



STANDING COMMITTEE ON PUBLIC ACCOUNTS

Hansard Verbatim Report

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Legislative Assembly of Saskatchewan

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

Mr. Trent Wotherspoon, Chair
Regina Rosemont

Mr. Lyle Stewart, Deputy Chair
Thunder Creek

Ms. Jennifer Campeau
Saskatoon Fairview

Mr. Herb Cox
The Battlefords

Mr. Glen Hart
Last Mountain-Touchwood

Mr. Warren Michelson
Moose Jaw North

Mr. Corey Tochor
Saskatoon Eastview

[The committee met at 09:00.]

The Chair: — Well good morning, committee members and our Provincial Auditor, Ms. Lysyk, and Ms. Lowe. Thank you for joining us here today. We'll convene the Standing Committee on Public Accounts.

Introducing committee members that are here today: Deputy Chair Mr. Stewart, Ms. Campeau, Mr. Cox, Mr. Hart, Mr. Lawrence is substituting for Mr. Michelson, and Mr. Tochor. Do I pronounce that correctly?

Mr. Tochor: — Close. Tochor.

The Chair: — Tochor. Sorry. Mr. Tochor.

The two pieces of business we're going to be dealing with this morning, we're going to have a presentation from the Provincial Auditor's office that will provide an orientation to this committee, as a new committee in this term, as it relates to the role of the Public Accounts Committee but also the role of the Provincial Auditor's office. And we'll go in camera for that session. Following that, we will have the consideration of the Office of the Provincial Auditor *Business and Financial Plan for the Year Ended March 31st, 2013*.

At this point, I will table four documents that have been distributed as well to committee members today, those being PAC 5/27, Ministry of Finance, reporting of public losses for the period from July 1st, 2011 to September 30th, 2011, dated December 16th, 2011; PAC 6/27, Ministry of Health, reporting of public losses for the period from July 1st, 2011 to September 30th, 2011, dated December 16th, 2011; PAC 7/27, Kelsey Trail Regional Health Authority, Kelsey Trail Regional Health Authority audit of medical equipment maintenance dated September 30th, 2011; and PAC 8/27, Ministry of Finance government response to the third report of the Standing Committee on Public Accounts for the 26th legislature dated 20th of 2011.

With those documents tabled, we'll now move our focus to the orientation from the Provincial Auditor's office and I would entertain a motion to move in camera from a committee member.

Mr. Stewart: — I so move:

That we go in camera at this time.

The Chair: — Mr. Stewart moves:

That we go in camera.

All agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved.

This committee will move in camera.

[The committee continued in camera from 09:03 until 10:54.]

Office of the Provincial Auditor

***Business and Financial Plan for the Year
Ended March 31, 2013***

The Chair: — We're reconvening the Standing Committee on Public Accounts. At this point in time, we will turn our attention and our focus to the consideration of the Office of the Provincial Auditor's *Business and Financial Plan for the Year Ended March 31st, 2013*.

At this point in time, I'd like to welcome our Provincial Auditor, Ms. Lysyk, to the committee and also her officials. Maybe I would just provide an opportunity for you to introduce the officials that are here today.

Ms. Lysyk: — Thank you, Mr. Chair. I'd like to introduce, to my right, Angèle Borys. Angèle is our chief operating officer and a deputy provincial auditor. And Heather Tomlin, behind us, is our office manager; and we also have with us Kim Lowe who is our principal and our liaison with this committee.

The Chair: — Thank you very much. I would invite a presentation and some words from your perspective and your office as it relates to the business and financial plan for this year. Subsequent to that, I'll be inviting questions of committee members.

Ms. Lysyk: — Mr. Chair and committee members, thank you for meeting with us today. The business and financial plan that I have before this committee was tabled January 17th, 2012 and is available on our website. This document is comprehensive. In addition to our budget request, it contains information about our office, about our annual work plan, and includes several detailed schedules regarding our expenditures. This committee needs relevant and reliable information to assess our request for resources. To address relevancy, this business and financial plan was prepared using the reporting principles recommended by the Canadian Institute of Chartered Accountants.

It sets out the work required to discharge our responsibility under the provincial audit Act. During 2011 our office went through a strategic planning exercise that resulted in the new strategic plan and the development of an updated mission, vision, and organization chart contained in this tabled document as well.

The budget for our office is a reflection of our annual work plan aligned with our strategic plan, which is explained on pages 51 to 68.

Key to this business and financial plan is that it also contains an audit opinion on page 26 of our financial forecast from the audit firm Verdis Group. Verdis Group has reported that our financial forecast is consistent with and reasonable in relation to our annual work plan and our strategic plan that highlights our goals, objectives, and strategies.

An audited forecast has been provided to the Public Accounts Committee for the last 14 years in response to a 1999 request of the Board of Internal Economy to provide it with independent advice to help it assess the office's request for resources.

Under the provincial audit Act this committee can approve the estimates that we present or change them. When this committee has decided on our resources, the committee sends the approved estimates to the Speaker. From there the committee's approved estimates for our office would be included in the government's 2012-13 estimates to be presented in the Assembly.

Consistent with prior years' practice, I am requesting two appropriations. For our first appropriation, as per page 11 of the *Business and Financial Plan*, I am requesting \$7.816 million as compared to \$7.620 million requested in 2011-12. This request reflects an increase of \$196,000 from the previous year.

This increase can be attributable to three main items. Number one, an increase in our annual office lease costs of \$130,000. The lease for the office expired on March 31st, 2012. After considering our options, we entered into negotiations with our existing landlord and extended our office lease for 10 more years. The increase in annual lease costs is a reflection of the real estate market in Regina.

Number two, an amount of \$123,000 for a general salary increase of 2 per cent at April 1st, 2012, consistent with the increase authorized by the government for its employees.

And number three, a decrease of \$57,000 representing the net impact of agencies created and wound up since our office's last business and financial plan. Pages 42 to 43 provide more detail on this.

We intend to manage our resources within this budget, taking into account the competitive employment market for our graduated CAs [chartered accountant] and the continuing impact of changes in accounting and auditing standards on our work. We plan to manage the competitive salary market impact on our office turnover by continuing to provide our employees with training opportunities and a positive work environment.

As previously mentioned, Verdis Group has provided assurance that our request for resources is reasonable to carry out our business plan. We use a risk-based model to set priorities and allocate resources for our work plan. It is based on what we know about the government's 2012 revenue and spending; the number of government organizations; the state of their records, systems, practices, and personnel; the government's use of appointed auditors; external forces; and professional standards at December 31st, 2011.

[11:00]

Legislators also need to know how alternative levels of funding for our office would affect our ability to discharge our statutory responsibilities. This is presented on pages 9 and 10 of the business and financial plan.

For our second appropriation, I am requesting a contingency or unforeseen expenses appropriation of \$516,000, reflecting a \$2,000 increase from the prior year's amount of \$514,000. This contingency has been consistently calculated as one month's total salary and benefits expense of the office. This contingency appropriation is required under *The Provincial Auditor Act*. Its purpose is to provide our office resources in order to respond to unforeseen expenses such as unplanned work, pressure to

improve timeliness of our work, and unplanned salary and benefit increases.

If this contingency is used, we will report as to why we used the appropriation and the amount that we used in our 2013 operations report. If it is not used, we will return all monies to the General Revenue Fund.

Finally I should add that for 2012, we expect that we will use substantially all of our 2012 regular appropriation and none of our 2012 contingency appropriation. Thank you for your attention, and I would be pleased to answer any questions.

The Chair: — Thank you very much for your comments here today and for the plan put before the committee. I open up the floor to questions from committee members. I might just start with one as it relates to the contingency fund. Just a little bit of a question as it relates to the utilization of those funds in historical practice over this past year and in previous years. Is there any trends as far as the utilization of those funds? Are they usually fully utilized, or how many of those dollars have been typically returned or not utilized?

Ms. Lysyk: — All right. The contingency appropriation started in, the history I have started in around 2002-03 in terms of the usage of it. The contingency appropriation has not been used in the last six years, although it is available for our use. We have performed work that is beyond the work plan that has been approved in the past. And we made the decision in this year, but also the decision was made in past years, that if the resources under the first appropriation could cover the additional work, then we would do it that way and return the contingency fund appropriation in full.

So basically the contingency fund has not been used in the past number of years. It was last used in 2007-08.

The Chair: — Thank you very much. Further questions from committee members? Mr. Cox.

Mr. Cox: — I noticed the amount returned in the contingency amount is greater than what was actually received. So do we assume that you returned some of your regular allocation that wasn't used? That's what that is?

Ms. Lysyk: — That's correct. If there's any of the general appropriation that's not used, it is returned to the General Revenue Fund as well.

The Chair: — Mr. Hart.

Mr. Hart: — Part of the increase in the funding request is due to your new 10-year lease. The facilities that you are leasing, are you leasing from Government Services or is it a building, privately-owned?

Ms. Lysyk: — No, we do not use Government Services, so we are leasing with the owner of the building. We're located at 1920 Broad Street in Chateau Tower.

Mr. Hart: — Oh, okay. Okay.

The Chair: — Further questions from committee members?

Mr. Stewart.

Mr. Stewart: — No, I was prepared to make the motion if there are no further questions.

The Chair: — Sure, we'll entertain motions as it relates to vote 28, subvote (PA01).

Mr. Stewart: — Thank you, Mr. Chair. I move:

That the 2012-2013 estimates of the Office of the Provincial Auditor, vote 28, Provincial Auditor (PA01), be approved as submitted in the amount of \$7,604,000.

The Chair: — Moved by Mr. Stewart. All in favour?

Some Hon. Members: — Agreed.

The Chair: — It's agreed, so moved at this point in time, and that relates specifically to vote 28, subvote (PA01). Thank you, Mr. Stewart.

I would welcome or entertain a motion with respect to the contingency fund.

Mr. Stewart: — Thank you, Mr. Chair. I move:

That the 2012-2013 estimates of the Office of the Provincial Auditor, vote 28, unforeseen expenses (PA02), be approved as submitted in the amount of \$516,000.

The Chair: — Moved by Mr. Stewart. All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's so moved.

The only other piece of business on this front, unless there's further questions at this point in time, is a motion to refer these to the Speaker as Chair of the Board of Internal Economy. I would entertain a motion at this point in time.

Mr. Stewart: — I so move.

The Chair: — So moved. Mr. Stewart moves:

That the estimates as approved be forwarded to the Speaker as Chair of the Board of Internal Economy, pursuant to section 10.1(4) of *The Provincial Auditor Act*.

Moved by Mr. Stewart. All in favour?

Some Hon. Members: — Agreed.

The Chair: — So moved. Without any further questions from committee members at this point in time, as Chair I'd like to thank our Provincial Auditor for coming before us here today, and for the work that you and your office provide to the people of Saskatchewan and the important work that you provide and support that you provide at this committee table as well. So thank you very much for attending here today, and we look forward to working with you moving forward.

Ms. Lysyk: — Thank you.

The Chair: — At this point in time, I would welcome a motion of adjournment. Mr. Hart.

Mr. Hart: — I move that we adjourn, Mr. Chair.

The Chair: — All in favour?

Some Hon. Members: — Agreed.

The Chair: — So moved. It's agreed that this committee now stands adjourned.

[The committee adjourned at 11:07.]