

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.

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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)).

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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](#)