

Institutional Control Monitoring and Maintenance Fund and the Unforeseen Events Fund Annual Report 2023-24

Ministry of Energy and Resources

Letters of Transmittal



The Honourable Jim Reiter
Minister of Energy and
Resources

Office of the Lieutenant Governor of Saskatchewan

I respectfully submit the Institutional Control Monitoring and Maintenance Fund and the Unforeseen Events Fund Annual Report for the Ministry of Energy and Resources for the fiscal year ending March 31, 2024.

A handwritten signature in blue ink, appearing to read 'Jim Reiter', written over a light blue rectangular stamp.

Jim Reiter
Minister of Energy and Resources



Blair Wagar
Deputy Minister of the
Ministry of Energy and
Resources

The Honourable Jim Reiter
Minister of Energy and Resources

Dear Minister:

I have the honour of submitting the Institutional Control Monitoring and Maintenance Fund and the Unforeseen Events Fund Annual Report for the Ministry of Energy and Resources for the fiscal year ending March 31, 2024.

A handwritten signature in blue ink, appearing to read 'Blair Wagar', written over a light blue rectangular stamp.

Blair Wagar
Deputy Minister of Energy and Resources

Manager's Responsibility for Financial Statements

I have the honour of submitting the Annual Report for the Institutional Control Monitoring and Maintenance Fund and the Institutional Control Unforeseen Events Fund for the fiscal year ending March 31, 2024. As the Deputy Minister of Energy and Resources, I am responsible for the administration and management of these funds. The financial statements contained in this report were prepared in accordance with Canadian public sector accounting standards. The financial information presented elsewhere in the Annual Report is consistent with these financial statements.

To ensure the integrity and objectivity of the financial data, management maintains a comprehensive system of internal controls including written policies and procedures and an organizational structure that segregates duties. These measures provide reasonable assurance that transactions are recorded and executed in compliance with legislation and required authority, that assets are properly safeguarded and that reliable financial records are maintained.

The financial statements have been audited by the Office of the Provincial Auditor. Its report to the Members of the Legislative Assembly, stating the scope of its examination and opinion on the financial statements, appears after the introduction.



Blair Wagar
Deputy Minister of Energy and Resources

Introduction

The Institutional Control Monitoring and Maintenance Fund and the Institutional Control Unforeseen Events Fund were established on April 3, 2009, pursuant to Sections 11 and 12 of *The Reclaimed Industrial Sites Act* (Act). These funds support the operation of the Institutional Control Program (ICP) established pursuant to *The Reclaimed Industrial Sites Regulations*.

The ICP implements the process for the long-term monitoring and maintenance of industrial sites when mining or milling activities have ended, remediation has been completed, and the sites are ready to be transferred to provincial responsibility. The two primary components of the program are the Institutional Control Registry and the Institutional Control Funds. The registry maintains a formal record of closed sites accepted into the ICP, while the funds support the required monitoring and maintenance of the sites. The funds are administered by the Ministry of Energy and Resources (the ministry).

Program Purpose

In 2005, Saskatchewan initiated the development of an institutional control framework for the long-term management of decommissioned mine and mill sites located on provincial Crown lands. This work resulted in the establishment of the ICP in 2007. The ICP's purpose is to:

- support the safe, environmentally-sound decommissioning of mining and mill sites;
- ensure the ongoing monitoring and maintenance of reclaimed sites;
- provide a funding mechanism to cover costs associated with long-term monitoring and maintenance of reclaimed sites; and,
- ensure that records and information on the reclaimed sites are preserved through the establishment of a registry.

The Institutional Control Registry includes location records of a closed site, former owner and operator, site description, historical activities, site maintenance, monitoring and inspection documentation and future allowable land use for the site. The funding component is divided into two accounts:

- the Institutional Control Monitoring and Maintenance Fund to pay for long-term monitoring and maintenance of a reclaimed site after it is accepted into the ICP; and,
- the Institutional Control Unforeseen Events Fund to pay for any unforeseen future events that are not covered by the Institutional Control Monitoring and Maintenance Fund.

The financial contribution required from a proponent to be deposited into the two fund accounts, for each site accepted into the ICP, is determined by the ministry based on a site-specific risk assessment. The legislated funds are managed by the Government of Saskatchewan and are independent from provincial revenue.

Progress on Program Activities

During the 2023-24 fiscal year, 19 former Beaverlodge uranium mine sites were accepted into the ICP. Contributions for the long-term administration of these sites totalled \$325,781 for the Monitoring and Maintenance Fund, and \$35,555.30 for the Unforeseen Events Fund. The ministry procured the final monitoring and maintenance inspection for the former Hanson Lake silica sand mine previously accepted into the program.

In 2023-24, the ministry, together with other regulators, continued to review and assess:

- the remaining Beaverlodge associated sites;
- satellite sites associated with Project Clean-up of Abandoned Northern Sites (CLEANS);
- the Lorado Mill site, and,
- the former Cluff Lake mine and mill site.

On May 10, 2023, the Canadian Nuclear Safety Commission released Orano Canada Inc.'s Cluff Lake project from its uranium mine licence. The ministry expects to accept the site into the ICP in the first quarter of the 2024-25 fiscal year.

Investment activities for the funds continued to be directed by the Fund Advisory Committee, which is comprised of senior government representatives and industry stakeholders. Funds in financial instruments that matured in 2023-24 were invested based on the committee's advice and continue to be comprised of both short-term and long-term investments. Investment funds were moved to third-party financial institution management in 2023-24 and with the overall investment mandate determined by the Fund Advisory Committee.

There are currently 49 sites accepted into the ICP. All applicable and supporting information of the program can be located on the Government of Saskatchewan [website](#).

Institutional Control Monitoring and Maintenance Fund Financial Statements

**INSTITUTIONAL CONTROL
MONITORING AND MAINTENANCE FUND**

FINANCIAL STATEMENTS

For The Year Ended March 31, 2024



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Institutional Control Monitoring and Maintenance Fund, which comprise the statement of financial position as at March 31, 2024, and the statement of operations and accumulated surplus, statement of remeasurement gains and losses, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institutional Control Monitoring and Maintenance Fund as at March 31, 2024, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Institutional Control Monitoring and Maintenance Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institutional Control Monitoring and Maintenance Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institutional Control Monitoring and Maintenance Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institutional Control Monitoring and Maintenance Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Regina, Saskatchewan
July 24, 2024

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

**INSTITUTIONAL CONTROL
MONITORING AND MAINTENANCE FUND
STATEMENT OF FINANCIAL POSITION
As at March 31**

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Due from General Revenue Fund (Note 4)	\$ ---	\$ 403
Investments (Note 5)	2,154,014	603,819
Interest Receivable	<u>3,929</u>	<u>---</u>
Total Financial Assets	<u>2,157,943</u>	<u>604,222</u>
LIABILITIES		
Overdraft Charges	<u>7</u>	<u>---</u>
Total Liabilities	<u>7</u>	<u>---</u>
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS (Note 3)	<u>\$ 2,157,936</u>	<u>\$ 604,222</u>
Accumulated Surplus is comprised of:		
Accumulated Surplus, end of year	\$ 2,134,068	\$ 601,744
Accumulated re-measurement gains, end of year	<u>23,868</u>	<u>2,478</u>
Ending Accumulated Total Surplus	<u><u>\$ 2,157,936</u></u>	<u><u>\$ 604,222</u></u>

(See accompanying notes to the financial statements)

**INSTITUTIONAL CONTROL
MONITORING AND MAINTENANCE FUND
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year Ended March 31**

	<u>Budget</u>	<u>Actual</u>	
	<u>2024</u> (Note 8)	<u>2024</u>	<u>2023</u>
REVENUES:			
Interest (Note 4)	\$ ---	\$ 16,349	\$ 403
Return on Investment (Note 5)	---	4,683	14,413
Fees (Note 6)	<u>---</u>	<u>1,540,319</u>	<u>---</u>
Total Revenues	<u>---</u>	<u>1,561,350</u>	<u>14,816</u>
EXPENSES:			
Monitoring and Maintenance (Note 2)	---	28,979	---
Administration Costs	<u>---</u>	<u>47</u>	<u>---</u>
Total Expenses	<u>---</u>	<u>29,026</u>	<u>---</u>
ANNUAL SURPLUS	<u>\$ ---</u>	\$ 1,532,324	\$ 14,816
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>601,744</u>	<u>586,928</u>
ACCUMULATED SURPLUS, END OF YEAR - to Statement 1		<u>\$ 2,134,068</u>	<u>\$ 601,744</u>

(See accompanying notes to the financial statements)

**INSTITUTIONAL CONTROL
MONITORING AND MAINTENANCE FUND
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
Year Ended March 31**

	<u>2024</u>	<u>2023</u>
ACCUMULATED RE-MEASUREMENT GAINS, BEGINNING OF YEAR	<u>\$ 2,478</u>	<u>\$ 30,600</u>
Unrealized gains attributable to:		
One Year Cashable GIC	---	3,097
Canadian Banking MarketSmart GIC	---	(16,806)
Investments with CIBC Wood Gundy	23,868	---
Amount re-classified to the Statement of Operations and Accumulated Surplus	<u>(2,478)</u>	<u>(14,413)</u>
Net re-measurement gains for the year	<u>\$ 21,390</u>	<u>\$ (28,122)</u>
ACCUMULATED RE-MEASUREMENT GAINS, END OF YEAR	<u><u>\$ 23,868</u></u>	<u><u>\$ 2,478</u></u>

(See accompanying notes to the financial statements)

**INSTITUTIONAL CONTROL
MONITORING AND MAINTENANCE FUND
STATEMENT OF CASH FLOWS
Year Ended March 31**

	<u>2024</u>	<u>2023</u>
OPERATING TRANSACTIONS		
Cash Received From:		
Interest	\$ 12,420	\$ 403
Fees	<u>1,540,319</u>	<u>---</u>
Total Cash Received	<u>1,552,739</u>	<u>403</u>
Cash Paid For:		
Operational Expenses	\$ 28,979	\$ ---
Admin Expenses	<u>40</u>	<u>---</u>
Total Cash Paid	<u>\$ 29,019</u>	<u>\$ ---</u>
INVESTMENT TRANSACTIONS		
Cash Received From:		
Matured Investment	601,341	406,193
Return on Investment	<u>4,683</u>	<u>14,413</u>
Total Cash Received	<u>606,024</u>	<u>420,606</u>
Cash Paid For:		
Investments	<u>2,130,147</u>	<u>596,163</u>
Total Cash Paid	<u>2,130,147</u>	<u>596,163</u>
(DECREASE) INCREASE IN CASH	(403)	(175,154)
CASH, BEGINNING OF YEAR	<u>403</u>	<u>175,557</u>
CASH, END OF YEAR	<u>--</u>	<u>403</u>

INSTITUTIONAL CONTROL MONITORING AND MAINTENANCE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2024

1. Authority

The Institutional Control Monitoring and Maintenance Fund (Fund) was established on April 3, 2009, pursuant to Sections 11 of *The Reclaimed Industrial Sites Act* (Act). In 2007, the Government of Saskatchewan legislated the Act and *The Reclaimed Industrial Sites Regulations* (Regulations) to establish and enforce the Institutional Control Program (ICP). In 2017-18 the Ministry introduced amendments to the Act and a first reading of proposed legislative changes occurred in December 2017. OC 556/2018 ordered the issuance of a Proclamation fixing Saturday, December 1, 2018, as the day on which *The Reclaimed Industrial Sites Amendment Act, 2018* shall come into force.

The purposes of the ICP are to:

- set out the conditions by which the Government of Saskatchewan will accept responsibility for land that, in consequence of development and use, requires long-term monitoring and, in certain circumstances, maintenance;
- ensure that the required monitoring and maintenance are carried out on that land;
- provide a funding mechanism to cover costs associated with the monitoring and maintenance on that land; and,
- ensure that certain records and information are preserved with respect to that land.

The purpose of the Fund is to cover maintenance costs anticipated at the time the closed site is accepted into the Institutional Control Program and for any other general costs that should have reasonably been anticipated at the time the closed site was accepted into the Institutional Control Program and costs incurred for the purpose of determining the required monitoring and maintenance of the closed site.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Fund is classified as a Government Component. These financial statements are prepared in accordance with Canadian public sector accounting standards. A Statement of Changes in Net Financial Assets is not presented as the Fund does not hold any non-financial assets. The fund recognizes expenses for on-going monitoring and maintenance of reclaimed sites.

Use of Estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current revenues and expenses or unrealized gains and losses when identified.

Revenue

Fees are recognized as revenue when a site owner has completed decommissioning and reclamation work, and the site has been accepted into the Institutional Control (IC) Registry.

Interest is recognized as revenue when earned. Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Statement of Remeasurement Gains and Losses and recognized in the Statement of Operations and Accumulated Surplus.

Financial guarantees provided by site holders as security for monitoring and maintenance costs are recorded as financial assets and revenue of the Fund when redeemed (Note 6).

Financial guarantees that are no longer deemed necessary to cover a maximum failure event are returned to the site owner.

Financial Instruments

The Fund's financial instruments include Financial Assets; Due from General Revenue Fund, Investments, Interest Receivable and Liabilities; overdraft charges.

The Due from General Revenue Fund is recorded at cost. The carrying amount of Due from General Revenue Fund approximates fair value due to its immediate or short-term maturity. Investments consist of guaranteed investment certificates quoted in an active market and are measured at fair value. The fair value is linked to the performance of the S&P/TSX Banks Index.

Risk

These instruments have no significant exposure to credit risk and liquidity risk. Investments are subject to market risk. Market risk is the risk that arises from changes in the value of financial instruments. Values can be affected by changes in interest rates, foreign exchange rates, and equity prices. Only the interest-only portion of the investment is subject to market risk as the principal is guaranteed. The investments are classified using a hierarchy that reflects the significance of the inputs used in determining their measurement. Under the classification structure for financial instruments, investments are classified at Level 1 for financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities.

The following new accounting standards came into effect April 1, 2023:

- PS 3400 - Revenue
- PS 3160 – Public Private Partnerships
- PSG-8 – Purchased Intangibles

The adoption of these standards does not have a material impact on these financial statements.

3. Net Financial Assets

The net financial assets of the Fund are available under Sections 11 of the Act to provide for the costs described in subsection (6).

4. Due from the General Revenue Fund

The Fund's money was deposited with the General Revenue Fund (GRF) and in a bank account included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The Fund's earned interest is calculated and paid by the GRF on a quarterly basis to the Fund using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty-day borrowing rate for 2024 is 4.89% (2023 – 2.89%).

These funds were moved to third-party financial institution management in 2023-24 and with the overall investment mandate determined by the Fund Advisory Committee.

5. Investments

The principal portion of the investments are guaranteed and when applicable the minimum and maximum rate of return is applied for the total duration of the investment.

6. Fees

The Regulations require an owner applying for entry of a closed site into the ICP to pay the Fund an amount representing the present value of the future costs associated with the monitoring and maintenance of the site.

In addition, as a condition of the site being accepted into the ICP, the Regulations require a site owner to provide the Fund with:

- a) an agreed-upon amount of security in the form of financial guarantees that reflects the costs of dealing with a maximum failure event that could occur at the closed site; and / or
- b) confirmations, satisfactory to the Minister, that addresses the site owner's legal responsibility and other conditions such as financial guarantees and creditworthiness to pay for a maximum failure event.

At March 31, 2024, the fund held \$360,250 (2023 - \$198,250) in financial guarantees as security for maximum failure events at mine sites.

7. Related Party Transactions

Included in these financial statements are transactions with the government ministries and agencies related to the fund by virtue of common control by the Government of Saskatchewan. A related party exists when one party has the ability to exercise control or shared control over the other. Two or more parties are related when they are subject to common control or shared control. Related parties also include key management personnel, their close family members and entities controlled by, or under shared control of, any of these individuals.

Routine operating transactions with related parties are recorded at rates charged by those organizations and are settled on normal trade terms.

The Fund's Investments are being managed by a 3rd party fund manager and has been charged with administrative costs.

8. Budget

There is no planned budget for this Fund as it is not anticipated that, aside from fees, there will be any activity.

9. Site Information

During the 2023-24 fiscal year, 19 former Beaverlodge uranium mine sites were accepted into the ICP.

In 2023-24, the ministry, together with other regulators, continued to review and assess:

- the remaining Beaverlodge associated sites;
- satellite sites associated with Project Clean-up of Abandoned Northern Sites (CLEANS); and,
- the Lorado Mill site.

On May 10, 2023, the Canadian Nuclear Safety Commission released Orano Canada Inc.'s Cluff Lake project from its uranium mine licence. The ministry expects to accept the site into the ICP in the first quarter of the 2024-25 fiscal year.

Institutional Control Unforeseen Events Fund Financial Statements

**INSTITUTIONAL CONTROL
UNFORESEEN EVENTS FUND
FINANCIAL STATEMENTS
For The Year Ended March 31, 2024**



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Institutional Control Unforeseen Events Fund, which comprise the statement of financial position as at March 31, 2024, and the statement of operations and accumulated surplus, statement of remeasurement gains and losses, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institutional Control Unforeseen Events Fund as at March 31, 2024, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Institutional Control Unforeseen Events Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institutional Control Unforeseen Events Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institutional Control Unforeseen Events Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institutional Control Unforeseen Events Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Regina, Saskatchewan
July 24, 2024

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

**INSTITUTIONAL CONTROL
UNFORESEEN EVENTS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31**

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Due from General Revenue Fund (Note 4)	\$ ---	\$ 81
Investments (Note 5)	380,325	99,781
Interest Receivable	<u>1,215</u>	<u>---</u>
Total Financial Assets	<u>\$ 381,540</u>	<u>\$ 99,862</u>
LIABILITIES		
Overdraft Charges	<u>8</u>	<u>---</u>
Total Liabilities	<u>8</u>	<u>---</u>
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS (Note 3)	<u><u>\$ 381,532</u></u>	<u><u>\$ 99,862</u></u>
Accumulated Surplus is comprised of:		
Accumulated Surplus, end of year	\$ 381,506	\$ 99,002
Accumulated re-measurement Gains, end of year	<u>26</u>	<u>860</u>
Ending Accumulated Total Surplus	<u><u>\$ 381,532</u></u>	<u><u>\$ 99,862</u></u>

(See accompanying notes to the financial statements)

**INSTITUTIONAL CONTROL
UNFORESEEN EVENTS FUND
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year Ended March 31**

	<u>Budget</u>	<u>Actual</u>	
	<u>2024</u> (Note 8)	<u>2024</u>	<u>2023</u>
REVENUES:			
Interest (Note 4)	\$ ---	\$ 3,236	\$ 81
Return on Investment (Note 5)	---	851	1,061
Fees (Note 6)	<u>---</u>	<u>278,462</u>	<u>---</u>
Total Revenues	<u>---</u>	<u>282,549</u>	<u>1,142</u>
EXPENSES:			
Administration Costs	<u>---</u>	<u>45</u>	<u>---</u>
Total Expenses	<u>---</u>	<u>45</u>	<u>---</u>
ANNUAL SURPLUS	<u>\$ ---</u>	\$ 282,504	\$ 1,142
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>99,002</u>	<u>97,860</u>
ACCUMULATED SURPLUS, END OF YEAR – to Statement 1		<u>\$ 381,506</u>	<u>\$ 99,002</u>

(See accompanying notes to the financial statements)

**INSTITUTIONAL CONTROL
UNFORESEEN EVENTS FUND
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
Year Ended March 31**

	<u>2024</u>	<u>2023</u>
ACCUMULATED RE-MEASUREMENT GAINS(LOSSES), BEGINNING OF YEAR	<u>\$ 860</u>	<u>\$ 3,042</u>
Unrealized gains(losses) attributable to:		
Canadian MarketSmart GIC	---	(1,703)
One Year Cashable GIC	---	582
Investments with CIBC Wood Gundy	9	---
Amount re-classified to the Statement of Operations and Accumulated Surplus	<u>\$ (843)</u>	<u>\$ (1,061)</u>
Net re-measurement gains for the year	<u>\$ (834)</u>	<u>\$ (2,182)</u>
ACCUMULATED RE-MEASUREMENT GAINS, END OF YEAR	<u><u>\$ 26</u></u>	<u><u>\$ 860</u></u>

(See accompanying notes to the financial statements)

**INSTITUTIONAL CONTROL
UNFORESEEN EVENTS FUND
STATEMENT OF CASH FLOWS
Year Ended March 31**

	<u>2024</u>	<u>2023</u>
OPERATING TRANSACTIONS		
Cash Received From:		
Interest	\$ 2,038	\$ 81
Fees	<u>278,462</u>	<u>---</u>
Total Cash Received	<u>280,500</u>	<u>81</u>
Cash Paid For:		
Administrative Expenses	<u>37</u>	<u>---</u>
Total Cash Paid	<u>37</u>	<u>---</u>
INVESTMENT TRANSACTIONS		
Cash Received From:		
Matured Investment	98,921	58,047
Return on Investment	<u>851</u>	<u>1,061</u>
Total Cash Received	<u>99,772</u>	<u>59,108</u>
Cash Paid For:		
Investment	<u>380,316</u>	<u>94,214</u>
Total Cash Paid	<u>380,316</u>	<u>94,214</u>
(DECREASE) INCREASE IN CASH	(81)	(35,025)
CASH, BEGINNING OF YEAR	<u>81</u>	<u>35,106</u>
CASH, END OF YEAR	<u>\$ --</u>	<u>\$ 81</u>

(See accompanying notes to the financial statements)

**INSTITUTIONAL CONTROL UNFORESEEN EVENTS
FUND NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

1. Authority

The Institutional Control Unforeseen Events Fund (Fund) was established on April 3, 2009, pursuant to Sections 12 of *The Reclaimed Industrial Sites Act* (Act). In 2007, the Government of Saskatchewan legislated the Act and *The Reclaimed Industrial Sites Regulations* (Regulations) to establish and enforce the Institutional Control Program (ICP). In 2017-18 the Ministry introduced amendments to the Act and a first reading of proposed legislative changes occurred in December 2017. OC 556/2018 ordered the issuance of a Proclamation fixing Saturday, December 1, 2018, as the day on which *The Reclaimed Industrial Sites Amendment Act, 2018* shall come into force.

The purposes of the ICP are to:

- set out the conditions by which the Government of Saskatchewan will accept responsibility for land that, in consequence of development and use, requires long-term monitoring and, in certain circumstances, maintenance;
- ensure that the required monitoring and maintenance are carried out on that land;
- provide a funding mechanism to cover costs associated with the monitoring and maintenance on that land; and,
- ensure that certain records and information are preserved with respect to that land.

The purpose of the Fund is to cover maintenance obligations that are not covered by the Institutional Control Monitoring and Maintenance Fund for a closed site that has been accepted into the Institutional Control Program and costs incurred for the purpose of determining the maintenance obligations.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Fund is classified as a Government Component. These financial statements are prepared in accordance with Canadian public sector accounting standards. A Statement of Changes in Net Financial Assets is not presented as the Fund does not hold any non-financial assets

Use of Estimates

The preparation of the financial statements in accordance with public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current revenues and expenses or unrealized gains and losses when identified.

Revenue

Fees are recognized as revenue when a site owner has completed decommissioning and reclamation work and the site has been accepted into the Institutional Control (IC) Registry.

Interest is recognized as revenue when earned. Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Statement of Remeasurement Gains and Losses and recognized in the Statement of Operations and Accumulated Surplus.

Financial guarantees provided by site holders as security for monitoring and maintenance costs are recorded as financial assets and revenue of the Fund when redeemed (Note 6).

Financial guarantees that are no longer deemed necessary to cover a maximum failure event are returned to the site owner.

Financial Instruments

The Fund's financial instruments include Financial Assets; Due from General Revenue Fund, Investments, Interest Receivable and Liabilities; overdraft charges.

The Due from General Revenue Fund is recorded at cost. The carrying amount of Due from General Revenue Fund approximates fair value due to its immediate or short-term maturity. Investments consist of guaranteed investment certificates quoted in an active market and are measured at fair value. The fair value is linked to the performance of the S&P/TSX 60 Index S&P/TSX Banks Index and the S&P/TSX Capped Utilities Sector Index.

Risk

These instruments have no significant exposure to credit risk and liquidity risk. Investments are subject to market risk. Market risk is the risk that arises from changes in the value of financial instruments. Values can be affected by changes in interest rates, foreign exchange rates, and equity prices. The interest-only portion of the investment is subject to market risk as the principal is guaranteed. The investments are classified using a hierarchy that reflects the significance of the inputs used in determining their measurement. Under the classification structure for financial instruments, investments are classified at Level 1 for financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities.

The following new accounting standards came into effect April 1, 2023:

- PS 3400 Revenue
- PS3160 Public Private Partnerships
- PSG-8 Purchased Intangibles

The adoption of these standards does not have a material impact on these financial statements.

3. Net Financial Assets

The net financial assets of the Fund are available under Section 12 of the Act to provide for the costs described in subsection 5.

4. Due from the General Revenue Fund

The Fund's money is on deposit with the General Revenue Fund (GRF) and in a bank account included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The Fund's earned interest is calculated and paid by the GRF on a quarterly basis to the Fund using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty-day borrowing rate for 2024 is 4.89% (2023 – 2.89%).

These funds were moved to third-party financial institution management in 2023-24 and with the overall investment mandate determined by the Fund Advisory Committee.

5. Investments

The principal portion of the investments are guaranteed and when applicable the minimum and maximum rate of return is applied for the total duration of the investment.

6. Fees

Section 4(2) of the Regulations requires an owner applying for entry of a closed site into the ICP to pay the Fund an amount representing 10 per cent (20 per cent for a closed site with tailings or engineered structures) of the present value of the future costs associated with the monitoring and maintenance of the site.

7. Related Party Transactions

Included in these financial statements are transactions with the government ministries and agencies related to the Fund by virtue of common control by the Government of Saskatchewan. A related party exists when one party has the ability to exercise control or shared control over the other. Two or more parties are related when they are subject to common control or shared control. Related parties also include key management personnel, their close family members and entities controlled by, or under shared control of, any of these individuals.

Routine operating transactions with related parties are recorded at rates charged by those organizations and are settled on normal trade terms.

The Fund's Investments are being managed by a 3rd party fund manager and has been charged with administrative costs.

8. Budget

There is currently no planned budget for this Fund as it is not anticipated that, aside from fees, there will be any activity.