifts to the account. The use of the funds is restricted to specific purposes, which normally includes the purchase of necessary supplies and materials for the activity and purchase of other assets for the group that benefits.

Guideline Objectives

The objectives of the guidelines are as follows:

- Clearly define the purpose, sources of revenue and allowable expenditures of the account to discourage the establishment of "open ended" ICBs.
- Identify ICBs as distinct from conventional "trust' funds in order to eliminate confusion regarding their nature.
- Provide ministries with direction to either use fund money for the intended purposes of the fund or deposit them to the GRF.
- Establish consistent procedures for disposing of fund assets if funds are scaled down or terminated.
- Prevent conflict between, and minimize overlap of, regulations and the Treasury Board policy governing the funds.

Guidelines

The following topics are to be addressed in regulations establishing ICBs:

Legislative Authority

- Ensure legislative authority exists for the establishment of funds.
- Ensure the ICB complies with the Treasury Board policies and Provincial Comptroller's directives governing special purpose funds and trust moneys.
- Define all purposes of the fund.
- Identify all sources of receipts that are to be deposited into the fund.
- Identify all allowable disbursements in addition to those falling within the stated purpose of the fund. Where the stated purpose of the fund is either not specific or silent concerning certain types of anticipated disbursements (e.g., those for capital equipment, fixed assets, forgivable advances, grants, honoraria, wages, etc.), a listing of such categories is included in the regulation.

Reporting

- Ensure the administrators provide the following information to the responsible permanent head at the end of each fiscal year:
  - a copy of the schedule that is sent to the Provincial Comptroller for inclusion in the Public Accounts; and

  - a proposal indicating how the fund balance is to be utilized during the new fiscal year.

Disposal of Surplus Assets

- Provide for disposal of surplus assets where the fund has assets in excess of the reasonable needs of the fund as follows:
  - Excess money or investments are deposited in the GRF as revenue of the Province at the discretion of the permanent head.
  - Excess assets revert to the control of the ministry for disposal or reassignment at the discretion of the permanent head.

Termination of ICBs

- If the fund can no longer operate in the manner originally intended or for its specified purposes, it is terminated. The fund may be terminated for any other reason with the approval of the permanent head. The Provincial Comptroller must be notified prior to termination.

- Where the ministry has other ICBs that are substantially identical to the fund being terminated, after discharging all liabilities, at the discretion of the permanent head, all or part of the cash, investments or fixed assets may be distributed to substantially identical funds in a manner the ministry or agency prescribes. Residual liquid assets are deposited to the GRF as revenue, at the permanent head's discretion.

- Where a reorganization requires that an ICB be scaled down or terminated and an identical fund be created from all or part of the proceeds, the following procedures apply:
  - All liabilities of the old fund are properly discharged.
  - The ministry or agency within which the new fund will reside ensures that proper legislative and regulatory authorities are in place to create the new fund.
  - All of the remaining assets of the fund are distributed as required by the reorganization or program alignment.
  - Procedures regarding transfer of assets in the Accounting Manual, Section 1300 Tangible Capital

Assets are followed.

- Where the ICB is terminated but not relocated due to a reorganization or program realignment, and the ministry does not have one or more identical ICBs in operation, the following procedures apply:
  - All fund liabilities are discharged.
  - All remaining cash and investments are deposited to the GRF as revenue to the Province.
  - Control of the assets reverts to the ministry or agency responsible for disposal or reassignment.

References

3400 Control of Special Purpose Funds and Trust Money
3410 Cash Management of Special Purpose Funds and Trust Money
3415 Financial Statements and Accounting for Special Purpose Funds and Trust Money
3420 Disposition of Unclaimed Trust Money
3500 Control of Public Money
3600 Control of Bank Accounts
3700 Control of Accounts Receivable
3800 Control of Tangible Capital Assets and Inventory
4000 Financial Systems

Accounting Manual, Section 1300 Tangible Capital Assets

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Cash Management of Special Purpose Funds and Trust Money

Objectives

The objectives are to specify requirements for the cash management of special purpose funds and trust money and to outline the policy for accepting and allocating interest.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22

Applicability

This policy applies to special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Treasury Board Policy

.01 In the interests of good cash management practice, public money that belongs to a special purpose fund or trust fund should be held in the General Revenue Fund (GRF) in accordance with section 20 of *The Financial Administration Act, 1993.*

.02 Investments are made in accordance with any direction provided by Treasury Board.

.03 Interest and investment earnings on these moneys are deposited to, and form part of the fund, and are available to pay any expenses associated with the operation of the fund (unless contrary to enabling legislation).

.04 Where a person or party has an individual claim against the assets of the fund, any material interest and/or investment earnings is/are allocated to the credit of the person or party, according to the proportionate claim of the person or party against the assets.

Provincial Comptroller Directives

.05 Special purpose funds and trust money can be grouped with GRF moneys to facilitate more efficient cash management, providing the money is managed by a ministry or agency responsible to Treasury Board and there are no administrative or legislative restrictions that prevent the deposit of these moneys to the GRF. Refer to Section 3300 Holding Money in the GRF for more information.

Investments

.06 Where there is legislative authority to invest special purpose fund and trust money, the following applies to investments:

- Approval for investments or investment renewals is required from the director or equivalent for institutional collective benefit accounts and from the permanent head or delegate of the responsible ministry or agency for other funds.

- Overall approval is required from Treasury Board. Prior approval of Treasury Board is required for investments other than:
  - Securities issued by a major chartered bank;
  - Securities issued by Saskatchewan credit unions;
  - Guaranteed investment certificates issued by a trust company approved by Treasury Board; and
  - Securities as specified in legislation governing the operation of the fund.

- The maximum amount that may be deposited per depositor in any one trust company or credit union is $100,000.

- Where investments are held on behalf of individuals, the deposits with financial institutions should be insured up to $100,000 by depositor.

- Investment inquiries should be made to the Provincial Treasury Office, Ministry of Finance.

- Investment securities must be placed for safekeeping and if retained by a ministry or agency, they must be kept in a safety deposit box. The box must be opened in the presence of two officials.

- A record of investments is to be maintained that provides the following information:
  - Name of investment;
  - Name and address of vendor;
  - Date of purchase, purchase price, interest rate and date of maturity;
  - Termination date, if other than the date of maturity; and
  - Value realized on maturity or termination.

- A report of the portfolio of investments is to be submitted to Treasury Board every six months.

- Proceeds are to be deposited to an appropriate bank account when the investment matures or terminates.

- Investments held on behalf of individuals must be recorded.

References

3300 Holding Money in the GRF
3400 Control of Special Purpose Funds and Trust Money
3405 Establishment and Control of Special Purpose Funds and Trust Money
3415 Financial Statements and Accounting for Special Purpose Funds and Trust Money
3420 Disposition of Unclaimed Trust Money
3500 Control of Public Money
3610 Controls over Bank Accounts

Financial Statements and Accounting for Special Purpose Funds and Trust Money

Objective

The objective is to specify accounting and reporting requirements for special purpose funds and trust money.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22

Applicability

This policy applies to special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Treasury Board Policy

.01 Financial statements for each special purpose fund and trust fund are prepared at least annually in a form conforming to Provincial Comptroller's directives.

.02 The year-end value of the inventory of materials, work-in-progress and supplies is not to exceed 100% of the expected annual usage, unless approved by the Provincial Comptroller.

.03 Total liabilities of the fund are not to exceed the aggregate of cash plus immediately liquid investments.

Provincial Comptroller Directives

.04 Ministries maintain accounting records in a manner that accurately reflects the financial activities of the fund and facilitates preparation of financial reports.

.05 Whether or not financial statements are tabled separately pursuant to legislation, ministries must complete a year-end schedule as specified by the Provincial Comptroller, indicating the total assets, liabilities and fund balances as at the end of the fiscal year.

References

2305 Approval of the Financial Statements of Government Entities
3400 Control of Special Purpose Funds and Trust Money
3405 Establishment and Control of Special Purpose Funds and Trust Money
3410 Cash Management of Special Purpose Funds and Trust Money
3420 Disposition of Unclaimed Trust Money
3700 Control of Accounts Receivable
3800 Control of Tangible Capital Assets and Inventory
4000 Financial Systems

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Disposition of Unclaimed Trust Money

Objective

The objective is to outline a policy for the disposition of unclaimed trust money.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22

Applicability

This policy applies to special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Treasury Board Policy

.01 All unclaimed trust money is to be deposited to the General Revenue Fund (GRF) as revenue.

.02 The Ministry of Finance is to maintain a record of all unclaimed trust money showing such information as will enable the Ministry to identify the trust money for possible repayment.

.03 The Ministry of Finance is to charge any repayments authorized to the Ministry of Finance Vote to "Unforeseen and Unprovided For."

.04 Interest is paid from the date of payment into the GRF to the date repayment is authorized with the following exceptions:

- No interest is accrued on dormant court moneys from the date of payment into the GRF.
- No interest is accrued on unclaimed debentures after their date of maturity.

Provincial Comptroller Directives

.05 For unclaimed trust money that is deposited to the GRF, ministries are to provide details (e.g., owner's name, amount, purpose for holding the funds) to the Corporate Services Division, Ministry of Finance. The Corporate Services Division maintains a record of all unclaimed trust money that is deposited to the GRF.

.06 Ministries are to keep a complete record of all unclaimed trust moneys that they have put forward for deposit to the GRF pursuant to this policy.

Background

Trust – Dependent Adults and Children

.07 Pursuant to *The Public Guardian and Trustee Act,* section 43, all money belonging to dependent adults which has been lying dormant for a period of six years is to be deposited to the GRF.

.08 All money belonging to dependent children which has been lying dormant for a period of six years following the attaining of the age of majority is to be deposited to the GRF.

.09 A record that includes the name of the dependent adult or child, the amount belonging to the dependent adult or child, and a breakdown between principal and interest is to be retained.

.10 Any claims for repayment must be authorized by the Lieutenant Governor in Council.

Unclaimed Estates

.11 Money belonging to unclaimed estates is deposited to the GRF in accordance with section 46.1 of *The Administration of Estates Act*.

.12 A statement that includes the name of the estate, the amount belonging to the estate and a breakdown between principal and interest is to be retained.

.13 Repayment is made upon the approval of the Lieutenant Governor in Council in accordance with section 4 of *The Escheats Act*.

Proceeds of Personal Property Forfeited to the Crown

.14 In accordance with section 3 of *The Escheats Act* and section 43 of *The Public Guardian and Trustee Act*, money collected by the Ministry of Justice as personal property forfeited to the Crown is deposited to the GRF.

Court Money

.15 Dormant court money on deposit for six years together with accrued interest is transferred to the Minister of Finance in accordance with section 13 of *The Court Officials Act, 1984*.

.16 In accordance with the Act, each payment is to be accompanied by a statement showing:

- the reason the money was paid into court;
- the date of the payment into court;

- the amount paid into court; and
- the amount of accrued interest.

.17 Also in accordance with the Act, the Minister of Finance pays the money into court where the local registrar is satisfied that a claim for repayment may be made. No interest is payable by the Minister of Finance.

Unclaimed Debentures

.18 All money representing debenture principal and interest that has not been claimed for six years is returned by the bank appointed as the Province's fiscal agent and deposited to the GRF.

.19 The Deputy Minister of Finance approves the repayment of all verified claims of matured debenture principal and interest from money returned by the bank.

Other Unclaimed Money

.20 All other unclaimed money pursuant to any statute or custom is to be deposited to the GRF.

.21 Repayment is made in accordance with statute; if there are no provisions in the statute, then repayment is made with the approval of the Lieutenant Governor in Council.

References

3400 Control of Special Purpose Funds and Trust Money
3405 Establishment and Control of Special Purpose Funds and Trust Money
3410 Cash Management of Special Purpose Funds and Trust Money
3415 Financial Statements and Accounting for Special Purpose Funds and Trust Money

Control of Public Money

Control Objectives

The objectives for the control over public money are to ensure that:

- all public money is properly recorded and safeguarded;
- instances of fraud, error and omission are identified; and
- money to which the Government is entitled is claimed and collected.

Definition

Public money is defined in *The Financial Administration Act, 1993* (FAA) as follows:

"Public money" means money:

- belonging to the Government of Saskatchewan; or
- held by the Government of Saskatchewan or an employee or officer of the Government of Saskatchewan for the benefit of or in trust for any government or person.

Background

Public moneys can be categorized as:

- General Revenue Fund (GRF)
- special purpose funds
- trust money

GRF

The GRF is public money that belongs to the Government.

Special Purpose Funds

Special purpose funds are established by the Legislature for specific purposes. Some of these funds belong to the Government and some do not (i.e., they belong to a corporate entity). Where the special purpose fund belongs to the Government, it is considered to be public money. Although these moneys belong to the Government, they are not subject to the Legislature's power of appropriation.

Trust Money

Money held in trust for others does not belong to the Government. Where trust money is held by government employees or officers, it is considered to be public money. Receipts of this nature are not subject to the Legislature's power of appropriation.

Authority

The FAA provides Treasury Board, the Minister of Finance and the Provincial Comptroller with powers and duties with respect to public money.

Treasury Board

The FAA allows Treasury Board to direct any person receiving, managing or disbursing public money to keep any books, records or accounts that it considers necessary (clause 5(e)). The FAA requires public moneys to be forwarded, deposited and otherwise dealt with in accordance with any orders and directives of Treasury Board (section 22).

The FAA allows Treasury Board to make orders and issue directives with respect to its duties under section 4 of the FAA (e.g., relating to the finances, the administrative policy and management practices, and the accounting policies and practices of the Government) (clause 5(a)).

Minister of Finance

The FAA provides the Minister of Finance with the responsibility for matters relating to the collection, management and control of public money that is not otherwise assigned (section 6).

Provincial Comptroller

The FAA requires the Provincial Comptroller to supervise the receipt, recording and proper disposition of public money. The FAA allows the Provincial Comptroller to issue directives to ministries and public agencies detailing the manner in which Treasury Board orders and directives are to be complied with (subsection 10(2)).

Treasury Board Policies

Treasury Board has approved the following policies relating to the receipt and control of public money:

- Section 3505 Receipt and Control of Public Money;
- Section 3510 Minor Errors in Remittances;
- Section 3515 NSF Cheques;
- Section 3520 Credit and Debit Card Receipts; and
- Section 3525 Receipt of Donations.

Applicability

These policies apply to the General Revenue Fund, and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

References

1200 Role of the Legislature to Control Public Money
1300 Government Management and Control
3000 Control of the GRF
3400 Control of Special Purpose Funds and Trust Money
3530 Electronic Funds Transfer Receipts
3600 Control of Bank Accounts
3700 Control of Accounts Receivable
4000 Financial Systems

Receipt and Control of Public Money

Objective

The objective is to ensure that all public money is properly received, safeguarded, recorded, and promptly deposited.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22

Applicability

This policy applies to the General Revenue Fund (GRF), and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Background

In accordance with subsection 19(2) of *The Financial Administration Act, 1993*, all public moneys shall be paid into the GRF, other than: (a) public moneys over which the Legislative Assembly has no power of appropriation; and (b) public moneys otherwise specially disposed of by the Legislative Assembly.

Treasury Board Policy

.01 The permanent head is to ensure the following controls are present:

- All money received is promptly and appropriately recorded upon receipt.
- All money received is appropriately acknowledged.
- All money is adequately protected against loss or theft.
- All money received is disposed of properly and promptly.
- The disposition of money received is appropriately recorded.
- Cheques returned due to non-sufficient funds (NSF) are recorded, replaced and re-deposited.
- Adequate information regarding money received is supplied to the appropriate financial system.

.02 Every ministry will keep its accounting records in such a form as to indicate:

- the total revenue received, allocated into revenue classifications, established and approved by the Provincial Comptroller;
- the total deposited in the GRF; and
- the total accounts receivable, allocated into the classifications as may be determined by the Provincial Comptroller.

Provincial Comptroller Directives

.03 Ministries are responsible to establish written procedures and controls to safeguard the receipt, recording and deposit of public money. Schedule A contains standard control requirements to safeguard public money.

.04 If any cheque, draft or other negotiable instrument deposited is not honoured by the bank, the collecting ministry is to take steps to protect the Government's interest. Refer to Section 3515 NSF Cheques.

Compensating Controls and Mitigating Factors

.05 If any of the standard control requirements in Schedule A for the receipt, recording and deposit of moneys are inappropriate and other procedures would be more appropriate in the circumstances, ministries must document revised procedures that include compensating controls and mitigating factors, together with the reasons for the revised procedures.

.06 Compensating controls are controls that are in place to satisfy the requirement of a control that is deemed too difficult or impractical to implement. Mitigating factors are circumstances which lower the risks of not having the recommended controls. The following are examples of compensating controls or mitigating factors that may be in place to safeguard public money.

.07 For circumstances when two individuals cannot be present when the mail is opened, compensating controls may include:

- timely follow up of expected revenue independent of the receipt of funds; and
- regular review of accounts receivable balances.

Mitigating factors may include:
- a small amount of cash or cheques are received in the office; and
- all revenue received is known in advance.

.08 For circumstances when the frequency of deposits cannot be made in accordance with Schedule A, compensating controls may include:

- all cheques received are stamped 'For Deposit Only' immediately upon receipt;

- receipts are provided for all cash and cheques received; and
- all money is kept in a locked secured place.

A mitigating factor may include:

- a small amount of cash is received in the office.

GRF Processing

.09 For information on revenue refunds from the GRF, refer to the Accounting Manual, Section 3000 Revenue.

.10 For information on application for remissions from the GRF, refer to Section 3010 Application for Remissions.

References

3000 Control of the GRF
3010 Application for Remissions
3020 Suspense Accounts and Conditional Receipts
3500 Control of Public Money
3510 Minor Errors in Remittances
3515 NSF Cheques
3520 Credit and Debit Card Receipts
3525 Receipt of Donations
3530 Electronic Funds Transfer Receipts
3600 Control of Bank Accounts
3700 Control of Accounts Receivable

Accounting Manual, Section 3000 Revenue

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Schedule A

Controls to Safeguard Public Money

Controls:	**Standard control requirements:**
All moneys received is promptly and appropriately recorded upon receipt and appropriately acknowledged.	• All incoming mail is opened by two persons designated for the purpose. • All money received is immediately recorded upon receipt. The record should include the date, the name of the remitter, the amount of remittance and the signature of the two people opening the mail. • Cheques, money orders and other negotiable instruments are restrictively endorsed immediately upon receipt. • Official receipts, cash register slips, licenses or certificates are issued when the moneys received are cash, the remitter pays in person or the remitter requests a receipt.
All money is adequately protected against loss or theft.	• Deposit slips, receipts and other forms are pre-numbered, issued by authorized employees and periodically reviewed to ensure all forms are accounted for. • Money is kept secure until proper disposition is made. • Access to money is limited to those employees who are responsible for the cash function. • Duties of employees are segregated so that employees responsible for accounting for the money do not have access to it.
All money received is disposed of properly and promptly and the disposition of money received is appropriately recorded.	• Moneys are disposed of by one of the following: deposited to the bank, transferred to another ministry (obtain a receipt for cash transfers) or returned to remitter if received in error or if none of the services can be rendered and/or the goods can't be supplied. • Deposits are made regularly (e.g. daily, weekly, monthly) based on the deposit amount. Appropriate thresholds for the timing of deposits must be documented.

All money received is disposed of properly and promptly and the disposition of money received is appropriately recorded (*continued*).	• Larger deposits of cash and negotiable securities should be transported by an armoured car service or bonded courier. Appropriate thresholds for the use of secure services must be documented. • Deposits should be stamped by the financial institution. • The record of cash received is to be reconciled to the bank deposit and the accounting records.
Cheques returned due to non-sufficient funds (NSF) are recorded, replaced and re-deposited.	• Refer to Section 3515 NSF Cheques.
Adequate information regarding money received is supplied to the appropriate financial system.	• Receipts are recorded in the accounting system in a timely manner. This is required in order to detect and resolve any discrepancies, and to ensure banking timelines for the correction of the discrepancies are met. • All transactions entered to the Government's central financial system (e.g. journal entries) are reviewed through reports on a regular basis for reasonableness and for unusual items such as correcting or reversing entries. Any discrepancies are to be followed upon and resolved on a timely basis.

Minor Errors in Remittances

Objective

The objective is to provide direction regarding refunds of insignificant amounts.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22

Applicability

This policy applies to the General Revenue Fund, and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Treasury Board Policy

.01 Remittances made by the public containing minor errors may be considered correct, subject to the approval of the Provincial Comptroller or delegate.

Provincial Comptroller Directives

.02 Remittances that contain overpayments of less than $10.00 may be accepted as correct; however, refunds must be provided if specifically requested.

.03 Subject to the approval of the Provincial Comptroller or delegate, remittances made by the public that contain minor overpayments greater or equal to $10.00 may be accepted as correct.

References

3020 Suspense Accounts and Conditional Receipts
3500 Control of Public Money
3505 Receipt and Control of Public Money
3515 NSF Cheques
3520 Credit and Debit Card Receipts
3525 Receipt of Donations

NSF Cheques

Objective

The objective is to defray a portion of the costs incurred by the Government in processing cheques returned due to non-sufficient funds (NSF).

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22

Applicability

This policy applies to the General Revenue Fund (GRF), and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Treasury Board Policy

.01 Ministries are responsible for collecting an administration fee determined by the Provincial Comptroller for NSF cheques.

Provincial Comptroller Directives

.02 An administrative fee of $25.00 per NSF cheque is to be collected from the person who issued the NSF cheque. The administrative fee is deposited to casual revenue if it pertains to the GRF.

.03 The permanent head or delegate may waive the fee where the collection of an administrative fee is impractical.

.04 Ministries should notify their customers that an administrative fee will be charged on all NSF cheques by:

- installing a sign at a counter where fees are collected;
- notifying repeat customers (those who ordinarily return to purchase goods or services again); or
- providing notification on an application form or receipt.

.05 Non-negotiable cheques (e.g., NSF, stale-dated, post-dated) deposited to the General Revenue Fund (GRF) are returned to the Provincial Comptroller's Office and then forwarded to the depositing ministry. Non-negotiable cheques deposited to other bank accounts are returned directly to the depositing ministry.

.06 Ministries using bank accounts are required to:

- record non-negotiable cheques that are returned;
- ensure a replacement is obtained; and
- deposit and record the replacement.

References

3020 Suspense Accounts and Conditional Receipts
3500 Control of Public Money
3505 Receipt and Control of Public Money
3510 Minor Errors in Remittances
3520 Credit and Debit Card Receipts
3525 Receipt of Donations
3600 Control of Bank Accounts
3700 Control of Accounts Receivable

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Credit and Debit Card Receipts

Objective

The objective is to outline requirements for implementation of the use of credit and debit cards as a means of receipt.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22

Applicability

This policy applies to the General Revenue Fund (GRF), and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Treasury Board Policy

.01 Ministries may accept debit and/or credit cards for receipt of payments.

.02 Credit cards are not to be accepted for the collection of taxes.

Provincial Comptroller Directives

.03 Ministries establishing systems that enable the acceptance of on-line payments with credit cards must follow the security policies, standards and guidelines provided in the Electronic Online Credit Card Transaction Policy. For additional information, contact the Information Technology Division (within the Ministry of SaskBuilds and Procurement).

.04 Ministries are to ensure that all credit and debit card receipts are properly received, safeguarded, recorded, and deposited promptly. Refer to Section 3505 Receipt and Control of Public Money.

.05 Generally a bank account is required to accept debit/credit card payments. Refer to Section 3605 Approval of Bank Accounts.

.06 New financial systems or changes to existing systems requires the approval of the Provincial Comptroller in accordance with Section 4015 Implementing Financial Systems.

.07 Revenue should be recorded at the gross amount received. The merchant fee paid by the GRF is to be recorded as an expense. It cannot be netted against revenue. See the Accounting Manual, Appendix H Central System Processing.

.08 Any incremental cost and/or impact on revenue must be identified in the budget process.

References

3020 Suspense Accounts and Conditional Receipts
3500 Control of Public Money
3505 Receipt and Control of Public Money
3510 Minor Errors in Remittances
3515 NSF Cheques
3525 Receipt of Donations
3600 Control of Bank Accounts
3605 Approval of Bank Accounts
3610 Controls over Bank Accounts
3615 Bank Account Interest and Charges
4000 Financial Systems
4005 Acquisition of Financial Systems
4010 Development of Financial Systems
4015 Implementing Financial Systems
4020 System Processing Controls
4025 System Security

Online and Phone Payments to Government of Saskatchewan

Accounting Manual, Appendix H Central System Processing

Receipt of Donations

Objective

The objective is to ensure that donations are handled appropriately and consistently.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22

Applicability

This policy applies to the General Revenue Fund (GRF), and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Definition

Donations are any moneys, real estate or other types of assets acquired through gift, donation, bequest or contribution. Non-monetary donations involve property other than cash.

Treasury Board Policy

.01 Donations are only to be accepted if permitted by legislation governing the ministry or fund. Any conditions attached to a donation must comply with that legislation.

.02 Before accepting a non-monetary donation, the permanent head must approve the appropriateness of the donation.

.03 If a tax receipt is requested for the non-monetary donation, the donor is responsible for obtaining an independent expert valuation on the value of the donation.

.04 When a donor requests an income tax receipt for a non-monetary donation valued at over $100,000, approval from the Deputy Minister of Finance is required.

.05 The donor should be formally acknowledged for the donation by a senior official of the ministry. A tax receipt can be issued if the donation meets the requirements of the Canada Revenue Agency.

Provincial Comptroller Directives

.06 Donations to the Crown belong to the GRF. The enabling legislation for other funds or organizations may provide authority for accepting donations other than to the Crown.

Donor's Conditions

.07 Ministries have the legal authority to accept donations and issue tax receipts on behalf of the Province. However, if the donor imposes conditions on the donation (e.g., that the donation be used for a particular purpose), the ministry may be unable to accept the donation and issue a tax receipt.

.08 If this occurs, alternate methods for executing the donation should be explored (e.g., suggesting that the donor redirect the donation to a particular fund other than the GRF or to a government organization).

.09 If the donor specifies certain conditions for the use of the donation, the ministry must ensure proper authority exists to carry out all conditions.

.10 For non-monetary donations, the ministry should not accept conditions imposed by the donor. Non-monetary donations are assets of the Province and can be utilized or sold as the Province sees fit. No conditions that restrict this should be accepted.

.11 Monetary donations to the Crown are deposited as revenue of the GRF unless the necessary authority exists to deposit them to another government fund. Conditions attached to monetary donations deposited to the GRF can only be honoured to the extent that an appropriation exists.

.12 For non-monetary and monetary donations to other government funds, conditions must be acceptable under the enabling legislation.

.13 If there are no legal impediments to accepting a conditional donation, the ministry should ensure that:

- the costs of complying with the conditions are modest relative to the size of the donation; and
- there are no ambiguities in the conditions (this is normally achieved through a written agreement with the donor).

Canada Revenue Agency

.14 Canada Revenue Agency (CRA) prohibits the issuance of tax receipts when the conditions of the donor confer a benefit on the donor or a non-arm's length party.

.15 CRA advice states the following, which applies to the Crown:

"A donor can ask that their gift be used in a particular program of the qualified donee as long as there is no benefit to the donor or anyone not at arm's length to the donor. The qualified donee must be able to use the gift within the particular program as it sees fit. If the donor retains control, the donation is no longer considered a gift at law and a receipt cannot be issued."

.16 For example, a donor may request that a cash donation be used for highway maintenance. CRA views this as a reasonable request and a tax receipt can be issued. However, if the donor requests that the donation be used to repair a specific section of highway, the donor would not be eligible for a tax receipt because the donor is instructing the Government on how to utilize the donation within a program.

Non-Monetary Donations

.17 The valuation of a non-monetary donation is important because it determines the amount of the tax benefit for the donor. Thus, the value should be determined by an unbiased source. In cases where the donation is property, which has been recently purchased and immediately donated, the purchase price is usually acceptable as the fair market value of the item. If the item has not been recently purchased, it is the responsibility of the donor to arrange and pay for an independent expert valuation of the property donated.

.18 For all non-monetary donations, the approval of the permanent head is required with respect to the appropriateness of the donation. Only non-monetary donations that benefit the Government should be accepted.

.19 Even though a government ministry may issue an income tax receipt for a donation to the Crown, prospective donors should be advised that they are responsible for obtaining advice on their particular tax situation.

Tax Receipt Information

.20 The CRA website contains detailed information on topics related to issuing receipts (e.g., what you need to know to issue an official donation receipt; determining fair market value of non-cash gifts). Ministries should read and understand this information as CRA has specific requirements relating to issuing receipts. For example, CRA outlines situations where receipts cannot be issued (e.g., gifts of service, court ordered donations; a non-cash gift for which the fair market value cannot be determined).

If there is uncertainty whether a tax receipt may be issued in a specific situation, CRA – Charities Directorate should be consulted.

.21 CRA specifies that the following information must be on an official income tax receipt:

For gifts of cash:
- a statement that it is an official receipt for income tax purposes; the name and address of the qualified donee *(the Government of Saskatchewan is a qualified donee)*;
- a unique serial number;
- the locality where the receipt was issued (city, town, municipality);
- the date the gift was received;
- the date the receipt was issued;
- the full name, including middle initial, and address of the donor;
- the amount of the gift;
- the amount and description of any advantage received by the donor;
- the eligible amount of the gift;
- the signature of an individual authorized by the qualified donee to acknowledge donations; and
- the name and website address of the CRA.

For non-cash gifts, these additional elements:
- a brief description of the gift received by the qualified donee;
- the name and address of the appraiser (if the gift was appraised); and
- the fair market value of the property at the time the gift was made.

.22 All income tax receipts are to bear the signature of either the permanent head or two persons authorized in writing by the permanent head.

.23 Ministries issue official receipts based on whether the donation is Cash or Non-Cash. Ministries must retain copies of receipts in accordance with CRA requirements.

.24 Ministries must maintain adequate internal controls, such as:

- limit the number of individuals authorized to sign income tax receipts (to strengthen internal control, consider restricting receipt signers to the Corporate Services Head along with one of a select group of other Corporate Services employees);
- implement segregation of duties (e.g., assign responsibility for issuing receipts and banking duties to different persons);
- issue serial numbers on receipts in sequential order to help track receipts;
- control the assignment of serial numbers and keep copies of receipts in a safe and secure place;
- maintain adequate records, and account for issued receipts;
- regularly review the delegation for receipting.

.25 A copy of each tax receipt issued for large donations over $100,000 is to be forwarded to the Provincial Comptroller.

.26 CRA requires that documentation relating to donations be retained for two years.

Letter of Appreciation

.27 The donor should be formally acknowledged for the donation by a senior official. It may be appropriate for the minister to send a Letter of Appreciation for Donations.

Accounting

.28 Monetary donations to the GRF are to be treated as revenue. The use of monetary donations results in an expense. Non-monetary donations to the GRF may give rise to an accounting entry. Refer to the Accounting Manual, Section 1300 Tangible Capital Assets and Section 1310 Inventories Held for Consumption.

.29 For other funds, ministries should consult the Chartered Professional Accountants Canada (CPA Canada) Handbook for guidance.

References

3020 Suspense Accounts and Conditional Receipts
3500 Control of Public Money
3505 Receipt and Control of Public Money
3510 Minor Errors in Remittances
3515 NSF Cheques

3520 Credit and Debit Card Receipts

Accounting Manual, Section 1300 Tangible Capital Assets
Accounting Manual, Section 1310 Inventories Held for Consumption

CRA P113 Gifts and Income Tax
CRA "What is a gift"

CPA Canada Handbook

Website:
Canada Revenue Agency
https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts.html

Electronic Funds Transfer Receipts

Objective

The objective is to outline requirements for acceptance of electronic funds transfers as a means of receipt.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22.

Applicability

This policy applies to the General Revenue Fund (GRF), revolving funds and Other Entities by virtue of holding money in the GRF.

Treasury Board Policy

.01 In accordance with *The Financial Administration Act, 1993,* all revenues of the Province unless otherwise specified, are to be deposited into the GRF.

.02 The permanent head is to ensure the following controls are present:

- All money received is promptly and appropriately recorded upon receipt.
- All money received is appropriately acknowledged.
- All money is adequately protected against loss or theft.
- Adequate information regarding money received is supplied to the appropriate financial system.

Provincial Comptroller Directives

.03 Ministries and entities holding money in the GRF may accept electronic funds transfers (EFTs) for receipt of payments.

.04 Each ministry and entity that will be accepting EFTs on a regular and ongoing basis from more than one entity must have a separate bank account to receive those funds. Ministries who receive EFTs infrequently may make arrangements to have those funds transferred to the GRF bank account.

.05 When a ministry or entity requires a separate bank account to accept EFTs, refer to Section 3605 Approval of Bank Accounts.

.06 EFTs should only be accepted from other governments, corporate entities and not-for-profit agencies. EFTs are not to be accepted from individuals.

.07 Ministries and entities are to ensure that all EFTs are properly received, safeguarded, and recorded promptly. Refer to Section 3505 Receipt and Control of Public Money.

.08 Ministries and entities are to ensure that internal procedures and processes are in place to ensure adequate internal control over bank accounts. Refer to Section 3610 Controls over Bank Accounts.

.09 A Debit Blocking Service Agreement should be entered into for separate bank accounts established to accept EFTs to provide additional security and internal controls over the bank account. The agreement will block all cheques and pre-authorized debits from being processed through the account but does not impact the sweep to the GRF bank account or the return of EFTs erroneously deposited to the account.

References

3500 Control of Public Money
3505 Receipt and Control of Public Money
3600 Control of Bank Accounts
3605 Approval of Bank Accounts
3610 Controls over Bank Accounts
3615 Bank Account Interest and Charges

Control of Bank Accounts

Objectives

The objectives of the Government's bank account policies are to:

- minimize the number of bank accounts for management, control and cost minimization;
- when practical, keep accounts at the principal financial institution to take advantage of centralized services;
- make certain adequate systems are in place to control public money; and
- practice efficient cash management.

Background

The Provincial Archives of Saskatchewan has determined how long files should be retained (i.e., cancelled cheques and/or electronic cheque images must be kept for six years).

Authority

The Financial Administration Act, 1993 (FAA) allows the Minister of Finance to "establish, maintain or close accounts in the name of the Crown with any financial institution on any terms that the minister considers appropriate" (section 21).

The FAA allows Treasury Board to direct any person receiving, managing or disbursing public money to keep any books, records or accounts that it considers necessary (clause 5(e)).

The FAA requires public moneys to be forwarded, deposited and otherwise dealt with in accordance with any orders and directives of Treasury Board (section 22).

The FAA allows Treasury Board to make orders and issue directives with respect to its duties under section 4 of the FAA (e.g., relating to the finances, the administrative policy and management practices, and the accounting policies and practices of the Government) (clause 5(a)).

The FAA allows the Provincial Comptroller to issue directives to ministries and public agencies detailing the manner in which Treasury Board orders and directives are to be complied with (subsection 10(2)).

The authority to establish, maintain and close bank accounts is delegated to the Provincial Comptroller or delegate.

Treasury Board Policies

Treasury Board has approved the following bank account policies:

- Section 3605 Approval of Bank Accounts;
- Section 3610 Controls over Bank Accounts; and
- Section 3615 Bank Account Interest and Charges.

Applicability

These policies are applicable to the General Revenue Fund, and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money. Section 3605 Approval of Bank Accounts applies further, as specified in that section.

References

3105 Imprest Bank Accounts
3305 Holding Money in the GRF through Consolidated Offset Balance Concentration (COBC)
3530 Electronic Funds Transfer Receipts
3400 Control of Special Purpose Funds and Trust Money
3500 Control of Public Money

Records Classification and Retention Schedules (Provincial Archives of Saskatchewan)

Approval of Bank Accounts

Objective

The objective of this policy is to ensure effective management and control of bank accounts.

Authority

The Financial Administration Act, 1993 (FAA) allows the Minister of Finance to "establish, maintain or close accounts in the name of the Crown with any financial institution on any terms that the minister considers appropriate" (section 21).

The FAA allows Treasury Board to direct any person receiving, managing or disbursing public money to keep any books, records or accounts that it considers necessary (clause 5(e)).

The FAA requires public moneys to be forwarded, deposited and otherwise dealt with in accordance with any orders and directives of Treasury Board (section 22).

The FAA allows Treasury Board to make orders and issue directives with respect to its duties under section 4 of the FAA (e.g., relating to the finances, the administrative policy and management practices, and the accounting policies and practices of the Government) (clause 5(a)).

The FAA allows the Provincial Comptroller to issue directives to ministries and public agencies detailing the manner in which Treasury Board orders and directives are to be complied with (subsection 10(2)).

Definitions

In addition to the primary bank accounts for the General Revenue Fund (GRF) (i.e., main, payroll and U.S. Dollar), other types of bank accounts include the following:

- **Imprest bank accounts** are bank accounts that are periodically funded from the GRF bank account as payments are made. Generally, imprest bank accounts are used for making payments where the Government's central payment system cannot be used for an effective or efficient manner (e.g., to pay individuals for casual work such as fighting forest fires). To establish an imprest bank account for the GRF, refer to Section 3105 Imprest Bank Accounts.

- **Transfer and clearing bank accounts** are used to collect moneys for transfer to the GRF.

- **Special purpose bank accounts** are provided for funds that are authorized through legislation.

- **Trust bank accounts** are used to hold money that does not belong to the Government.

- **Suspense bank accounts** are used to hold money on a temporary basis until the final disposition can be determined.

- **Charge back or returned items bank accounts** are used to accumulate items returned from the financial institution.

- **Credit card clearing bank accounts** are used to accept credit card payments.

Treasury Board Policy

.01 It is in the best interest of the Government from both a control and a money management perspective to maintain a minimum number of bank accounts.

.02 Amounts held in bank accounts should be sufficient to cover the organization's operations but not exceed the amount.

.03 The Government has selected a principal financial institution to centralize banking and take maximum advantage of services offered. Ministries should hold bank accounts at the principal financial institution, wherever practical.

.04 The approval of the Provincial Comptroller or delegate is required for opening and closing of all bank accounts. [This policy applies to the GRF, special purpose funds and trust money administered by ministries, where the bank account is to form part of the Consolidated Offset Balance Concentration arrangement and where required by legislation.]

.05 Bank accounts may not be established for the following: petty cash, business policy expenses, individual travel and relocation expenses.

.06 Ministries are responsible to ensure that adequate systems are in place to control funds in bank accounts.

Provincial Comptroller Directives

.07 The Assistant Provincial Comptroller, Provincial Comptroller's Office (PCO), Ministry of Finance is delegated the authority to approve the opening and closing of bank accounts.

Criteria

.08 Separate bank accounts are authorized only when the banking requirements cannot be reasonably accommodated by the GRF bank account or other existing bank accounts. Examples of where the need for a separate bank account can be established include the following:

- Legislation requires that funds be kept separate from the GRF.
- Cheques must be identified with particular government programs.
- Time restrictions on cheque issuance cannot be met through the GRF payment system.
- A bank account separate from the GRF bank account is necessary for administrative purposes (e.g., credit card clearing accounts).
- Geographical location makes the use of the GRF bank account impractical (i.e., where revenue is collected in a location where the principal financial institution does not have a branch).

Control Objectives

.09 The organization responsible for the bank account is to ensure appropriate administration and control of the bank account. The following controls should be in place:

- Bank accounts and signing authorities including online bank functions are properly authorized.
- A list of approved cheque signers and online approvers is maintained.
- All moneys received are properly safeguarded, properly recorded and deposited.
- Appropriate segregation of duties is implemented and where not practical, compensating controls are implemented.
- A daily review of bank transactions is performed. This review requires matching cheques (number and dollar amount) processed by the bank to accounting records of cheques issued.
- Bank accounts are reconciled at the end of each month or more frequently as required.
- A list of individuals who are authorized to view balance and transaction information through online access is maintained.
- Bank accounts are closed when no longer required.

Opening/Closing

.10 To obtain approval to open a bank account, submit an Application to Open a Bank Account form to the Assistant Provincial Comptroller, PCO along with a completed Bank Account Internal Control Questionnaire.

.11 The Assistant Provincial Comptroller, PCO, reviews and approves the system to be used for the account to the extent deemed necessary. The system reviewed encompasses the receipts and disbursements of funds from the account and the related financial system. The approval of the Assistant Provincial Comptroller, PCO is required to use online banking to make payments from or collect receipts in the bank account.

.12 To obtain approval to close a bank account, submit an Application to Close a Bank Account form to the Assistant Provincial Comptroller, PCO.

.13 Each year, ministries should confirm that each bank account is required, it is being used as intended, that the list of signers on record with the financial institution is accurate, and that the list of individuals who are authorized to view balance and transaction information through online access is accurate.

Change in Use

.14 To obtain approval to change or expand the use of an existing bank account, submit a request along with a revised Bank Account Internal Control Questionnaire to the Assistant Provincial Comptroller, PCO.

References

3020 Suspense Accounts and Conditional Receipts
3105 Imprest Bank Accounts
3300 Holding Money in the GRF
3305 Holding Money in the GRF through Consolidated Offset Balance Concentration (COBC)
3315 Terms and Conditions for Moneys Held in the GRF
3400 Control of Special Purpose Funds and Trust Money
3405 Establishment and Control of Special Purpose Funds and Trust Money
3410 Cash Management of Special Purpose Funds and Trust Money
3500 Control of Public Money
3505 Receipt and Control of Public Money
3530 Electronic Funds Transfer Receipts
3600 Control of Bank Accounts
3610 Controls over Bank Accounts
3615 Bank Account Interest and Charges

Controls over Bank Accounts

Objective

The objective is to ensure proper internal controls are in place where bank accounts are used.

Authority

The Financial Administration Act, 1993 (FAA) allows the Minister of Finance to "establish, maintain or close accounts in the name of the Crown with any financial institution on any terms that the minister considers appropriate" (section 21).

The FAA allows Treasury Board to direct any person receiving, managing or disbursing public money to keep any books, records or accounts that it considers necessary (clause 5(e)).

The FAA requires public moneys to be forwarded, deposited and otherwise dealt with in accordance with any orders and directives of Treasury Board (section 22).

The FAA allows Treasury Board to make orders and issue directives with respect to its duties under section 4 of the FAA (e.g. relating to the finances, the administrative policy and management practices, and the accounting policies and practices of the government) (clause 5(a)).

The FAA allows the Provincial Comptroller to issue directives to ministries and public agencies detailing the manner in which Treasury Board orders and directives are to be complied with (subsection 10(2)).

Definitions

Payments Canada establishes, operates, and maintains systems for the clearing and settlement of payments among member financial institutions, and develops, implements and updates the rules and standards that govern the clearing and settlement of payments between members (e.g. timelines for returning cheques). These rules and standards facilitate the interaction of its systems with other national and international payment systems. The Bank of Canada and all chartered banks operating in Canada are required to be members of Payments Canada; other members include trust and loan companies, credit union centrals, life insurance companies as well as securities dealers and money market mutual funds that meet certain requirements.

***Interac* e-Transfer Autodeposit (Autodeposit)** allows funds to be deposited directly into a bank account for e-transfers sent to a registered email address. When an e-transfer payment is sent to the registered email address the funds are automatically deposited into the bank account linked to the registered email address without the need for a security question or answer.

Financial Services Agreement (FSA) is the banking agreement between the government and the principal financial institution (currently the Royal Bank of Canada). Ministries/agencies operating bank accounts under the FSA are required to comply with relevant terms and conditions.

Pre-authorized Debits (PAD) are withdrawals from a third party's account at a financial institution that are initiated by a company (in this case, the Government of Saskatchewan) that has the authority from the third party to do so. In common usage, they are sometimes referred to as pre-authorized payments (PAP).

Treasury Board Policy

.01 Ministries and other agencies are responsible to ensure that adequate systems are in place to control funds in bank accounts.

.02 Policies regarding the receipt and deposit of public moneys in Section 3505 Receipt and Control of Public Money are to be followed.

.03 All disbursements are to be made by direct deposit to the payee's bank account or by cheque.

.04 All disbursements are to be recorded at the time of issue in a manner prescribed by the Provincial Comptroller.

.05 Unless otherwise specified in legislation, cheques drawn on a General Revenue Fund (GRF) bank account or on any other bank account where the Minister of Finance is responsible for the custody and disbursement of funds shall bear:

- The signatures of the Provincial Comptroller and the Deputy Minister of Finance; or
- The signatures of two persons authorized in writing by the Provincial Comptroller or delegate; or
- The signatures of two persons authorized by an order of the Treasury Board.

.06 The Provincial Comptroller may exempt the requirements for two signatures on other than the GRF accounts.

.07 The Provincial Comptroller or delegate may authorize the use of mechanical equipment capable of reproducing facsimiles of the signatures of authorized persons.

Provincial Comptroller Directives

.08 Ministries are responsible to ensure there is adequate internal control over bank accounts.

Segregation of Duties

.09 The functions of initiating, authorizing, recording transactions, custody of assets, and bank reconciliation must be segregated to ensure that no employee or group of employees has exclusive control over a financial transaction or group of transactions. For example, for accurate accounting records, recording duties must be separate from custodial duties, such as cash receipts, bank deposits, cheque printing, and cheque signing. For an independent verification of accounting records to bank account records, the official preparing the bank reconciliation must not have custodial duties or record transactions in the accounting records.

.10 If these functions in paragraph .09 are not segregated, a ministry must have compensating controls in place.

Deposits

.11 Monies are received by the government in various forms (e.g. cash, cheque, credit or debit card receipts, e-transfer, pre-authorized debits/payments). To facilitate reconciliation and error detection, the bank limits the number of items deposited to 250 per batch. For internal controls over monies to be deposited electronically to a ministry bank account from a third party account (PADs), refer to paragraphs .50 to .55. For internal controls over the receipt and deposit of public moneys, see Section 3505 Receipt and Control of Public Money.

Payments

.12 The government makes payments to payees by direct deposit to the payee's bank account or by cheque. With approval from the Provincial Comptroller or delegate, payments may be made using prepaid debit cards. For internal controls over monies paid through electronic payments (e.g. direct deposit), refer to paragraphs .47 and .51 to .56 and for internal controls over cheques, see paragraphs .18 to .39. For internal controls over payments using prepaid debit cards, refer to paragraphs .57 to .59.

Online Access to

.13 Ministries are responsible to maintain a list of individuals who

Bank Information

are authorized to view balance and transaction information through online access. Changes required to this list must be approved by Corporate Services Heads. For accounts with the principal financial institution, any changes to the list should be provided to the Provincial Treasury Office, Ministry of Finance.

Reconciliation

.14 Ministries are to perform a daily review of bank transactions (e.g. cheques, other debits, transfers, deposits) to accounting records. This review requires matching cheques (number and dollar amount) processed by the bank to ministry accounting records of cheques issued. This requirement is to ensure validity and accuracy of items that have cleared through the bank and to notify the bank of items such as fraudulent cheques, stale dated cheques, and stop payments that should be rejected within required Payments Canada timelines. Ministries are to have processes in place to ensure timelines for returning items (e.g. fraudulant cheques) to the bank are met. See Schedule A Royal Bank of Canada – Financial Services Agreement for timelines for returning items to the bank.

.15 In addition to online balance and transaction reporting, the following information is available from the principal financial institution:

- A report of cheques processed the previous business day can be scheduled to run daily. MICR data can be exported to an excel report for comparison to accounting records. For larger systems, automatic daily matching may be an option to implement where practical (contact the Manager, Banking and Cash Management, Provincial Treasury Office, Ministry of Finance).
- Bank Statements and cheque images can be viewed online (up to 7 years) for follow up.
- Reports of cheques where stop payments have been issued are available.

.16 Ministries are required to reconcile their bank accounts to their accounting records at least monthly. This is in addition to the requirements in paragraph .14. A reconciliation of bank to ministry accounting records is required to detect errors and omissions. The reconciliation is to be done immediately following the statement date in order to meet requirements under the Financial Services Agreement for notifying the bank of errors and omissions (e.g. deposit in the incorrect amount). See Schedule A.

.17 The person responsible for reconciling the bank account is to be separate from depositing and paying functions. The ministry's senior official or delegate is to ensure reconciliations are prepared on a timely basis, and provide approval, in writing.

Signing authority

.18 The authority to approve changes to signing authorities and authorized banking contacts on specified bank accounts is delegated to specific ministry Corporate Services Heads. The approval of the Assistant Provincial Comptroller, Provincial Comptroller's Office (PCO) is to be obtained for accounts not delegated.

.19 Approval for changes to signing authorities on bank accounts is obtained using an Application to Change Bank Account Signing Authorities form.

For delegated accounts, the ministry Corporate Services Head is to review and approve the change in accordance with the delegation. Ministries are required to keep a record of their signers.

For bank accounts not delegated, the ministry Corporate Services Head is to submit the request to the Assistant Provincial Comptroller, PCO, for approval.

Internal Controls over Cheques

.20 Segregation of duties is required to ensure employees responsible for preparing cheques do not:

- Sign cheques;
- Initiate or authorize the purchase of goods and services;
- Authorize the disbursement of funds; or
- Reconcile the bank account.

.21 Ministries must ensure that signers are independent of the following:

- Cash receipt, cash handling and deposit functions;
- Cheque preparation function;
- Cheque mailing function; and
- Bank reconciliation preparation function.

Where a signer is not independent, ministries must ensure appropriate compensating controls are implemented.

.22 There must be adequate internal control over electronic signatures and signature plates. Cheques are not to be signed in advance (i.e. before payee name and amount have been entered on the cheques).

.23 All cheques are to be recorded when issued. The record must include the following information:

- The cheque number;
- The date of issue;
- The name of the payee; and
- The amount of the cheque.

.24 Internal controls on cheques include the following:

- Cheques must be sequentially numbered (blank cheques must be pre-numbered);
- Cheques must be issued by authorized employees and the cheque numbers recorded (e.g. logged);
- Blank cheques must be kept secure and stock reviewed periodically to ensure all blank cheques are accounted for; and
- Maximum-amount control is to be indicated on the face of the cheque, where practical.

.25 Spoiled cheques must be plainly marked “VOID” with the signature portion spoiled (e.g. stamp the signature “CANCELLED”). File VOID cheques sequentially for easy reference.

.26 All cheques are to be delivered by mail. The Provincial Comptroller may authorize an official of any ministry to distribute payroll cheques or other cheques in special circumstances. Refer to the Accounting Manual, Appendix H Central System Processing for internal control requirements for exceptional situations where cheques are returned to the ministry for distribution (i.e. referred to as special handling of cheques).

Missing, Lost, Stolen or Destroyed Cheques

.27 When cheques are reported as missing, lost, stolen, or destroyed, before they can be replaced, ministries must ensure

Cheques

that they have not been cashed. Ministries must have processes to protect against losses from replaced cheques being subsequently cashed (e.g. daily cheque matching, indemnity from the payee).

Ministries should ensure cheques that have been replaced are cancelled in the accounting system. If an attempt is made to cash the cancelled cheque, it would be identified in the daily cheque matching as an exception for return to the bank.

.28 If a cheque is reported as missing, lost, stolen or destroyed, and it has not been cashed, a stop payment may be applied if warranted by the situation. If a fraud or theft is suspected, or the payee is not entitled to the payment, a stop should immediately be placed on the cheque. A stop payment on a cheque does not guarantee that the cheque will not be subsequently processed. Refer to Schedule A.

For stop payments on cheques issued from the Main GRF, Payroll, and the U.S. Dollar Accounts, a request is made to the Financial Shared Services Branch, PCO, Ministry of Finance, to apply a stop payment. The following information is required:

- The payee's name and address;
- The cheque number;
- The cheque amount; and
- The payment reference number if available.

Indemnity

.29 If the amount of the replacement is over $1,500, indemnity from the payee on an Agreement of Indemnity is required before a replacement cheque is issued. For cheques over $5,000, an affidavit (missing cheques) signed by a Commissioner for Oaths for Saskatchewan/Notary Public is also required.

.30 If the endorsement has been forged, an affidavit sworn before a Commissioner for Oaths for Saskatchewan/Notary Public is required in all cases before a replacement cheque is issued. The payee, by signing the affidavit (forged cheques), indicates that the cheque has not been received nor cashed by the payee and the payee does not know the person(s) who endorsed the cheque.

.31 The Financial Shared Services Branch provides the Agreement of Indemnity and affidavit for cheques issued from GRF bank accounts.

.32 Unless the replacement is for a forged cheque, the required documentation (i.e. Agreement of Indemnity and affidavit) is waived for replacements issued from the GRF bank accounts when the payment is for one of the following purposes:

- Services to employees in the public service of Saskatchewan;
- Pension and cost of living allowances to Government of Saskatchewan superannuates and their widows;
- Wages and labour on any public works;
- Monthly allowances paid to employees while taking educational courses;
- Interest on fully registered Province of Saskatchewan bonds or debentures;
- Payments to another government within Canada.

The Provincial Comptroller or delegate may waive the requirements for indemnity agreements and affidavits.

.33 When an original cheque from the GRF bank accounts has been lost or stolen either in an office or in transit by a financial institution, the Financial Shared Services Branch may obtain from each of the financial institutions, a letter signed by the general manager or other executive as may be acceptable to the Provincial Comptroller or delegate, authorizing the manager of the Regina branch of said financial institution or the manager of the branch of the financial institution at which the cheque was first received for collection, to execute a letter of indemnity undertaking to protect against such loss as may occur through the issue of a duplicate cheque. The letter of authority of a bank and the letter of indemnity to be executed by a branch manager shall be in such form as may be approved by the Ministry of Justice or in a similar form. The receipt of this form as approved is sufficient for the Financial Shared Services Branch to issue a duplicate cheque. The procedures and forms that are referred to are to be adopted only as regards to cheques not exceeding, in each case, an amount agreed upon by the Provincial Comptroller or delegate and the financial institutions to be inserted into the letter of authority.

.34 When cheques issued from the GRF bank accounts have been lost or stolen in or between offices of the government, a duplicate cheque may be issued with the approval of the Provincial Comptroller or delegate. No affidavit or Agreement of Indemnity is required.

Duplicate Payments

.35 Ministries are responsible to implement internal controls to prevent duplicate payments. If a duplicate payment is made, ministries are responsible to set up and collect the accounts receivable.

Cancelled Cheques

.36 If a cheque is written from the GRF bank accounts and it is not required, it must be returned to the Financial Shared Services Branch with a memo stating “Cancel, No Replacement.”

Cheques Written Off

.37 Ministries are to write off cheques that are outstanding for one year. Cheques drawn on a GRF bank account (including an imprest bank account) and written off are accounted for as GRF revenue. Cheques written off from trust or special purpose accounts are recorded as revenue to these accounts. The exception to this is for Provincial trust accounts, where cheques written off are deposited in the GRF bank account and recorded as GRF revenue in accordance with Section 3420 Disposition of Unclaimed Trust Money.

.38 All cheques are honoured indefinitely. The PCO keeps a permanent record of cheques written off from the GRF bank accounts in case the payee comes forward. Ministries must keep permanent records of cheques issued and written off on bank accounts under their control.

.39 When a cheque that was previously written off to GRF revenue is reissued, it is charged to casual revenue.

Online Banking

.40 Ministries are to obtain the Provincial Comptroller’s or delegate’s approval to use online banking for making payments from or collecting receipts in ministry bank accounts.

The Assistant Provincial Comptroller, PCO, is delegated the authority to approve the use of online banking for making payments from or collecting receipts in ministry bank accounts.

.41 Payment of funds using email (e-transfers) is not permitted. Receipt of funds using email (e-Transfer Autodeposit) may be permitted. Refer to paragraphs .48 and .49.

.42 Before implementing a system that includes generation of electronic transactions (e.g. direct deposits, preauthorized debits/payments), the system must be adequately tested to ensure the file of transactions is produced correctly.

Employee Access to Online Banking

.43 The authority to approve changes to employee online banking access and permissions with respect to ministry bank accounts is delegated to ministry Corporate Services Head. Requests for access changes at the principal financial institution are made in writing to the Manager, Banking and Cash Management, Provincial Treasury Office, Ministry of Finance.

.44 Ministries must ensure:

- Adequate internal control over employees' access to online bank functions (e.g. segregation of duties);
- Permissions are set up to ensure that employees approving transactions are separate from those setting up the transactions;
- Any online banking approval rules are appropriate (e.g. approver transaction maximums must be set at appropriate levels); and
- Access is promptly deleted where employees no longer have responsibilities with respect to online banking.

.45 Employees must not access online banking for a program from non-work computers and outside of business hours, unless authorized by the program Executive Director/Director.

.46 Employees are responsible to understand their security responsiblilities. For online banking with the principal financial institution, see terms (e.g. safeguarding passwords and tokens) under the Designated Certificate Holder Agreement for Business Customers to which employees are required to agree before registering for a digital certificate upon initial sign in.

Setting up Suppliers -Direct Deposit

.47 When a ministry is making a payment by direct deposit, the following must be collected, in writing, from the party involved:

- Name and address;
- Name and address of the financial institution and bank account number; and

- Signature authorizing the deposit of payments to the stated bank account.

For payments through the central financial system, refer to the Accounting Manual, Appendix H Central System Processing for details, including the completion of a Direct Deposit Payment Request Form.

Interac e-Transfer Autodeposit

.48 The Assistant Provincial Comptroller may approve the receipt of funds using email (e-Transfer Autodeposit).

.49 Ministries are to ensure that the following internal controls are in place for situations where e-transfers are not autodeposited:

- Communicate with clients that only e-transfers with Autodeposit can be accepted;
- Set up e-transfer notification emails to be sent to a group mailbox account that is accessed by more than one person;
- Establish an auto-forward rule for the group mailbox emails to be forwarded to other individuals who are separate from the deposit process;
- Restrict access to the group mailbox, including the auto-forward rule, to authorized individuals;
- Reconcile the e-transfer notification emails to the amounts deposited into the bank account on a daily basis;
- Maintain a listing of e-transfers not auto deposited;
- Communicate with clients that their e-transfers could not be deposited and that amounts are still outstanding; and
- Reconcile accounts receivable and review outstanding balances on a monthly basis.

Setting up Clients -Pre-authorized Debits

.50 Ministries may have paper and/or electronic PAD agreements with another party that must include:.

- Date and signature;
- A statement giving the authority to debit the account specified by the payor;
- Name and address of the financial institution and bank account number;
- The amount (fixed or variable with at least 10 days of notice prior to withdrawal) and frequency;
- PAD category;
- Information for cancellation of agreement;
- Name and contact information of the payor;

- Name and contact information of the payee; and
- Recourse/reimbursement statement.

Further information may need to be collected depending on the circumstances. Information is to be collected and authorized on a standard form in accordance with Payments Canada rules. See Rule H1 Pre-authorized Debits for more information.

Internal Controls over Bank Account Information

.51 Ministries must ensure that:

- Access to setting up and changing bank account information is to be restricted to authorized individuals;
- Employees who set up bank account information for suppliers/clients should not be able to initiate or authorize payments, handle cash, record transactions in the financial records or prepare the bank reconciliation;
- Supplier/client information and changes (e.g. bank account information) must be independently reviewed for accuracy and validity.

.52 A confirmation must be sent to the payee/client regarding bank account details and changes to bank account details. For direct deposits to be paid using the central financial system, the Financial Shared Services Branch sends the confirmation letter.

Internal Controls over Electronic Transactions

.53 Ministries are to ensure that internal procedures and processes are in place to meet internal control objectives, including the following:

- All electronic transactions are in the correct amount.
- All electronic transactions are processed to/from the correct bank account.

.54 Internal controls over electronic transactions must ensure:

- The transaction has been authorized by the payee/client and the bank account information is complete and accurate;
- The transaction details provided to the financial institution have been entered correctly into the banking software;
- Access to the banking software to add, change, or delete transactions is to be restricted and authorized (there must be a separation between those setting up an electronic transaction and those approving the transaction);

- Program financial systems are updated promptly and accurately when users create, modify or delete transactions on the online banking site; and
- Program procedures for online banking are up to date.

.55 Sufficient internal control is required to provide assurance that data is authorized and all authorized data is delivered to the financial institution on a timely basis to ensure monies are received/withdrawn as intended:

- A unique identification number assigned to each electronic transmission to the financial institution is a control feature as it provides an audit trail.
- There must be adequate processes for the adequate review of individual transactions before they are transmitted to the financial institution.
- Ministries are to follow up where there are differences identified after comparison of the dollar amount and number of transactions sent to the financial institution with the dollar amount and number of transactions received by the financial institution.
- Ministries must ensure that bank confirmations of transmissions are received promptly and any lag times investigated.
- Ministries must ensure arrangements with the financial institution provide timely reporting and control over the delivery of reports from the financial institution.
- Ministries must follow up on any failed or rejected items (e.g. closed bank account) on a timely basis.
- Ministries must have adequate procedures and arrangements with the financial institution to recall (cancel) transactions.
- Ministries must ensure transaction details (i.e. name, date of transfer, amount and bank account information) are communicated by the financial institution to confirm the transactions.
- The transmission has been authorized and delivery of the information to the financial institution is secure.
- All transactions transmitted to the financial institution reconcile to transactions processed by the financial institution.
- Ministries must maintain an audit trail of their reconciliation of transaction.

Deposit Advice

.56 A deposit advice is provided to the payee that includes the following details:

- The date and amount of the deposit;
- The account number to which the funds were deposited;
- The name of the financial institution where the funds were deposited; and
- A description of the payment.

Internal Controls over Prepaid Debit Cards

.57 Ministries are to obtain the Provincial Comptrollers' or delegate's approval to make payments using prepaid debit cards.

.58 The Assistant Provincial Comptroller, PCO, is delegated the authority to approve payments by prepaid debit cards.

.59 Ministries are responsible for maintaining effective internal controls, including:

- Ensuring adequate controls over employee access to online banking functions (e.g. segregation of duties).
- Securing card inventory and restricting access to authorized employees only.
- Using non-reloadable cards with appropriate maximum balance limits and expiry dates.
- Implementing controls such as disabling card tap functions, setting daily transaction limits and/or applying merchant category code blocks, where appropriate.
- Requiring PIN numbers for card use, where appropriate, and communicating the PIN numbers to card recipients.
- Obtaining card recipient signatures confirming receipt of the prepaid debit cards.
- Tracking all issued cards and ensuring arrangements with the prepaid debit card supplier for the timely reporting of transaction details (e.g. card name or number, amount loaded, remaining card balance).
- Returning unused funds on expired cards to the General Revenue Fund and following the dormant account process.
- Establishing and communicating procedures for forgotten PINs and lost or stolen cards.
- Ensuring privacy and confidentiality requirements are met for the tracking and reporting of prepaid debit card information.

References

3020 Suspense Accounts and Conditional Receipts
3105 Imprest Bank Accounts
3300 Holding Money in the GRF
3305 Holding Money in the GRF through Consolidated Offset Balance Concentration (COBC)
3310 Holding Money in the GRF (Other Entities)
3315 Terms and Conditions for Moneys Held in the GRF
3400 Control of Special Purpose Funds and Trust Money
3405 Establishment and Control of Special Purpose Funds and Trust Money
3410 Cash Management of Special Purpose Funds and Trust Money
3500 Control of Public Money
3505 Receipt and Control of Public Money
3530 Electronic Funds Transfer Receipts
3700 Control of Accounts Receivable

Accounting Manual, Appendix H Central System Processing

Payments Canada:
Rule A4 Returned and Redirected Items
ACH Direct Payments and Deposits Rules of Operation
Businesses: Issuing or Receiving Cheques
Rule H1 Preauthorized Debits
Business Guide to the Power of Pre-Authorized Debit

Schedule A
Royal Bank of Canada- Financial Services Agreement

.01 The Royal Bank of Canada (RBC) is currently the government's principal financial institution. Terms and conditions related to accounts held at RBC are negotiated and contained in the banking "Financial Services Agreement" (FSA). Ministries/agencies operating these accounts are required to comply with relevant sections of the FSA, including the following requirements.

Cheques

.02 Pursuant to the FSA, RBC will process on a daily basis, in accordance with its normal procedures subject to this Agreement, all cheques which conform to the cheque standards of Payments Canada and which are MICR encoded as to bank transit and account number presented to RBC which are drawn by the Province and payable on Account at RBC.

.03 RBC will make provisional settlement of all items payable at it at the close of the same business day they are received by RBC in accordance with Payments Canada Rules. Those items will be debited to the designated provincial account.

.04 If a ministry does not wish to make payment on an item, written notice must be received by RBC no later than 12:00 p.m., local time, on the business day following the business day on which such item is received by RBC. RBC will credit the amount of such items to the designated provincial account and return such items through the clearing provided such items are being returned in accordance with Payments Canada Rules, including, for example, for the following reasons:

- counterfeit;
- forged or unauthorized;
- payment stopped;
- stale dated;
- body and figures differ (if difference is over $20).

.05 For example, if a cheque appears in a RBC account as cashed on a Tuesday, RBC does not consider the ministry/agency to have received the cheque until the following morning (i.e. Wednesday). The ministry/agency responsible for the bank account would then have until 12:00 P.M. on Thursday to notify RBC to return an item for reasons as outlined above.

.06 Refer to Payments Canada Rule 4A Returned and Redirected Items for detailed requirements, including the following:

- An item being returned for reason of incorrect amount-encoding, duplicate payment or for material alteration may be returned by the Province up to and including 90 calendar days, following the business day on which the item is received by RBC.

- An item being returned by the Province for reason of forged endorsement or intended payee(s) not paid may be returned up to and including six years, following the business day on which the item is received by RBC. An item being returned by the Province for reason of forged endorsement must be supported by a statutory declaration signed by the payee that the endorsement is a forgery.

Stop Payments

.07 Ministries must follow up on all stop payment instructions, and ensure the payee has been notified that a stop payment instruction has been given.

.08 RBC will process all stop payment instructions in accordance with Payments Canada Rules, but RBC does not guarantee a cheque or debit will be stopped even if a stop payment instruction has been processed. Daily cheque matching is required to ensure that the deadline can be met for returning through the clearing an item where a stop is in place. If a stop payment cheque has been processed after 6 months of the date of issue, it should be returned through the clearing as stale dated.

Bank Statements

.09 Ministries are responsible verifying the completeness and correctness of bank statements (i.e. typically electronic statements and cancelled cheque images). If a statement is not received or cannot be accessed within 10 days of the applicable statement date, the Province must notify RBC within 5 days.

Ministries must notify the branch where the account is maintained of any errors in or omissions from the bank statement within 45 days of the statement date. At the end of the 45th day following the statement date, the statement is deemed correct, provided the following will not apply:

- where the ministry has notified RBC or errors or omissions as above;
- amounts credited in error; or
- other amounts that RBC may debit pursuant to the FSA.

Bank Account Interest and Charges

Objective

The objective is to ensure proper operation and controls are in place to practice efficient cash management of public money.

Authority

The Financial Administration Act, 1993 (FAA) allows the Minister of Finance to "establish, maintain or close accounts in the name of the Crown with any financial institution on any terms that the minister considers appropriate" (section 21).

The FAA allows Treasury Board to direct any person receiving, managing or disbursing public money to keep any books, records or accounts that it considers necessary (clause 5(e)).

The FAA requires public moneys to be forwarded, deposited and otherwise dealt with in accordance with any orders and directives of Treasury Board (section 22).

The FAA allows Treasury Board to make orders and issue directives with respect to its duties under section 4 of the FAA (e.g., relating to the finances, the administrative policy and management practices, and the accounting policies and practices of the government) (clause 5(a)).

The FAA allows the Provincial Comptroller to issue directives to ministries and public agencies detailing the manner in which Treasury Board orders and directives are to be complied with (subsection 10(2)).

Treasury Board Policy

.01 Ministries may pay service charges where the financial institution used is not the primary financial institution. Service charges for the General Revenue Fund (GRF) are paid centrally by the Ministry of Finance.

.02 Interest that is charged by the bank or paid to the bank is at rates and conditions agreed to from time to time by the Minister of Finance.

.03 Interest charged by the primary financial institution is to be billed by the bank on a monthly basis, as supported by a statement of daily balances, to the Provincial Treasury Office, Ministry of Finance.

.04 Interest paid by banks is to be credited to the appropriate bank account.

Provincial Comptroller Directives

.05 Excess funds in bank accounts are to be invested as authorized by legislation. Refer to Section 3305 Holding Money in the GRF through Consolidated Offset Balance Concentration (COBC) and Section 3410 Cash Management of Special Purpose Funds and Trust Money.

.06 Where bank accounts other than with the principal financial institution are submitted for approval under Section 3610 Controls over Bank Accounts, ministries are responsible for reviewing the appropriateness of the banking arrangements.

.07 Ministries are responsible for conducting their banking activities in an efficient manner that takes into account the fees that they are incurring for the services.

.08 Ministries are to inform the Executive Director, Provincial Treasury Office, Ministry of Finance, of changes to the banking services received from the government's principal financial institution as there may be an impact related to the Financial Services Agreement.

References

3020 Suspense Accounts and Conditional Receipts
3105 Imprest Bank Accounts
3300 Holding Money in the GRF
3305 Holding Money in the GRF through Consolidated Offset Balance Concentration (COBC)
3315 Terms and Conditions for Moneys Held in the GRF
3400 Control of Special Purpose Funds and Trust Money
3405 Establishment and Control of Special Purpose Funds and Trust Money
3410 Cash Management of Special Purpose Funds and Trust Money
3500 Control of Public Money
3505 Receipt and Control of Public Money
3530 Electronic Funds Transfer Receipts
3600 Control of Bank Accounts
3605 Approval of Bank Accounts
3610 Controls over Bank Accounts

Control of Accounts Receivable

Definition

Accounts receivable include all amounts claimed by the Crown against debtors. Amounts claimed may arise from, but are not limited to the following:

- taxation and royalties;
- fines, forfeitures and penalties;
- accountable advances;
- provision of goods and/or services;
- leases, licenses and permits;
- transfers from other governments;
- shareable and recoverable expenditures (e.g., pursuant to cost sharing agreements);
- overpayments; and
- loans, interest and advances.

Background

The Financial Administration Act, 1993 (FAA) and *The Revenue and Financial Services Act* (RFSA) contain specific provisions relating to the control and accounting for accounts receivable.

Set-offs

Section 42 of the FAA provides the Crown and every public agency with the right to retain the following as a set-off against moneys due or payable to a person:

- any amount that the person owes to the Crown or public agency;
- any overpayment that has been made by the Crown or public agency; or
- any advance made to the person under section 41 that has not been repaid or accounted for.

Section 42 of the FAA allows Treasury Board to make any directives with respect to the exercise of the Crown or public agency of their right of set-off. Refer to Section 3715 Collection Activities for more information on set-offs.

Cancel Debts

Pursuant to the RFSA, the Board of Revenue Commissioners is empowered to cancel or adjust any debt owing to the Crown (subsection 18(1)). When a receivable is cancelled, no further collection activity can be undertaken because the money is no longer due to the Crown.

Write-off Debts

Clause 17(b) of the RFSA empowers the Board of Revenue Commissioners to perform any duties delegated to it by Treasury Board. Treasury Board has given the Board of Revenue Commissioners the authority to write off from the accounting records any debt owing to the Crown. When a receivable is written off the accounting records, further collection activity is typically suspended; however, the money is still owed to the Crown and may be collected.

Enforcement

The FAA allows the Minister of Finance to recover public money from a person who:

- has received public money payable to the Crown and has not paid it to the Crown;
- has received public money for which the person is accountable and has not duly accounted for it; or
- possesses public money applicable to a purpose and has not applied it to that purpose (section 66).

The Minister may recover the above as debt due to the Crown and in any manner that money owing to the Crown may be recovered pursuant to Part III of the RFSA (section 67).

The FAA states that the Attorney General may sue for and recover, in the name of the Crown, any penalty or forfeiture imposed by an Act, and the whole of the penalty or forfeiture belongs to the Crown. The Lieutenant Governor in Council may allow all or part of the penalty or forfeiture to be paid to the person who assisted in the recovery (section 70).

Authority

The FAA allows Treasury Board to direct any person receiving, managing or disbursing public money to keep any books, records or accounts that it considers necessary (clause 5(e)). The FAA requires public moneys to be forwarded, deposited and otherwise dealt with in accordance with any orders and directives of Treasury Board (section 22).

The FAA allows Treasury Board to make orders and issue directives with respect to its duties under section 4 of the FAA (e.g., relating to the finances, the administrative policy and management practices, and the accounting policies and practices of the Government) (clause 5(a)).

The FAA requires the Provincial Comptroller to supervise the receipt, recording and proper disposition of public money. The FAA allows the

Provincial Comptroller to issue directives to ministries and public agencies detailing the manner in which Treasury Board orders and directives are to be complied with (subsection 10(2)).

The Provincial Comptroller is responsible to determine that adequate systems for recording, controlling, collecting and reporting accounts receivable are established and maintained.

Treasury Board Policies

Treasury Board has approved the following accounts receivable policies:

- Section 3705 Credit Terms;
- Section 3710 Accounts Receivable Records;
- Section 3715 Collection Activities;
- Section 3720 Collection Agency Fees; and
- Section 3725 Write-off or Cancellation of Accounts Receivable.

Applicability

These policies apply to the General Revenue Fund, and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

References

1200 Role of the Legislature to Control Public Money
1300 Government Management and Control
3000 Control of the GRF
3010 Application for Remissions
3400 Control of Special Purpose Funds and Trust Money
3500 Control of Public Money
4000 Financial Systems

Credit Terms

Objective

The objective is to establish credit terms that are consistently applied.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22

Applicability

This policy applies to the General Revenue Fund (GRF), and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Treasury Board Policy

.01 The extension of credit is to be avoided, wherever possible, particularly if the amount is less than $25.

.02 Interest is to be levied on overdue receivables only where it is authorized or required in accordance with legislation or by Treasury Board.

Provincial Comptroller Directives

.03 The credit period is to be limited to 30 days from the date the goods and/or services were provided, unless approval from the Provincial Comptroller is obtained.

.04 Payment should be received, wherever possible, at the time goods and services are provided.

.05 It is appropriate to extend credit in the following cases:

- There is an on-going (e.g., month-to-month) relationship.
- There is a reasonable expectation to extend credit based on industry practice.
- In trade credit situations, an analysis of past government experience has determined the debtor to be credit worthy.

.06 It is inappropriate to extend credit in the following cases:

- when the dollar amount is less than $25; and/or
- when the purchase is a non-recurring, one-time purchase.

.07 The credit period should be minimized in all cases.

.08 Where it is impractical to issue a separate invoice for each transaction, billings can be prepared on a monthly basis. The credit period extended should take into account the time required between the monthly statement date and the date the goods or services were provided. For example, the requirement to provide payment within 15 days after month end would provide, on average, 30 days of credit.

A statement is a document sent to each debtor indicating the account receivable balance at the beginning of the statement period, the transactions during the statement period (including the date and amount of each amount due, payments received and credits issued) and the ending balance due.

.09 Where interest is authorized or required to be charged, advance notice of the interest rate and the date the interest charges begin should be provided to debtors.

.10 Billings must be made on a timely basis. Billings must clearly indicate the payment terms, including the credit period and if applicable, the rate of interest penalty on late payments.

References

3700 Control of Accounts Receivable
3710 Accounts Receivable Records
3715 Collection Activities
3720 Collection Agency Fees
3725 Write-off or Cancellation of Accounts Receivable

Accounts Receivable Records

Objective

The objective is to establish requirements for recording accounts receivable.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22

Applicability

This policy applies to the General Revenue Fund (GRF), and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Treasury Board Policy

.01 Accounts receivable records are to be established.

.02 All accounts receivable transactions are to be promptly and accurately recorded.

Provincial Comptroller Directives

.03 Accounts receivable records and ledgers are to be established and maintained in detail to meet the requirements set out in the Accounting Manual Section 1200 Accounts Receivable subsection B. Accountability.

.04 An analysis of amounts receivable by time interval (up to 30 days, 31 to 60 days, etc.) should be prepared to provide management information on collection trends and the effectiveness of collection activities. Management can then take remedial action where necessary. The aged analysis also provides useful information for determining when to initiate various collection activities and for calculating the valuation allowance.

.05 Aged accounts receivable reports should be prepared at least quarterly for each vote the ministry accounts for and administers. These reports should be reviewed by the person(s) in the ministry responsible for the management of the accounts receivables.

References

3700 Control of Accounts Receivable
3705 Credit Terms
3715 Collection Activities
3720 Collection Agency Fees
3725 Write-off or Cancellation of Accounts Receivable

Accounting Manual, Section 1200 Accounts Receivable

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Collection Activities

Objective

The objective is to establish requirements for collecting accounts receivable.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and sections 22 and 42.

The Revenue and Financial Services Act, clause 17(b) and subsection 18(1).

Applicability

This policy applies to the General Revenue Fund (GRF), and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Treasury Board Policy

.01 Ministries are responsible to:

- establish and maintain vigorous accounts receivable controls and collection practices;
- use only the services of private collection agencies approved by the Provincial Comptroller subject to any directives of the Provincial Comptroller; and
- seek legal assistance from and initiate legal action through the Ministry of Justice subject to any directives of the Provincial Comptroller.

Provincial Comptroller Directives

Collection Efforts

.02 Collection efforts by or on behalf of ministries are to be ongoing from the date the receivable becomes due to the date that it is collected, written off or cancelled. For more information on write-offs and cancellations, refer to Section 3725 Write-off or Cancellation of Accounts Receivable.

.03 Ministries are to perform a quarterly review of all receivables over 90 days to determine the collection status (i.e., whether the account is likely to be collected and the collection action required).

.04 Ministries may elect to continue collection efforts after an account is written off. This can be done either in-house or through an approved collection agency. When an account is cancelled, however, there are to be no further collection attempts.

.05 Ministries are to ensure that only one agency (i.e., the ministry, the collection agency, the Ministry of Justice) is actively involved in the collection of an overdue receivable at any given time.

.06 Ministries are not to turn receivables due from the federal government or any provincial government over to a collection agency or the Ministry of Justice. Ministries are to maintain vigorous in-house collection efforts with respect to these accounts.

.07 Ministry collection, write-off and cancellation activities are based on the value of the outstanding receivables as indicated in the Activity Schedule included in this Section.

In-house Collection

.08 At minimum, ministries' in-house collection activities are to include:

- an invoice issued immediately upon provision of goods or services or a monthly billing as per Section 3705 Credit Terms.
- 30, 60, 90 day invoices or billing letters (see Appendix D for sample billing letters);
- monthly statements or billing letters where in-house collection activities extend beyond 90 days; and
- telephone or personal contact between monthly billings.

.09 When deciding the in-house collection activity beyond the minimum requirements, ministries should consider the original amount of the accounts receivable, the effort that would be needed to collect the accounts receivable, and the likelihood that it could be collected.

.10 Ministries may take a debtor to Small Claims Court to collect amounts of $5,000 or less.

.11 Receivables must be at least 60 days old before ministries advise debtors that their accounts may be turned over to a collection agency or subject to legal action.

Collection Agencies

.12 In deciding to turn over accounts to a collection agency, ministries should consider the fact that the sooner they are turned over to a collection agency, the better the chance for collecting the overdue amount.

.13 The Corporate Services Head is to request the approval of the Provincial Comptroller before engaging the services of a collection agency or changing collection agencies. Once approved, the approval applies to the use of that collection agency by the ministry unless approval is withdrawn.

.14 Ministries should turn the accounts and any necessary supporting information over to collection agencies for a period of normally no less than 90 days.

.15 Ministries may authorize collection agencies to pursue legal action.

.16 Ministry areas that experience unsatisfactory service from a collection agency should notify the ministry Corporate Services Head. It is the responsibility of the Corporate Services Head to notify the Provincial Comptroller of any unsatisfactory service or request approval of a change in the approved collection agency. (The Provincial Comptroller should be made aware of unsatisfactory performance by a collection agency.)

Legal Action through Ministry of Justice

.17 Ministries may consult the Ministry of Justice for advice when pursing claims directly in Small Claims Court.

.18 Ministries may also consult the Ministry of Justice regarding overdue accounts between $5,000 and $20,000, primarily when the validity of the debt is in question.

.19 All overdue accounts over $20,000 are to be turned over to the Ministry of Justice. A Collection Fact Sheet is to be provided.

.20 Where a debt is owed by a person who, since the debt was incurred, has declared bankruptcy, the ministry should consider filing a claim with the trustee in bankruptcy and make every effort to recover the amount from the bankrupt estate.

Set-offs

.21 Section 42 of *The Financial Adminsitration Act, 1993* (FAA) allows recovering an amount owed by a person to the Crown by offsetting it against amounts payable to that person by the Crown.

.22 A set-off may be applied against the payments of the initiating ministry or payments of other ministries.

.23 Set-offs may be initiated when a ministry is unable to collect moneys due or payable to the Crown after standard collection procedures have proven ineffective. Set-offs are not to be initiated when the account is not in arrears, or is being paid as arranged. Any legal restrictions on the set-off must be respected.

See the attached Activity Schedule. See the Accounting Manual, Appendix H Central System Processing for processing information. The payment advice (cheque stub) issued to the vendor should provide information on the set-off.

.24 In deciding the minimum amount for which a set-off is to be applied, the ministry is to consider costs and benefits.

.25 When all or a portion of a payment has been withheld, the ministry that would otherwise have made the payment must immediately notify the debtor, in writing, that the right of set-off has been invoked pursuant to section 42 of *The Financial Administration Act, 1993*. The creditor ministry should receive a copy of this letter. Refer to Notification Letter of Set-off.

References

3700 Control of Accounts Receivable
3705 Credit Terms
3710 Accounts Receivable Records
3720 Collection Agency Fees
3725 Write-off or Cancellation of Accounts Receivable

Accounting Manual, Appendix H Central System Processing

Activity Schedule

Value	Days	Activity
Less than $25	0-180	Pursue in-house collection efforts.
	181-210	Submit for write-off or cancellation.
$25 to $150	0-90	Pursue in-house collection efforts.
	91-180	Continue in-house collection efforts; or turn the account over to an approved collection agency.
	181-210	Submit for write-off or cancellation. May continue collection efforts after receivable is written off.
$151 to $5,000	0-90	Pursue in-house collection efforts.
	91-360	Continue in-house collection efforts. Ministries may: • pursue collection through Small Claims Court directly (Justice may be contacted for advice); or • consider engaging a lawyer; or • turn the account over to an approved collection agency, which may include taking the claim to Small Claims Court.
	361-390	Submit for write-off or cancellation. May continue collection efforts after receivable is written off.
$5,001 to $20,000	0-90	Pursue in-house collection efforts.
	91-360	Continue in-house collection efforts. Ministries may: • consult Justice (e.g., when the validity of a debt is in question); or • consider engaging a lawyer; or • turn the account over to an approved collection agency.
	361-390	Submit for write-off or cancellation unless legal action is underway or forthcoming. In that case, submit for write-off or cancellation when legal action proves unsuccessful or further action is not warranted or possible. **(See Section 3725 Write-off or Cancellation of Accounts Receivable.)** May continue collection efforts after receivable is written off.
Over $20,000	0-90	Pursue in-house collection efforts.
	91-360	Submit the account to the Ministry of Justice.
	361-390	Submit for write-off or cancellation unless legal action is underway or forthcoming. In that case, submit for write-off or cancellation when legal action proves unsuccessful or further action is not warranted or possible. May continue collection efforts after receivable is written off.

Collection Agency Fees

Objective

The objective is to provide for the consistent handling of collection agency fees.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22

Applicability

This policy applies to the General Revenue Fund (GRF), and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Treasury Board Policy

.01 For the GRF, ministries may permit private collection agencies to withhold fees, including legal fees, from the gross amounts collected on behalf of ministries.

.02 For revolving funds, ministries pay the collection agency and legal fees from their appropriation.

Provincial Comptroller Directives

GRF Procedures

.03 At least once every month, ministries should request the collection agency to forward net amounts to them with a report which, at minimum, details the following information for each receivable:

- the gross amount collected;
- the collection fee deducted;
- the legal fee deducted; and
- the net amount sent to the ministry.

.04 Where the net amount is revenue to be deposited to the GRF, ministries are to enter the gross amount collected by the agencies as an increase to the appropriate revenue code and the related fees withheld as a decrease to the revenue code for Collection Agency and Legal Fees Withheld. Refer to the Accounting Manual, Appendix H Central System Processing for more information.

Revolving Fund Procedures

.05 Revolving funds are to record and deposit the revenue from collection agencies in the standard fashion and pay the collection and legal fees from their appropriation.

Reconciliation

.06 Ministries are to verify at least monthly that the revenues collected by collection agencies and accounted for on the Government's central financial system agree with the corresponding bank deposits.

References

3005 Refunds to Vote
3700 Control of Accounts Receivable
3705 Credit Terms
3710 Accounts Receivable Records
3715 Collection Activities
3725 Write-off or Cancellation of Accounts Receivable

Accounting Manual, Appendix H Central System Processing

Write-off or Cancellation of Accounts Receivable

Objective

The objective is to outline the requirements for the write-off or cancellation of accounts receivable.

Authority

The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22

The Revenue and Financial Services Act, clause 17(b) and subsection 18(1)

Applicability

This policy applies to the General Revenue Fund (GRF), and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Definitions

Write-off is an accounting entry to remove an amount from the Government's accounts receivable records. When a receivable is written off, the money is still legally due to the Crown and may be collected.

Cancellation is an adjustment of the amount due to the Crown. When a receivable is cancelled, the debt is extinguished and the Government waives the right to reinstate it. No further collection activity can be undertaken because the money is no longer due to the Crown.

Treasury Board Policy

.01 Ministries are to identify uncollectible receivables.

.02 Accounts receivable are considered uncollectible when one or more of the following conditions exist:

- The debtor is deceased and there is nothing available from the estate.
- The anticipated cost of collection is greater than the expected recovery.
- Extreme hardship will result if the account is collected.
- The debt collection period specified in *The Limitations Act* or in any other applicable legislation has expired.
- The collection procedures specified by the Provincial Comptroller have been followed but were unsuccessful.

.03 For administrative efficiency, ministries can record a write-off less than $500 after reasonable collection efforts and approval by the permanent head.

.04 Ministries can record a write-off of accounts receivable $500 or greater only after the Board of Revenue Commissioners issues an approval minute.

.05 Ministry requests to write off accounts receivable $500 or greater pursuant to *The Revenue and Financial Services Act* (RFSA), clause 17(b) must be authorized by the permanent head and provide assurance that all reasonable means of collection have been exhausted.

.06 Ministry requests to cancel a debt pursuant to clause 18(1)(c) of the RFSA must be authorized by the permanent head and provide assurance that all reasonable means of collection have been exhausted.

.07 Ministries are to submit their requests for write-offs or cancellations in accordance with the Activity Schedule, which is found in Section 3715 Collection Activities and in accordance with the following:

List of Approvals Required for Accounts Receivable Write-offs and Cancellations

Amount	Approvals Required For:	
	Write-off	Cancellation
Less than $500	• Permanent Head	• Permanent Head • Board of Revenue Commissioners
$500 - $5,000*	• Permanent Head • Board of Revenue Commissioners	
$5,001 - $10,000	• Permanent Head • Secretary of Treasury Board • Board of Revenue Commissioners	
Over $10,000	• Permanent Head • Treasury Board • Board of Revenue Commissioners	

* If the ministry believes there are implications that should be brought to the attention of Treasury Board, the ministry is to submit the request to the Secretary of Treasury Board.

Provincial Comptroller Directives

Statistical Limitations

.08 When ministries are uncertain of the statutory limitations that apply to debt collection practices or deadlines, they should contact their Crown solicitor at the Ministry of Justice for clarification.

Collection Activities after Write-off

.09 A ministry can elect to continue collection efforts after a receivable has been written off, however, the ministry should remove it from the control and subsidiary accounts. Ministries should maintain records of written off accounts.

Casual Revenue

.10 When a ministry receives revenue relating to an account that has been written off, the revenue is to be coded to casual revenue.

References

3700 Control of Accounts Receivable
3705 Credit Terms
3710 Accounts Receivable Records
3715 Collection Activities
3720 Collection Agency Fees

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Control of Tangible Capital Assets and Inventory

Definitions

Tangible Capital Assets are non-financial assets having physical substance that:

- are held for use by the Government in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- have useful lives extending beyond a year and are intended to be used on a continuing basis; and
- are not intended for sale in the ordinary course of operations.

Inventories represent items that are purchased or produced and are not immediately consumed. They are recorded as an asset until they are issued for consumption or sale, at which time they are expensed. There are two main types of inventories: Inventories Held for Consumption or Use and Inventories Held for Resale.

Inventories Held for Consumption or Use are non-financial assets that will be used or consumed in the normal course of operations. Because the primary purpose of a government's operations is to provide services, the future economic benefit of inventories held for consumption or use is embodied in their capacity to render service that furthers the government's objectives. They are not intended for sale in the ordinary course of operations.

Inventories Held for Resale are financial assets that will be sold or used to produce a product that will be sold in the ordinary course of operations.

Background

The Ministry of SaskBuilds and Procurement operates under the authority of *The Ministry of SaskBuilds and Procurement Regulations,* and other legislation and regulation, including *The Public Works and Services Act, The Purchasing Act, 2004* and *The Purchasing Regulations.* SaskBuilds and Procurement provides support services to the Government, including accommodations and the provision of a central fleet of vehicles. Single Procurement Service coordinates the purchase and disposal of goods for the Government.

The Director of Purchasing has authority pursuant to *The Purchasing Act, 2004* to acquire and dispose of goods. No goods are to be purchased except in accordance with *The Purchasing Act, 2004* and regulations. For more information on purchasing, refer to Section 4505

Purchases of Supplies and Services and Section 4510 Contracts for Services.

Authority

The Financial Administration Act, 1993 (FAA) allows Treasury Board to make orders and issue directives with respect to its duties under section 4 of the FAA (e.g., relating to the finances, the administrative policy and management practices, and the accounting policies and practices of the Government) (clause 5(a)).

The FAA allows the Provincial Comptroller to issue directives detailing the manner in which Treasury Board orders and directives are to be complied with (subsection 10(2)).

Treasury Board Policies

Treasury Board has approved the following policies relating to control of property:

- Section 3805 Management of Inventories; and
- Section 3810 Management of Tangible Capital Assets.

Applicability

These policies apply to the General Revenue Fund, and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

References

2120 GRF Accounting Policies
3215 Financial Reporting Requirements and Accounting Policies for Revolving Funds
3415 Financial Statements and Accounting for Special Purpose Funds and Trust Money
3805 Management of Inventories
3810 Management of Tangible Capital Assets
4505 Purchase of Supplies and Services
4510 Contracts for Services

Accounting Manual, Section 1300 Tangible Capital Assets
Accounting Manual, Section 1310 Inventories Held for Consumption

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Management of Inventories

Objective

The objective is to outline internal controls to ensure that inventory is safeguarded and managed efficiently and effectively.

Authority

The Financial Administration Act, 1993, clause 5(a) and subsection 10(2).

Applicability

This policy applies to the General Revenue Fund (GRF), and special purpose funds and trust money that are administered by ministries. See Appendix C Public Money.

Definitions

Inventories represent items that are purchased or produced and are not immediately consumed. They are recorded as an asset until they are issued for consumption or sale, at which time they are expensed. There are two main types of inventories: Inventories Held for Consumption or Use and Inventories Held for Resale.

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Inventories Held for Resale are financial assets that will be sold or used to produce a product that will be sold in the ordinary course of operations.

Treasury Board Policy

.01 Ministries are responsible to ensure the following:

- Optimum inventory levels are maintained.
- Appropriate inventory records are maintained to meet reporting and internal control requirements.
- Adequate control and physical security measures are taken to prevent material loss of inventory due to theft, damage or obsolescence.
- Periodic comparison of physical quantities to inventory records occurs and corrective action is taken if material differences or irregularities are detected.

Appropriate Quantity

.02 In determining optimum inventory levels, the following holding costs should be taken into consideration:

- The cost to the government of capital used to acquire the inventory;
- Storage costs, including warehousing costs;
- Inventory shrinkage costs, including the cost of spoilage of perishable goods and loss of value due to obsolescence;
- Any fixed cost associated with placing an order to acquire inventory; and
- Other relevant costs.

Physical Security

.03 Ministries should implement physical security measures to safeguard inventory from risks of theft and damage. Measures selected should take into account the nature, quantity and value of inventory and the costs to implement them.

Provincial Comptroller Directives

Inventory Levels

.04 Ministries should employ a suitable analytical technique to determine the optimum inventory levels to maintain.

.05 When inventories are required for emergency use or the usage rate is unpredictable, ministries may maintain suitable safety stocks of inventory.

Inventory Records Required

.06 Ministries and revolving fund must maintain records to safeguard inventory and to meet the requirements set out in the Accounting Manual Section 1310 Inventories Held for Consumption. Where inventories are excluded from this policy or are below the minimum thresholds, ministries should ensure sufficient records are kept to meet reporting needs and to mitigate risks of theft or other loss.

Internal Controls – Ministry

.07 Ministries are to establish necessary procedures and controls to ensure the safeguarding and accurate recording of inventory to meet the requirements set out in the Accounting Manual Section 1310 Inventories Held for Consumption.

.08 Ministries should ensure inventory information is reported at least annually to responsible management and adequate explanations obtained for variances of actual levels and amounts with budgets and prior periods.

References

3525 Receipt of Donations
3800 Control of Tangible Capital Assets and Inventory

Accounting Manual, Section 1310 Inventories Held for Consumption

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Management of Tangible Capital Assets

Objective

The objective is to outline requirements to assist management in fulfilling their responsibility to protect government assets and effectively manage them.

Authority

The Financial Administration Act, 1993, clause 5(a) and subsection 10(2)

Applicability

This policy applies to the General Revenue Fund (GRF), and special purpose funds and trust money administered by ministries. See Appendix C Public Money.

Definition

Tangible Capital Assets are non-financial assets having physical substance that are acquired, constructed or developed and that:

- are held for use by the Government;
- have a useful life extending beyond a year and are intended to be used on a continuing basis; and
- are not intended for sale in the ordinary course of operations.

Treasury Board Policy

.01 Ministries are required to establish and maintain adequate internal controls to ensure the following:

- the acquisition, construction, development, betterment or disposal of a tangible capital asset is authorized;
- payments relating to the acquisition, construction, development or betterment of a tangible capital asset are properly approved;
- tangible capital asset records are accurate; and
- access to tangible capital assets is restricted to authorized personnel, where practicable.

.02 Each ministry is responsible to implement an accounting and reporting system for capital assets that meets the minimum requirements as or may be prescribed by the Provincial Comptroller.

Provincial Comptroller Directives

.03 Ministries are required to reconcile their tangible capital asset records to the tangible capital asset transactions recorded in the government's central financial system, on a periodic basis, and follow up any discrepancies. This requirement does not apply to capital costs included in the systems development category.

.04 Ministries are required to conduct a physical count of their tangible capital assets on a periodic basis and reconcile the count to their tangible capital asset records. Discrepancies between the asset counts and capital asset records should be followed up.

.05 Refer to the Accounting Manual, Section 1300 Tangible Capital Assets for accounting for tangible capital assets of the GRF.

.06 All employees are responsible for the proper use and safeguarding of Government of Saskatchewan assets from theft or damage. Suitable internal controls for safeguarding assets include, but are not limited to, the following:

- Vehicles must be locked when left unattended;
- Keys must never be left in vehicles and must be stored securely when not in use (e.g. offsite, secure lock box);
- Fuel purchase cards must not be left in vehicles;
- Assets must not be left in plain sight inside unattended vehicles;
- All keys must be returned to management upon an employees’ termination or layoff;
- Access to worksites must be limited to authorized personnel;
- Physical safeguards (e.g. doors, gates) must be kept in good working order and secured (e.g. closed, locked) when not being accessed by authorized personnel;
- Worksites and compounds should maintain adequate exterior lighting and, where feasible, surveillance cameras and alarm systems;
- Appropriate mitigating controls must be implemented when safeguards are not functioning (e.g. blocking access to doors or compounds until repairs are completed);
- Large quantities of fuel must not be stored in remote or unsecured locations, especially during off-season periods;
- Portable assets should be moved from remote and unsecured locations when not regularly monitored; and
- Remote or unsecured storage locations should be inspected regularly and/or have mitigating controls in place to reduce risk of theft (e.g. barricades placed on roads during the off season).

.07 The risks and costs associated with internal controls must be considered when determining appropriate safeguards.

.08 For information technology assets, also refer to the Information Security Policy.

.09 Managers and supervisors are responsible for modelling the attitude and conduct expected of employees. They are responsible for fostering and promoting awareness of the importance of taking appropriate actions to safeguard assets.

.10 It is critical that ministries take reasonable steps, through training and other communication methods, to ensure that employees are aware of and understand the policies and their responsibilities to safeguard assets.

.11 Ministries should require employees who are responsible for high-value and/or high-risk assets (e.g. vehicles, tools) to sign an Acknowledgement of Responsibility to Safeguard Assets.

.12 Employees must report to their manager any instances where policies to safeguard assets are not followed.

.13 When an employee fails to comply with policies for safeguarding assets, the Permanent Head or delegate may initiate disciplinary action, up to and including dismissal, in accordance with PS 803 Corrective Discipline Action.

.14 Employees must report suspected theft or fraud in accordance with 4102 Employee Onus to Report Suspected Fraud or Similar Illegal Acts.

References

3525 Receipt of Donations
3800 Control of Tangible Capital Assets and Inventory
4102 Employee Onus to Report Suspected Fraud or Similar Illegal Acts

Accounting Manual, Section 1300 Tangible Capital Assets

Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules

Information Security Policy

Saskatchewan Public Service Commission Human Resource Manual, PS 803 Corrective Discipline Policy