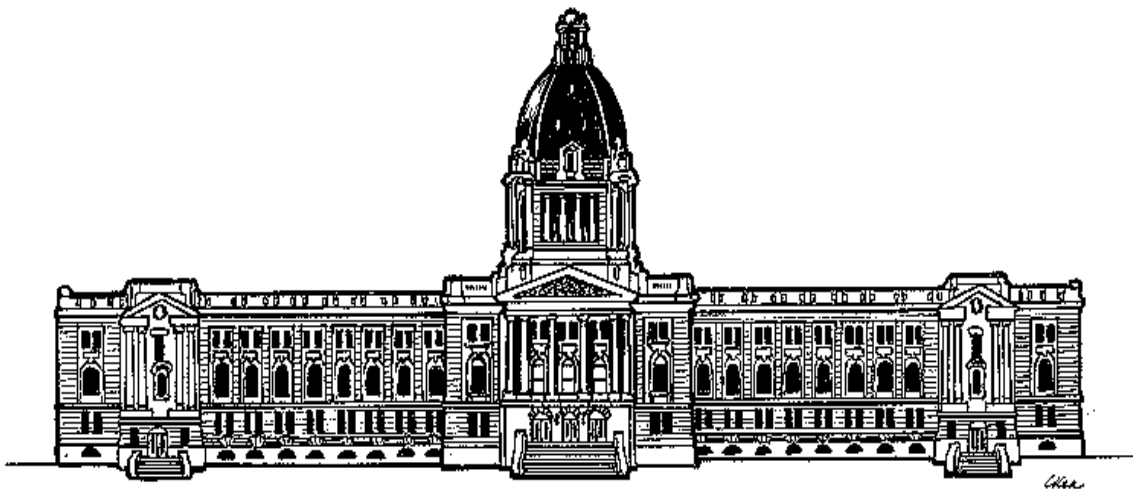




# **STANDING COMMITTEE ON PUBLIC ACCOUNTS**

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## STANDING COMMITTEE ON PUBLIC ACCOUNTS

Ms. Danielle Chartier, Chair  
Saskatoon Riversdale

Mr. Paul Merriman, Deputy Chair  
Saskatoon Sutherland

Mr. Larry Doke  
Cut Knife-Turtleford

Mr. Glen Hart  
Last Mountain-Touchwood

Mr. Warren Michelson  
Moose Jaw North

Mr. Rob Norris  
Saskatoon Greystone

Mr. Randy Weekes  
Biggar

Mr. Trent Wotherspoon  
Regina Rosemont

[The committee met at 09:02.]

**The Chair:** — Good morning everyone and welcome to the Public Accounts Committee, and welcome to all the members here. Today we have a full complement; there's no substitutions. We have today . . . I need to let you know that the Standing Committee on House Services met on June 13th and appointed new members on the Public Accounts Committee. So we have Paul Merriman, Randy Weekes, Larry Doke, Rob Norris, and Warren Michelson who are replacing Scott Moe, Jennifer Campeau, Herb Cox, Laura Ross, and Corey Tochor. Not mentioned here, we've got Trent Wotherspoon and Glen Hart who have been on the committee for some time now. So welcome, and welcome to all the officials here today and to the Provincial Auditor's office.

We do have a few housekeeping items that we have to get to before we can proceed. So we have a vacancy in the Deputy Chair position and need to elect a new Deputy Chair. So I'd just want to remind members of the process. I will first ask for nominations, and once there are no further nominations, I will then ask a member to move a motion to have a committee member preside as Deputy Chair. So I will now call for nominations for the position of Deputy Chair. Mr. Hart.

**Mr. Hart:** — Thank you, Madam Chair. Madam Chair, I would move:

That Mr. Paul Merriman be elected to preside as Deputy Chair of the Standing Committee on Public Accounts.

**The Chair:** — Mr. Hart, thank you, Mr. Hart. Mr. Hart has nominated Mr. Paul Merriman to the position of Deputy Chair. Are there any further nominations? Seeing none, I would now invite one of the members . . . Oh, Mr. Hart's already moved that motion. Seeing no other nominations, I would now invite one of the members to move that motion.

**Mr. Hart:** — Okay, I nominated, now I will move it. Yes, I will move the motion:

That Mr. Paul Merriman be elected to preside as Deputy Chair of the Standing Committee on Public Accounts.

**The Chair:** — Thank you, Mr. Hart. So Mr. Hart has both nominated and now moved that Mr. Merriman be elected to preside as Deputy Chair of the Standing Committee on Public Accounts. All in favour of that motion? I declare that motion carried. Thank you and congratulations, and I look forward to working with you in the Deputy Chair position, Mr. Merriman.

**Mr. Merriman:** — Thank you, Madam Chair. I appreciate it.

**The Chair:** — I'd like to advise the committee that pursuant to rule 142(2), the 2014 report to the Provincial Auditor volume 1 was deemed referred to the committee on June 4th, 2014, and copies have been distributed to members.

There is also an addition to the meeting agenda. Chapter 2 of the 2014 report volume 1 will be added under the Saskatchewan Housing Corporation chapters. It is a follow-up to chapter 3 of the 2013 report volume 1.

So just a few other people that it's important to note who are here today. I'd like to introduce Terry Paton and Chris Bayda with the Provincial Comptroller's office. Thank you again for being here. It's always good that you're here. And I would like to introduce our Acting Provincial Auditor Judy Ferguson, and she will introduce her officials who are here with her.

**Ms. Ferguson:** — Thank you very much, Madam Chair. I've got with me, beside me, Mr. Kelly Deis. Kelly's the deputy that's responsible for the Education portfolio in our office. Behind him, Ms. Corrine Rybchuk. Corrine is responsible for the Teachers' Superannuation Commission group of audits. Beside her is Ms. Charlene Drotar, Charlene's responsible for the ministry audit; and Ms. Kim Lowe, Kim is our office's liaison with this committee.

**The Chair:** — Thank you, Judy. And our first agenda item is reviewing Education, the Provincial Auditor's reports between 2012 and 2014 dealing with Education. So I would like to invite Judy Ferguson, our Acting Provincial Auditor, to make her presentation on the chapters being discussed.

### Education

**Ms. Ferguson:** — Thank you very much. Before we present the chapters that are before you — there's actually 11 chapters before you on the Education portfolio — I'd actually like to extend my thank you to the deputy minister and his staff, and also to the staff of the various agencies that fall within the other entities that are before you on the agenda.

We're going to break the 11 chapters into five parts this morning, pausing after each part to allow for consideration of the chapter by the committee and comments from the officials too.

So the first part that we're going to talk about is the three chapters related to the annual integrated audits of the superannuation plan, the dental plan that are managed by the Teachers' Superannuation Commission, along with the results of the ministry audits, which are chapter 5 of the 2012 report volume 2 and chapter 6 of the 2013 report volume 2. So that's the first grouping.

The second grouping, we're going to talk about a follow-up. And it's the results of two follow-ups of the 2010 recommendations related to the regulation of child care facilities. That's chapter 4 from our 2012 report volume 2 and chapter 41 from our 2013 report volume 2. So we're going to group those two together.

Then we're going to talk about the next follow-up that's in that group on the agenda, which is the follow-up of the 2009 recommendations relating to achieving school division compliance with instruction time, and that's the chapter 20 from our 2014 report volume 1. That's the third part.

The fourth part is the two performance audits. The first one is the 2012 audit of the processes to increase grade 12 graduation rates, and we're going to pair that with the related follow-up. So that's chapter 2 from our 2012 report volume 1 and chapter 19 from our 2014 report volume 1.

And then the last presentation we'll make will be the 2013 audit of capital asset planning processes, which is chapter 8 from our 2013 report volume 1.

So starting with part 1. This is our annual integrated audit, so there's five chapters on the agenda before you providing the results of our 2011, 2012, and 2013 annual integrated audits for the Ministry of Education and its various agencies. I'm going to start with the chapters related to the pension plan, pension and benefit plans that the Teachers' Superannuation Commission administers. That's chapter 3 from our 2012 report volume 1, chapter 25 from our 2012 report volume 2, and chapter 25 from our 2013 report volume 2.

We report that the 2011, 2012, and 2013 financial statements of the teachers' superannuation plan and the group life plan were reliable. Each of these plans, along with the disability and dental plans, had effective rules and procedures to safeguard public resources and complied with authorities governing their activities, other than the matters related to the teachers' dental plan.

For several years, we reported the need for the Teachers' Superannuation Commission to have better support for its dental payments, improve its processes to monitor its dental agreement with its insurance provider, establish guidance for preparing interim and year-end financial reports for the dental plan, and include financial statements for the dental plan in its annual report. By December 2013, as reported in chapter 25 of our 2013 report volume 2, the commission has almost completed its reconciliation to match details of dental claims to payments made so it can ensure payments are made only to eligible teachers for eligible services. Once this reconciliation process is complete, the ministry has planned to revise its agreements and processes to facilitate the preparation of interim and year-end financial statements for the dental plan.

Chapter 3, page 53 of our 2012 report volume 1, contains two recommendations that are no longer relevant, given the government's March 2014 decision to focus on the summary financial statements. We note that the summary budget and the financial statements include accurate information about the teachers' superannuation plan with respect to its actual and expected costs.

Moving on to the results of our 2012 and 2013 integrated audits of the ministry and related funds as reported in chapter 5 from our 2012 report volume 2 and chapter 6 of our 2013 report volume 2, each chapter contains one recommendation for the committee's consideration, of which both relate to a topic previously discussed by this committee. That discussion was on January 13th of 2014, and these chapters also provide the status of several past recommendations. I plan to highlight the new recommendations first.

In our 2012 report volume 2, chapter 5 on page 73, we recommended that the Ministry of Education properly record capital grants to school divisions in its financial records. We made this recommendation because the ministry did not record its obligations, a liability, resulting from its established practices of providing school divisions with funding to enable them to repay the principle and interest due on loans for certain capital projects. This is a similar situation with the Ministry of

Advanced Education discussed with this committee in last May here. As reported in our 2013 report volume 2, chapter 6, page 57, the ministry had not recorded its obligation at March 2014.

Canadian public sector accounting principles require transactions to be accounted for based on their substance and that the loans expected to be repaid through future funding be accounted for as a liability and as an expense in the year that the expectation or promise has been made.

In our 2013 report volume 2, chapter 6, page 57, we recommended that the Ministry of Education follow generally accepted accounting principles for the public sector when accounting for assets constructed under shared ownership agreements. We made this recommendation because in our view the ministry incorrectly included its facilities as capital assets for assets constructed under these agreements.

As previously discussed with this committee, our office, along with the management and the appointed auditors of each of the school divisions involved, hold the view that these school divisions continue to have substantively the risks and benefits associated with the assets constructed or acquired under these agreements.

This is similar to the issue discussed with this committee on March 24th, 2014 about the regional health authorities and in the discussion of our 2013 report volume 2, chapter 19. We understand that the government is continuing to review this matter. These errors in accounting do not impact the accuracy of the summary financial statements in that these are transactions between government agencies.

In these two chapters, we'd also report that the ministry has improved its processes to approve operating and capital grants consistent with its delegation of authority and has improved its human resource planning. Also as reported in our 2013 report volume 2, chapter 6, pages 57 to 59, at March 31st, 2013, the ministry had work to do in the area of primarily IT [information technology]. This memorandum of understanding with the information technology division of the Ministry of Central Services, formerly called ITO [Information Technology Office], did not adequately address disaster recovery and reporting needs. The ministry did not know if the IT division is addressing its security needs. The ministry continued not to consistently follow its procedures for promptly removing user access to its computer systems for individuals who are no longer in its employ. Also the ministry had not yet completed the development of an IT strategic plan.

So this concludes our first part of our presentations this morning. We'll now pause for the committee's consideration and discussion.

[09:15]

**The Chair:** — Thank you, Ms. Ferguson, and I'd like to turn it over to the officials. Mr. Florizone, Mr. Dan Florizone, the deputy minister with Education is here. And welcome, and I will turn it over to you to introduce your officials and to make any remarks that you might want to.

**Mr. Florizone:** — Thank you, Madam Chair. We certainly are

pleased to be here today to speak to the committee, to respond to the recommendations provided by the Office of the Provincial Auditor. We too want to thank the auditor's office for the recommendations, for the diligence and the work. These recommendations have served as a foundation for our work moving forward. Our plan's obviously to improve, and we thank you for the undertaking.

With me today to help me answer your questions as a committee are Donna Johnson, to my right, assistant deputy minister; Clint Repski, to my left, acting assistant deputy minister. Behind me are Greg Miller, assistant deputy minister; Gerry Craswell, executive director of the information management and support branch; Rob Spelliscy, executive director, corporate services; and Doug Volk, executive director of the Teachers' Superannuation Commission.

There are others in the room. Given the time frame and the sheer number of reports that have come forward, and recommendations, we're attempting to anticipate questions that may actually take us back several years. I will have them introduce themselves as they come forward to speak, with your permission. We certainly welcome the reports from the auditor, and this specific work around the Teachers' Superannuation Commission and its operations. Again it serves as an excellent guide to identifying opportunities to improve our existing controls and processes.

With respect to these recommendations currently before you, I can say that we have several that have been implemented. And we'll go through those in order, but specifically 2012 report volume 2, chapter 5 on Education, the ministry approval of school division operating and capital grant payments in accordance with its delegation of authority; and the ministry's human resource plan, quantifying its needs, providing details on gaps, and plans to implement major strategies.

There are other recommendations that have been complied with. We'll cover those as we go through the various chapters, but moving forward there are still several recommendations that need to be fully implemented. And we look forward to continuing to work with the auditor to address these items.

So this concludes my opening remarks. And I'd like to once again thank the auditor and her office for their work, and we certainly now, Madam Chair, invite questions.

**The Chair:** — Thank you, Mr. Florizone. I'd like to open up the floor for questions. Mr. Wotherspoon.

**Mr. Wotherspoon:** — Thanks for the comments. Thanks to the auditor, thanks to officials and the deputy minister for being here today. There's quite a few recommendations that date back a few different years here so, you know, I want to make sure I fully understand what's been addressed, what actions have been taken, and what's been implemented.

You touched on first, sort of, the chapter 5 of the volume 2 report, of the 2012 report. So maybe I'll go there first, and then there's the chapter 6 one that is out of the 2013 report. So out of chapter 5, there's a number of outstanding recommendations. If we look specifically at the 2012 report volume 2, chapter 5, could you just walk us through briefly, of those

recommendations that are outstanding, which ones have been fully implemented? And as well with the new recommendation that's been made there, has it been addressed? Has it been implemented?

**Mr. Florizone:** — I can tell my age at this point, in looking at the font, I think it's probably time for glasses. But I'm going to do my best as we work through.

So the delegation of authority needing to have the process improve, that's 3.1, has been implemented. The capital transfer agreement with school divisions, that being required, has not been implemented. The capital grants to school divisions not properly recorded, 3.3, is in dispute. Human resource plan improvements have been implemented. Information technology controls that need improvement, I'm just going to just check with my colleagues to see the status on this one. It's implemented.

Specific to information technology controls, the subset, signing of service level agreement with the information technology office, the status from our perspective is implemented. Follow established procedures for user access to systems and data, partially implemented. Monitor the effectiveness of the information technology office's security controls, partially implemented, and prepared information technology strategic plan, also partially implemented. And I can speak to the detail on each of those.

**Mr. Wotherspoon:** — Thanks for the update. So 3.2, the capital transfer agreements with school divisions, this hasn't been implemented yet, the recommendation being:

We recommended that the Ministry of Education enter into written agreements with school divisions setting out the terms and conditions of its capital grants that support the Ministry's expenses.

So this was made back in 2012. What's the challenge in implementing this recommendation or what actions are planned and what timelines can we expect towards implementation?

**Mr. Florizone:** — Thank you for the question. I'm going to turn to Donna Johnson, assistant deputy minister, to speak to the detail.

**Ms. Johnson:** — Hi. Thank you for that question. So there's been a fair bit of work under way in the infrastructure branch in the last couple of years as we've been dealing with some staff turnover, but also taking a look at improved ways of doing basically everything that we do in the infrastructure branch.

So with respect to the funding agreements, we've been making some progress on it. It's been, I think, fair to say it's been a little bit slow, considering that this recommendation was here in 2012. But I'm pleased to report that we expect to have a funding agreement finalized within the next four to six weeks and will have that out to the school divisions this summer.

**Mr. Wotherspoon:** — Thank you for the update and the timeline, the four to six weeks. Have you done any consultation with the auditor on this front to have an understanding if this agreement will be adequate in addressing this concern, this

recommendation?

**Ms. Johnson:** — Not at this point, no. We've been working with the school divisions and with the Ministry of Justice to make sure that we've got a solid contract and, you know, a solid piece of work to put forward.

**Mr. Florizone:** — But once again, just further to that question, what we do is take our best effort, best expertise to implement recommendations. It will be up to the Office of the Provincial Auditor to come back and confirm whether that met their test.

**Mr. Wotherspoon:** — But from your perspective, in four to six weeks the ministry will have implemented the recommendation that the auditor's put forward. The question I would have is, are there impacts on school divisions, any concerns as it relates to this agreement, and have they been involved and engaged in this process?

**Ms. Johnson:** — Well what we've been doing in the past year essentially is switching the process by which we make payments to the school divisions. So previously when this recommendation was first made, we were providing payments to school divisions at a timed-interval approach not related to the actual construction of the project under way. And in the last year, we've moved to a per cent-of-completion basis for providing funding to the school divisions. So that change has been made, and as we've done that we entered into memorandums of understanding with the school divisions so that they understand what funding they will expect and on what grounds or on what eligibility criteria.

So all of that has been communicated with the school divisions over the past year, the ones that have been affected. Obviously not all are affected, given that this deals with major capital. And they certainly have been working with us through that process and that is what, the specifics of those undertakings for the last year is what will be embedded in the funding agreement that goes out to school divisions.

**Mr. Wotherspoon:** — Thank you for that. Maybe I'll take a look at the new recommendation that was made in 2012, and I think the comment from the ministry was that this one's in dispute. This is the issue of capital grants and all that being properly recorded, and the recommendation is, "We recommend the Ministry of Education properly record capital grants to school divisions in its financial records." So the comment was that there is dispute, I guess dispute then with the auditor's findings. Is that . . .

**Mr. Florizone:** — Yes. To clarify, the ministry doesn't agree with the Provincial Auditor that a promise to pay principal and interest on school division loans has been made by the ministry. The ministry's of the view that it exercises its authority to provide funding to school boards on a monthly basis. As such, the ministry retains its discretion to determine the amount and the purpose of funding to school boards in future years.

And once again, I'll turn to Donna Johnson, ADM [assistant deputy minister], to provide a little more detail to this.

**Ms. Johnson:** — Actually I don't know that there's too much more to provide to our deputy's answer there. As others have

noted previously, this item was considered when the committee met on January 13th, and I believe also when it met on May 14th. Our situation is the same as was described there.

We do retain the discretion to make the decision to fund or not fund principal and interest each year, and then the decision to roll out the funds to the school divisions are made on a monthly basis. So there is no guarantee made by the ministry to pay for principal and interest.

**Mr. Wotherspoon:** — But there's a full expectation from the school divisions that those funds be provided. Correct?

**Mr. Florizone:** — They may expect a lot of things. The key here is that there is, in our view, no contractual obligation for us to make such payments. So this is a policy decision that could be made or changed.

**Mr. Wotherspoon:** — It just seems . . . I mean there's a lot of things that are in flux in education, and this is one that should have some pretty concrete certainty around it as far as the commitments of government towards capital. Is government aware that school divisions have no other revenue sources?

**Mr. Florizone:** — The fact that they have no taxation authority as per, within the public system, as per legislative changes is certainly well established. To suggest that they don't have any other revenue sources suggests a status quo environment. And, Madam Chair, I'm not signalling anything, but these are entities that have been established under legislation with autonomy defined within their governance structure, within their legislative authority. So while it could be said over the long term that we fund, we're the prime funding agency, that in the short term they may make decisions to either proceed with repairs that are necessary and that's their obligation.

One of the legislative requirements is, above a certain threshold, they need to seek our approval. That approval is an approval to fund. That's approval for them to extend their borrowing to be able to undertake work that's required. So while it may feel like a subtle point, the fact of the matter is that we do not guarantee payment of principal and interest. In practice we have been funding it, and in the long term we've become and continue to be the prime funder for school divisions.

[09:30]

**Mr. Wotherspoon:** — In the end, you are the prime funder. And certainly if we're talking about the tax authority, the school divisions don't have revenue sources on that front at their disposal. So it just seems, it just doesn't seem right that government isn't willing to make the commitment to the obligation that they're having these divisions enter into by way of borrowing, and we'll get into it in some of the other reports, but higher cost borrowing as well.

I just wouldn't mind hearing from the auditor specifically, because it's noted that it's a dispute, who in the accounting community or profession supports the position of your office on this front?

**Ms. Ferguson:** — It's not really a matter — thank you very much for the question — it's not really a matter where we've

actually sought support from the community. Rather what we're doing is, what we've done is looked at the fact pattern. The handbook is quite clear that you look for the substance of the transactions versus the legal form. We do concur with what the deputy minister has said and that they don't have a contractual arrangement to provide this funding.

But rather when we look at the situation for . . . And it's not all of the funding that the ministry is providing to school divisions, to certain ones of them, that when we look at it, you know, look at the fact of how the funding's been approved, the practice that they have over an extended period of time, they are the source of the principal plus interest for certain loans. Along with communications and understanding that has occurred in the past, some letters that have been retracted too, when we look at the entire package, it looks like the substance for certain ones is that the ministry has agreed to provide the funding for this for these particular ones. So you know, it's looking at a holistic picture.

When we have consulted with other legislative audit offices in terms of whether or not contractual obligations can arise from government transfers, there is support in the community that those situations can occur, but we haven't asked them to analyze this particular situation in detail.

**Mr. Wotherspoon:** — And the consequence, just state again the consequences of not complying with this or not implementing this recommendation.

**Ms. Ferguson:** — Well it doesn't . . . Because it's a transaction between two parts of government, it does not affect the summary financial statements, so the summary financial statements continue to be accurate. What happens, because it's two financial transactions between two government entities on the summaries, it just eliminates, it goes away. But what it does do is that the expenses of the ministry that's reflected in their annual report and operations, you know, it does impact what that number is.

**The Chair:** — Mr. Hart.

**Mr. Hart:** — Thank you, Madam Chair. Some of the boards of education would have legacy funds, capital funds that they had established over the years that they would use for capital construction, so on. Would all school divisions have such a fund, or how many would have? And are they substantive?

**Ms. Johnson:** — Thank you for your question. The question you asked was with respect to the reserves that school divisions have in place that they can use to manage their capital and commitments related to capital. So the answer is yes, school divisions do have reserves.

Typically the reserves are either internally restricted for particular projects or they're restricted specifically to capital or they're in an unrestricted surplus category. So all of the school divisions do have some level of reserve. It varies from school division to school division. And I think it's also fair to say that there are a couple of school divisions that have very little if any reserves available.

**Mr. Hart:** — The school divisions . . . Are there school

divisions that are able to add to these reserves through efficiencies in operation and so on, you know, perhaps not every year, but over a period of two or three years? It would seem to me that perhaps, as I said, through efficiencies and other cost-saving measures, they're able to save some money and set it aside for some special projects or some capital projects. Would that be factual to make that sort of a statement?

**Ms. Johnson:** — That is correct. And you know, if we take a look at more recent activity with the preventative maintenance and renewal funding that's provided to school divisions, that funding, if it's not spent on maintenance or repairs to schools, is kept aside in a reserve until a future date at which it is spent on maintenance and repairs. So there is that in particular. But very often, school divisions will have revenue sources that don't exactly match up with their expenditures. So they will put those revenues into reserve until that future time when those payments are required.

**Mr. Florizone:** — Just further to that, Madam Chair, because of the nature of their funding, both preventative maintenance but in general on the operating side, they do have the ability to run a surplus to build up a reserve. But they also have ability to move funds from one area to another, one envelope to another. So the distinction here is that they're not line-funded. And if they were, I suppose the argument could be that principal and interest is a line, is it an implied contractual arrangement. But what this allows for is for them to use some discretion.

On the grant side, they have the ability to apply for grants or receive revenue from other sources. Again, it may be quite limited currently, but areas like research, areas like federal funding, arrangements that we're seeing now emerge between First Nations and on-reserve tribal councils and school divisions, so there is some flexibility. And again whether or not they're doing that at this stage, I think we need to open up to the possibilities.

**Mr. Wotherspoon:** — That touches on an interesting area. You sort of alluded to it earlier. It seemed to be — and make sure you state if I am capturing this incorrectly — that there might be some change as it relates to own-source revenues for school divisions. You've mentioned a few of them here right now.

What changes are you anticipating or what additional own-source revenues are you suggesting that you'll either be directing or working with school boards to be looking at? I mean, at the end of the day the province has a very important responsibility here, and one that certainly we'd have concern with the province abdicating. So I'm interested in hearing what sort of new, additional own-source revenues the ministry is contemplating.

**Mr. Florizone:** — I'm not signalling anything, but I can tell you that, based on the conversations with the school divisions and their motivation to seek out the most effective and efficient means by which they deliver student services, there could be opportunities for them to contractually work together. So it may be that some of the larger divisions could receive revenue from some of the smaller divisions in return for providing the types of supports that are necessary. There could be contractual relationships between First Nations and with our provincial schools to be able to pool together and work together as one.

There could be shared arrangements that would allow for their expertise to be shared between ministries, for instance.

So what I'm suggesting is not a change in policy, but a realization that if we're to achieve our strategic aims, improve graduation rates, these are province-wide targets irrespective of whether it's a First Nations school or not, irrespective of if it's in our school division or a neighbouring school division. We're asking divisions to think and act as one and to work together.

So the revenue seeking is not necessarily a massive or a major policy shift. The working together is absolutely a policy reality, given the fact that alone they're not going to be able to achieve their targets.

**Mr. Wotherspoon:** — You know, if you're looking at some contractual arrangements where services are provided to another division, I'd suspect that that's not going to be run at a premium with some sort of commercialized, you know, sort of goals. I suspect it'll reflect the cost to administer those services.

So I don't see . . . While there might be additional revenues, there's certainly not additional surplus revenues to be addressing things like the commitments, the loans they're taking on for capital or otherwise. So I don't see . . . Unless I'm hearing sort of a commercialization that's going to be profit bearing somehow within to the system, then that may generate revenues that would assist with some other goals. It seems to me that many of the service arrangements, if your goal is to find more efficient, effective delivery of services, would be more on a cost recovery basis, as far as reflecting the costs that a school division is entering into.

But I still have . . . So this is an interesting area, and we can spend some more time. But we have a recommendation here that basically gets to the heart of the Ministry of Education, the province of Saskatchewan not complying with public sector accounting standards, with Canadian GAAP [generally accepted accounting principles], which is a concern. My question would be, who within government made the decision or the assessment or the judgment that government wouldn't record these, wouldn't record its grants to school divisions. Was that made in the Ministry of Finance or was that made in the Ministry of Education? Was it school divisions that put forward this recommendation?

**Mr. Florizone:** — I need to, just for the sake of clarifying the last remark, I want to be clear that when we're talking about expenses, the cost side, we're not talking about a fixed amount, a given amount. By working together, there's certain economies of scale that can be achieved. So what we're really talking about is a lowering of costs where appropriate and an improvement in service where demonstrated, that by lowering costs, actually what we end up with is the potential for a positive gain, perhaps even a surplus, in certain areas.

Now this isn't always the case, and I'm not signalling that everything should be centralized. But by thinking together and working together, we could get better pricing. We certainly could pool our resources for better purchasing and there are many, many examples. And I know that you're being patient, I don't want to go through every one of them, but if you're interested, I could give you a far more fulsome example and

examples of where working together, they could achieve greater efficiency, where working separately, the reality is there may not be as much opportunity.

[09:45]

Now in terms of where the direction came from, obviously we have worked as a government to take a collective position on this. You can see that other ministries that have been involved, Health in particular, we've worked with. We've worked with Finance. We've worked with treasury board. But what we're saying to you in terms of the position is that at this committee, this is the Ministry of Education's position.

So while we use terms like dispute, I don't want to make it sound adversarial. We very much respect the position of the Provincial Auditor. We respectfully disagree.

**Mr. Wotherspoon:** — The commitment is there in practice to fund this infrastructure. And I mean, what's your take on the auditor's comments, from the accounting community and the handbook that governs GAAP is that, you know, as the auditor states, is that it's based on practice and substance and not just on sort of the legal form that were your additional, your first comments. What's your response to that?

**Mr. Florizone:** — Well I'm privileged to be bookended by two accountants, so I'm going to turn to one of the two, Donna Johnson, to speak to it.

**Ms. Johnson:** — What I would reiterate, I guess, is that with respect to the auditor's observations in the chapter, she noted that in her opinion we had made loan guarantees to these school divisions. We have not in fact made loan guarantees to the school divisions. We do not have an obligation to pay principal and interest on behalf of these debt instruments that the school divisions have incurred.

We do make decisions on an annual basis with respect to how much we will fund them for principal and interest. And when you look at our funding distribution model, it is an allocation model and it is a model that the school divisions can then take and determine how they will allocate those funds.

And with respect to how we fund principal and interest, again we can change the way in which we fund principal and interest. It could be something that becomes embedded in the funding model. We make those decisions each year, every year. So knowing that that can change annually, we do not have a future expense associated with these.

**Mr. Wotherspoon:** — Well it's a concern. I've taken this matter up with the Minister of Finance; I've taken it up with the Ministry of Health. I know Health had indicated that this was a direction from the Ministry of Finance or the Minister of Finance. And it's a concern.

We've talked about the importance of having compliance with Canadian GAAP. And it's a concern, quite frankly, that government seems unwilling to take the steps required to accurately portray its financial picture. So it's a concern. I think it's a concern to school divisions who feel, you know, feel that they're in a challenged environment from a financial



perspective in meeting the priorities that they have the way it is, to hear that the debt that they're being forced to take on, for which they'd prefer not to be taken on . . . They'd prefer for government to be taking it on at the lower interest rate and saving taxpayers' money. There's certainly some efficiencies to be had there.

But these are all discussions that we can pursue with the appropriate ministers responsible for these decisions. But they're, you know, from my perspective, not appropriate responses here today to some pretty significant concerns. As far as suggesting that the envelope of funding has been broadened so school divisions can choose to do what they like with it, might sound all right but you know, at the end of the day if my wife, Stephanie, sends me to the store to get bacon, eggs, and milk, and only gives me money for two of them, I'm only going to be coming back with two of them and I'm going to have to make a decision of what I'm not providing. So what I understand of the financial environment for school divisions right now is that they're challenged and to suggest that they can just move around funds if . . . We need to understand what that means. That means either cutting staff, reducing programs, or meeting their obligations to fund their capital. And I think that they deserve, from a financial perspective, better commitment. And certainly the people of the province shouldn't have these sorts of statements on their books stating that we're not compliant with Canadian GAAP.

Now maybe if I just touch on the next recommendation on chapter 6 and maybe just get the auditor's perspective on that recommendation. Certainly this piece is a contributor to the recommendation, I suspect, from 2013, that recommends that the Ministry of Education follow Canadian generally accepted accounting principles for the public sector when accounting for assets constructed under shared ownership agreements. I guess I think we've been talking about some of the substance of that recommendation, but if the auditor could touch on if there's other aspects that are of, that should be of consideration here today.

**Ms. Ferguson:** — Madam Chair, thank you for the question there too. As indicated in our speaking notes, this is actually the same issue that the committee discussed when we were discussing the chapter on regional health authorities. You know, it is a situation where again it's a legal form that was entered into. When we look at the substance of the transaction, we think that the arrangement, the agreement that was entered into between the ministry and, in this case, school divisions, doesn't change who owns the underlying assets that are constructed. If you look at the books and records of the school divisions you'll find that they in fact are recording those assets as their own because they feel that they continue to have the benefits and the risks associated with the ownership of those assets.

Unfortunately a portion of those assets also reside on the ministry's books. So we've got two organizations recording the same asset. As auditors we go, something's wrong. You can't have two people recording the same dollar. In this case when we look at the risk and reward equation, we agree that the risks and rewards substantively reside with the school divisions as they did with the regional health authorities as opposed to that at the ministry.

There is components of the shared ownership agreement that we think are good components in terms of leading to better practice and better accountability in terms of managing those assets. Our office doesn't have any concerns with those. We think those are good practices to enter into. It's, frankly, it's only the accounting dimension that our office is concerned with.

**The Chair:** — I do have a question. I know with respect to Health that when we had this discussion earlier this year, the decisions in Health had led to some qualified audits for health regions. Have these accounting practices led to those same difficulties for school divisions?

**Ms. Ferguson:** — Madam Chair, no, they haven't, in the fact that the school divisions have recorded them as their assets within their books and records, and their auditors have agreed with the manner in which they've recorded them, as has our office.

**The Chair:** — Okay, thank you. Any further questions? Yes, Mr. Wotherspoon.

**Mr. Wotherspoon:** — Just to make sure we fully understand, I know it's not the exact same circumstance with the health regions and the school divisions, but as it related to the qualified audits that were placed on the health regions, those qualified audits were placed, it seemed to me when I looked at the pieces, by the independent accounting community of the province, the big firms, some of the smaller ones. But they seemed to be fully supportive of the position taken, assessment taken by your office. Would you feel that that would also carry over to your assessment of the substantive relationship between the school divisions and the ministry as it relates to Education?

**Ms. Ferguson:** — Most definitely. In this case it's not only the auditors of the school divisions but it's also the management of the school divisions that support the position of the office.

**Mr. Wotherspoon:** — So we don't need to . . . You know, this is worth a lot of attention at some point if it's not going to be addressed. I suspect members of this committee will concur with the recommendations of the auditor. I found it absolutely unacceptable and strange that government is unwilling to comply. And I'm not going to press sort of the lead civil service that's here today who are there to deliver the work, you know, on behalf of the minister and government responsible. But without a doubt, this is an area that's unacceptable and, you know, certainly to the Minister of Education, to the Premier, to the Minister of Finance, this has to be fixed. And if it doesn't, certainly we'll be focused on placing a spotlight on it, we as in the opposition, and I suspect and hope all members of this committee.

**The Chair:** — Thank you. Are there any further questions on this section? Mr. Florizone.

**Mr. Florizone:** — Madam Chair, one comment just on . . . We've covered off a section that I feel it's really important to speak to and provide a bit of clarification, with due respect to the comments that have been made, and certainly respectful of the Provincial Auditor.

With the co-ownership agreements, this is where there are

parallels with Health. The co-ownership certainly has placed us firmly in an agreement that has ownership interest in these assets. That policy decision was undertaken, and while we do disagree with the auditor on the handling of this, as we do disagree with several and in this case the affected school divisions, we're in a position of understanding that this is under review, that this becomes far less of an issue given summary financial statements, but there is still an issue as outlined by the Provincial Auditor. And I think that this is one of those areas where there are agreements in place. Those agreements are intended to reflect the relationship that's in place. And I just wanted to state for the record the basis for that disagreement.

On the matter, back to interest and the handling of principal and interest, I want to be clear. One of the distinctions between the health sector and the education sector is they don't have principal and interest obligations within the health sector, much like we don't, but they don't also have a practice of going out and necessarily taking out loans for those purchases. So there are policy differences even though, very much, the health regions are fundamentally funded by the province, much like school divisions.

The reason why I state this is that I think it's important to note that the practice within Health is to approach municipalities for funding. So when it comes to the 65/35, the cost sharing with municipalities, there are revenue raising. That is not a legislative requirement for municipalities to contribute but rather a coming together and a support for those capital assets. I point that out because within two sectors which are primarily funded by government, there are two very different policy approaches to the revenue side.

The other is just to pick up on the metaphor of having just enough money to go to the store and buy eggs and bacon . . .

**A Member:** — Bacon and milk.

**Mr. Florizone:** — Bacon and milk? Okay. What we're talking about here is being able to pool together so that you don't have to go to the corner store to be able to actually buy the pig, the hog, and the cow, or the chicken if it's eggs. In other words, let's see what we could do if we were buying 1,000 of those or let's see what we can do if we were to pool our interests in terms of purchasing so that we get a larger scale and scope of services. So I wanted to pick up on the metaphor because I think it's a good one. And it's good in respect to the fact that, acting individually, they'll never get the kinds of economies of scale that they can get by working collectively.

**The Chair:** — Mr. Wotherspoon.

**Mr. Wotherspoon:** — Okay. So like that last bit about some of working-together pieces, those are good pieces. And it's separate and apart from what we're talking about here though today, so let's just focus on what's there. The concern and just to restate, you know, what's at question here is it's the accounting treatment with health regions, and here today we're talking about the school divisions.

And it's not some dispute between, you know, the minister and the auditor, or it shouldn't be that. It's the auditor and her entire office. But it's also with respect to Canadian generally accepted

accounting principles, and those positions that have been taken by that office are supported by the financial officers within the health regions, in that case, the financial officers within the school divisions in the case of the school divisions. It is also supported by the independent accounting community, as I understand — the Deloitte & Touches, the Meyers Norris Pennys, I believe KPMG, and a whole bunch of the other pieces. So it's just not fair to the public to suggest that there's a minor, you know, point of difference between the Minister of Finance or Education and the auditor. This is the accounting treatment.

[10:00]

And I mean I always take this back to the private sector. And I know when we sit down with the chamber of commerce or respective businesses, it doesn't fly, for example, for a publicly traded company to decide that they're going to book their liabilities or their expenses based on their own individual policy. There's policies in place, independent accounting policies in place, for very important reasons — protection of the public, proper transparent reporting. And there's, in that world, there's specific sanctions that would be taken for a company that would choose to not report its finances in a way that are accurate, not in a way that's consistent with public sector, or in that case, private sector accounting standards.

So we can go back and forth on this for some time. This is an area of importance, and it may require a special hearing at some point. We can chat as members at some point. But I mean this has to, from my perspective and I believe others, and certainly what it seems to be the accounting community of this province and nationally and the auditor's office, is unacceptable. And people deserve nothing less than the full picture.

And you're quite right that the shift to summary negates some of the actual impact of this. So my thought on this is it's really time to get over some of maybe an archaic position that might have been taken at a time where there was a reliance on the GRF [General Revenue Fund] reporting tools. And there shouldn't be these kinds of questions asked of, you know, being asked of our government.

**The Chair:** — Mr. Hart.

**Mr. Hart:** — Thank you, Madam Chair. On the two recommendations of the 2013 report volume 2 and the 2012 report volume 2 dealing with the issues that the member was discussing, the question I would have is there was a significant way in which the K to 12 [kindergarten to grade 12] education system is currently being funded. There was a shift, quite a significant shift. And prior to the change, for capital projects was it not the practice of ministry funding 65 per cent and the school divisions funding the 35 per cent or some such sharing? You know, prior to the change of course the school divisions had the ability to raise some of their own revenues and so on.

So I guess the question that I would have is, during the transition phase were some of those ongoing projects then . . . With the switch in funding, would this account for some of the funding, special funding that the ministry had to make to certain school divisions once they no longer had the ability to raise any of their own property tax revenue? You had a capital project

that was under way and they perhaps needed to raise more funds. Would that account for some of the transition that perhaps the auditor has identified here?

**Mr. Florizone:** — Madam Chair, with respect to the question, the questions that we face today are not associated with that transition. We certainly have gone through a high degree of change, and you're correct in stating that we've gone from a 65/35 formula, similar to Health in that this case historically was a municipal obligation. School divisions had taxation authority. That transition certainly did create a policy shift for us, but the issues that we face in the accounting handling of principal and interest and the co-ownership model are not connected to that transition.

**Mr. Hart:** — Thank you.

**The Chair:** — Any more questions?

**Mr. Hart:** — Well maybe not so much a question; perhaps a statement. I mean this is an area of difference of opinion and so on, and I think further examination of the issue is required here for future years. I would just simply make that statement. Thank you.

**The Chair:** — Thank you, Mr. Hart. I do have one question that you've just raised in terms of something that might happen going forward. When we were talking about the pig and buying the whole pig and the pooling of resources, whereabouts are you in your discussion with respect to pooling of resources with school divisions or between school divisions?

**Mr. Florizone:** — Within the last year, we've had a variety of discussions. There was an undertaking to look at an efficiency review. That efficiency review did articulate the potential for savings throughout the sector and provided a number of recommendations. I would suggest we're at a very early stage with the school divisions. And in fact as part of our sector plan there have been two committees that have been struck, and those committees have membership from the divisions and obviously participation of the ministry. One is an efficiency committee and the other one deals with lean improvements.

So what we're looking at with respect to those two committees is to cycle through a number of the recommendations — that certainly predate me as deputy minister — but also come up with some new and creative ideas. The way we approach the new and creative ideas is we canvassed the school divisions for some of the efficiencies that they've gained through arrangements between several of them and what they've done internally as well.

So we've got examples of energy services contracts within schools and school divisions, and in this case it's about bundling of schools. We've got examples of photocopier use that in one rural division has saved over \$70,000. And as we go through and cycle through the list, transportation, looking at transportation policies, how we can work more effectively — and this is near and dear of course to the Provincial Auditor in that report — what's really important for the ministry and for government is that first and foremost it becomes about an improved service for students. And while Student First has become a bit of the mantra, it really is the focal point of not just

looking at cost cutting but looking at how a service could be both improved and provided more effectively and efficiently at the same time.

So group purchasing is a natural; insurance, whether or not there's an opportunity to collectively either raise premiums or maybe even the potential of self-insurance. Once again I don't want to signal anything because no government decision has been made nor school division has been made. We're in the brainstorming part of this work.

One of the other areas that's always of interest is on the staffing side to see if our substitute teacher costs could be managed in a different way. We see a lot of variation in costs between divisions, which begs the question of whether or not policies are consistent and whether or not practices are consistent.

So right now it's an exploration of the art of the possible. It'll be culminating in a meeting in August where the committees are going to start to frame up their work. I would personally love to see them explore a shared services arrangement, in other words, the creation of a very small, sleek unit that could continually — and not just wait for budgets, but continually — strive (a) to improve student services and supports, but seek out those potential opportunities for everything from group purchases of supplies through to energy efficiency and really inspire some of the important changes that would benefit both our students and our environment.

**The Chair:** — Thank you for that. And just a quick clarification. Within divisions right now you have schools sharing and co-operating. I'm just curious. Are there any examples that currently exist between divisions where they're working co-operatively?

**Mr. Florizone:** — Yes, we have several great examples of where two or three divisions have worked together. The difficulty with that is that the two or three benefit for sure, but when we can get 28 divisions working together, that means those benefits translate to everyone.

Now the important part of these shared arrangements is that we've got to get everyone playing, and in particular the big guys. Because while they'll see less of a gain, less of an improvement, that pool of resources, based on what's saved, is available then for the education of students. This notion of thinking and acting as one is to understand, if you're in Saskatoon or Regina, the pooling of resources and the thinking about efficiency has an opportunity to really impact the Northern Lights School Division, for instance.

So as we seek out to improve graduation rates, First Nations/Métis achievement, reading, and literacy levels, we've got this real opportunity to think about resources as being most important to be allocated to those initiatives, to those improvements, and right to the student-facing services. That's what we're working on.

**The Chair:** — Thank you. Any further questions? Mr. Michelson.

**Mr. Michelson:** — Yes. Mr. Florizone, in your preamble you'd stated something about a partially implemented a

recommendation that calls for the established procedures. We recommend the Ministry of Education follow its established procedures. Why would that be partially implemented? I mean if there's established procedures, I would think that would be just the norm to try and follow those. I was wondering if . . . Just fill us in a little bit on the thought process behind that.

**Mr. Florizone:** — Yes, and I agree with you. Madam Chair, the important point here is that when you have procedures in place and expectations in place, we expect them to be adhered to.

What the audit identified for us is that the importance of when employees depart from the ministry, that their accounts are removed from the Government of Saskatchewan system. And we have right now a process where we make a request of the ITO, the Information Technology Office, to delete or disable their account. What we're working on and we say is more partially implemented is a guarantee and an assurance that that happens 100 per cent of the time.

So between the request timing, the request writing, the request receipt, something is not working as fluid as it needs to be, and we're highly committed to seeing full compliance on this. We want to be very upfront and honest with the committee of course at all times, and we don't feel that this deserves a full compliance at this stage. We are working towards full compliance.

[10:15]

**Mr. Michelson:** — Okay. Thank you. Thank you, Madam Chair.

**The Chair:** — Thank you. Mr. Wotherspoon.

**Mr. Wotherspoon:** — So just on that point then from report, the 2003 volume 2 report, I think those were good questions, and I appreciate the commitment that was extended. Is that basically the same position for all of those items in 4.4, the strategic plan and these other issues as well? And I guess just what sort of timeline does the ministry expect to ensure implementation of those outstanding recommendations contained in 4.4?

**Mr. Florizone:** — So other than the two items that I indicated that we have a disagreement on — and it's an interpretation of the public sector accounting board principles that we have a disagreement on — other than those sections, we're in full concurrence with the Provincial Auditor. In other words, where we've said it's either partially completed or has not been completed, we're committed to completing and working towards full compliance on these areas.

**Mr. Wotherspoon:** — The question was for 4.4, page 58-59 of the 2013 volume 2 report. There's four outstanding recommendations. One of them was referenced by the member opposite. That's good that there's commitment to see these achieved. Just if there's specific timelines towards implementation or if there's any specific challenges that stand out that should be noted to the public?

**Mr. Repski:** — Clint Repski, acting ADM. Regarding the technology components of this, we're certainly not the first

group to be cited with this. The IT security controls, monitoring of system controls is an area that we continue to work with the ITO on. We're certainly not alone on that across government.

Regarding 4.4, a service level agreement has been signed and that has been implemented, to follow up. Regarding access monitoring effectiveness, we do continue to work with the ITO. We have a memorandum of agreement with them that we continue to work on and make sure that the controls are in place and effective.

You had asked about a timeline implementation. Regarding a strategic plan, I would suggest within the next year that we do have a strategic plan identified.

**Mr. Wotherspoon:** — Thank you so much. Now I think there's a few chapters that we never asked any questions about here, and maybe if we can get an update as it relates to the Teachers' Superannuation Commission and some of the dental plan challenges. There's a host of recommendations that have been made in three chapters there. What I'd be most interested in hearing is which ones have been implemented, which ones are a work in progress, and what timeline's in place towards implementation, and are there any that haven't yet, you know, seen any action or progress.

**Mr. Volk:** — Doug Volk, executive director, Teachers' Superannuation Commission. With respect to the four recommendations for the teachers' dental plan, they are all interrelated.

The first one of course is to get the data to reconcile between paid claims and claims that have been submitted for adjudication. So there's a timeline there. We have gotten three years worth of data from the carrier. We're just working towards a process to implement a reconciliation for that data. Once that data is reconciled, that's the data that's going to flow through to produce the financial statements for the dental plan. And then once that is established, it'll be published in our annual report. So it's like a domino effect. One has to happen before the others, and then once those reports are established for what we need from the carrier to get the data, that will be put into our service agreement.

So in the meantime, we have had some summarized financial data that we have put into our annual report. We also have summarized financial data with respect to a dental plan that's provided to our commission so they can monitor the costs of the dental plan. And we've also, I'd have to say, strengthened our contract with the insurance carrier so it's more reflective of the type of contracts that they have with other public dental plans.

**Mr. Wotherspoon:** — Thanks for sharing that information. As far as the recommendations as it relates to the dental plan then, I mean I see the interconnectedness there. As far as the timeline to actually see these recommendations implemented, do you have a timeline in mind?

**Mr. Volk:** — Not a specific timeline. We've had some staff turnover. We've just had . . . staffed up a bit here. So resources have been allocated towards keeping the ship afloat, for lack of a better phrase. But we are striving towards, within the next year or so, to get to a point that we can produce the financial

statements. But it's getting through three years worth of data is the challenge.

**Mr. Wotherspoon:** — And if I look at page 53 of the chapter 3 report from 2012, the two recommendations as it relates to public sector accounting principles and the picture of the teachers' superannuation plan's pension benefits, there's two recommendations there. What's the status of those two recommendations?

**Mr. Volk:** — Because of the focus now on summaries, I believe the auditor mentioned in their preamble that those recommendations are not relevant anymore.

**Mr. Wotherspoon:** — Okay. Because the pension . . . the liabilities will be fully captured or are fully captured within the summary, so there is no longer a dispute as it relates to how this is recorded or not recorded in the GRF. Is that correct?

**Mr. Volk:** — My understanding.

**Mr. Wotherspoon:** — Thank you very much.

**The Chair:** — Any further questions? Okay. Thank you. Moving on here, I know we have a pretty heavy agenda, so I think we have to start making some decisions about what the committee feels on some of these recommendations. I think we'll start with the 2012 report volume 1, chapter 3. I would like to suggest that we conclude considerations. Those are mentioned further down in the 2013 report volume 1, chapter 3, and the auditor has identified that those are no longer relevant due to the move to summary financials. So I would suggest that for the 2012 report volume 2, chapter 3 we conclude considerations for the time being. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. Thank you. Now for the 2012 report volume 2, chapter 25, there are no new recommendations, and we've heard the status of where some of the previous recommendations or outstanding recommendations are. I'd like to suggest that we conclude considerations on that as well. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. For the 2013 report volume 2, chapter 25, again we've discussed some of the outstanding recommendations and have received an update. I would like to suggest that we conclude considerations for the time being. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. And now with respect to the 2012 report volume 2, chapter 5, there is one new recommendation, and I'm wondering what the will of the committee is.

**Mr. Merriman:** — I would suggest that we concur with the recommendations and note progress towards compliance.

**The Chair:** — Note progress. Okay. Mr. Wotherspoon.

**Mr. Wotherspoon:** — So I appreciate the concurrence and I fully agree. I'm not hearing any progress on this one right now, so I wonder if we should concur. I think that's a good, solid statement, but from what I heard in this case, there is progress certainly on many of the outstanding recommendations, but this is one where I certainly didn't hear any actions or progress towards implementation.

**Mr. Merriman:** — Thank you, Madam Chair. I believe that we have heard some progress on this, that there is some movement on this. There is some understanding by the ministry that this is . . . It seems to be a little bit of a discrepancy between what the ministry agrees with and what the auditor agrees with, but I do think that the ministry recognizes that we need to make sure that this is recorded on both sides of that, and I do think that there is some progress towards that, so I would put it out to the committee.

**The Chair:** — Mr. Merriman has moved for the 2012 — I just want to put the motion on record — that for the 2012 report volume 2, chapter 5, that this committee concur and note progress. Mr. Wotherspoon, you had some . . .

**Mr. Wotherspoon:** — Yes, I just would find it strange for us to note progress for a recommendation that the ministry has stated that they don't support the recommendation, that they say there's a dispute and that they're going in a different direction. So I think we have a really solid statement from Public Accounts if we concur with it, but I just think it would be not appropriate for us to note progress when, you know, I think the ministry itself has stated that they have a different perspective and that they're not working to . . . they're not working to make this change. So I don't see any progress whatsoever on it, but I really do appreciate from Public Accounts the . . . a motion of concurrence.

**The Chair:** — Mr. Hart.

**Mr. Hart:** — Thank you, Madam Chair. Well this is the recommendation coming from the auditor's report of 2012. Since that time the government has moved to summary financial statements where, in the summary statements all . . . The auditor has stated that this is all accounted for within the summary financial statements. There is some work that needs to be done within the ministry for sure and I would certainly agree with that. So that's, I think . . . I can't speak for Mr. Merriman, but it would be my interpretation as to that's where progress would be noted, that there is . . . the summary financial statements are . . . The government is reporting on the summary financial statement basis now.

**Mr. Wotherspoon:** — But I think, if I'm correct, I wouldn't mind hearing from the auditor. And I appreciate the fact, and it's always been recorded on the summary side in that manner. The concern has been that the focus has been on to the GRF. I don't think there's been a change in practice here, an accounting treatment of this, that would impact that fund. So maybe I just wouldn't mind hearing from the auditor to shed some light on whether or not there's progress on this recommendation.

**Ms. Ferguson:** — Madam Chair, member, basically on this particular recommendation our focus is on the ministry. As the

member indicated, there is no impact on the summary financial statement because it is an intra-government transaction. But the recommendation is that it's directed towards the ministry and its accounting treatment.

**The Chair:** — Thank you. And Mr. Florizone, I'd be interested in hearing your take on this.

**Mr. Florizone:** — So the reference specifically to 3.3 . . .

**The Chair:** — Yes.

**Mr. Florizone:** — Is that the Ministry of Education would recommend non-concurrence with this recommendation.

**The Chair:** — Which would mean that there in fact you are not . . . you don't agree with the recommendation and have made no attempt to implement the "We recommend that the Ministry of Education properly record capital grants to school divisions in its financial records." You've disagreed . . .

**Mr. Florizone:** — That's correct.

**The Chair:** — With that statement and have not made efforts to implement that because you fundamentally disagree with it.

**Mr. Florizone:** — Yes, so . . .

**The Chair:** — Is it fair to say that there has not been progress in that regard?

**Mr. Florizone:** — That's correct.

**The Chair:** — Okay.

**Mr. Florizone:** — Just to clarify, there have been many discussions. There have been a lot of background work. There is ongoing consideration, I know by the deputy minister and her officials with Finance, but no progress, no real progress has been made.

**The Chair:** — Thank you for that. So I'm just wondering, Mr. Merriman, in light of hearing from the auditor and the deputy minister if you would like to amend your recommendation.

**Mr. Merriman:** — Yes I will amend my recommendation, Madam Chair, and thank you for clarification. I was assuming that there was some movement in the background discussions that was going on this, that that was something that we could consider that as progress. But I would change my recommendation and concur with the auditor's recommendation.

**The Chair:** — So Mr. Merriman has moved that for the 2012 report volume 2, chapter 5, the recommendation, "We recommend that the Ministry of Education properly record capital grants to school divisions in its financial records," that this committee concur with the recommendation and note that it has not been implemented. Or just concur with the recommendation. My apologies. Is that agreed?

**Some Hon. Members:** — Agreed.

[10:30]

**The Chair:** — Carried. Now moving on to the 2013 report volume 2, chapter 6, we do have a new recommendation also before us and I'm wondering what the will of the committee is on that.

**Mr. Merriman:** — Concur. Sorry, Madam Chair.

**The Chair:** — Would you like to make a motion on this?

**Mr. Merriman:** — I would like to make a motion that we concur with the recommendations. Thank you.

**The Chair:** — Thank you, Mr. Merriman. Mr. Merriman has moved that for the 2013 report volume 2, chapter 6, the recommendation, "We recommend that the Ministry of Education follow Canadian generally accepted accounting principles for the public sector when accounting for assets constructed under shared ownership agreements," that the Public Accounts Committee concur with that recommendation. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Now with respect to the 2013 report volume 1, chapter 3, there were two new recommendations, but the auditor has pointed out that those recommendations, because of the move to the summary financials, are no longer relevant. Shall we conclude consideration on . . . or you know what? I think we have to decide if we . . . One moment please.

Thank you. Sorry about that. We do need to do something with the recommendations. We have two new recommendations and, as I've said, the auditor has pointed out that those are no longer relevant because of the move to summary financials. I would recommend that we conclude consideration on those recommendations or . . .

**Mr. Hart:** — Madam Chair, what chapter is this?

**The Chair:** — My apologies. Chapter 3. 2013 report volume 1, chapter 3. Twelve, 2012. 2013, right there . . . [inaudible interjection] . . . Okay, I'm going to say that one more time. There was a mistake on my paper. It is 2012 report volume 1, chapter 3, page 49 to 53 are the two new recommendations.

Is it the will of the committee? Would you like to conclude consideration of these two recommendations?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. Carried. Thank you. Moving on to the next part of our work, I will pass it on to the Acting Provincial Auditor to discuss the next items on our agenda with . . .

**Mr. Hart:** — Madam Chair, sorry. We're going to be here until 12 noon, I'm guessing?

**The Chair:** — I believe so, yes.

**Mr. Hart:** — I wonder if this may not be a good time to take a five-minute recess.

**The Chair:** — That would be great. Is the committee agreed to take a five-minute recess?

**Some Hon. Members:** — Agreed.

**The Chair:** — Okay. We'll see you back here in five minutes.

[The committee recessed for a period of time.]

**The Chair:** — Welcome back, everyone. We'll proceed with our very full agenda, and we'll see where we get in that agenda before noon here. And so I'll pass it off to our Acting Provincial Auditor here again to look at the next part. We'll be looking at the 2012 report volume 1, chapter 4, and the 2013 report volume 2, chapter 41. So with that, Ms. Ferguson.

**Ms. Ferguson:** — And I'm actually going to pass it along to Mr. Deis.

**Mr. Deis:** — Chapter 4 in our 2012 report volume 1 and chapter 41 in our 2013 report volume 2 contain the results of two follow-ups of the two 2010 recommendations relating to our audit of the ministry's processes to regulate child care facilities.

By March 31st, 2013 the ministry has implemented both of these outstanding recommendations. The ministry is monitoring key health, safety, and programming requirements of the child care regulations during unscheduled visits to child care facilities and is documenting its findings.

Also the ministry has established a system to track and report, both on a quarterly and annual basis, trends in child care facilities' compliance with the regulations. And that concludes our comments on these two chapters.

**The Chair:** — Thank you, Mr. Deis. Mr. Florizone, do you have any comments on those recommendations?

**Mr. Florizone:** — Just in brief to say that once again the 2013 report recognizes full compliance and implementation. So thank you for the good work of the Provincial Auditor, those recommendations, and the work of the ministry in achieving full compliance.

**The Chair:** — Thank you for that. Mr. Wotherspoon.

**Mr. Wotherspoon:** — Really good to see the implementation on both these fronts. Of course it's really an important area. Just a question, how are complaints received or concerns raised? Are they raised directly with the minister's office, ministry officials? I'm sure a host of these, and then how are they dealt with?

**Mr. Florizone:** — I'm going to turn to my ADM, Greg Miller, to respond to this.

**Mr. Miller:** — So the information that the ministry receives through a variety of different sources, as you've outlined, on the visits to the centres, there is evaluations performed. We also as a ministry have established an ability to receive complaints for all child care. So we have a number that the public can phone and receive complaints that way. So there is a variety of

different methods.

**Mr. Wotherspoon:** — And then if a complaint is received, what's the process? So if you have, if there is a complaint received from a parent in a child care facility and then when would . . . What's the process look like? What's the threshold of activity that would cause notification of other parents of a concern that's been identified at that facility?

**Mr. Miller:** — So typically the complaints received would be acted upon by our consultants. So the consultants would work with the child care provider, with the parents involved to ascertain the level of complaint and an appropriate level of response. To be sure, the ministry takes these all seriously and ensures that an appropriate response is followed that would include up to the involvement of other agencies, as would be determined by the intake.

**Mr. Wotherspoon:** — Thank you. And this information now is made public as well. That's part of . . . That's where these recommendations are at. So this would be then once you've gone through the process and you've found either a breach or non-compliance with some of the regulations. Is that correct?

**Mr. Miller:** — So the ministry tracks non-compliance for reporting purposes. The first report to senior management began in April of 2011 and has continued on a quarterly basis. The first annual report on the public trends in child care facilities was published in 2011-12 in the annual report of the ministry.

**Mr. Wotherspoon:** — Thank you very much.

**The Chair:** — Thank you for that. Are there any further questions on these? No? Well you know what? We've actually already considered these in the past, so I would like to recommend that we conclude considerations on the 2012 report volume 1, chapter 4; 2013 report volume 2, chapter 41. As I said, I'd like to suggest we conclude considerations. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. Okay. Moving on, now we will look at the 2014 report volume 1, chapter 20. There are no new recommendations, but I'll pass that on to the auditor for her comments.

**Ms. Ferguson:** — And I'll do the same. I'll pass it on to Mr. Deis.

**Mr. Deis:** — Our 2014 report volume 1, chapter 20 contains the results of our second follow-up of four recommendations we made in our 2009 audit of the Ministry of Education's processes to achieve school division compliance in delivering student instruction time.

Our first follow-up was reported in our 2011 report volume 2. By January of 2014, the ministry had implemented one recommendation. In December of 2012, *The Education Regulations, 1986* were amended. These regulations define instruction time and establish requirements for the number of hours of instruction time for each school year. The ministry has work to do in the remaining three recommendations.

In our second recommendation on page 172, we recommended that the Ministry of Education require school divisions to publicly report on their performance in meeting the ministry's instruction time requirements. By January of 2014, the ministry had not required school divisions to report publicly on whether schools are providing the required instruction time in all subjects. As a result, neither the ministry nor the public know if school divisions are meeting the required time allocations for instruction for the seven required areas of study. Not delivering the required instruction time may negatively affect the quality of education students in Saskatchewan receive.

In our third recommendation on page 173, we recommended that the Ministry of Education monitor, for all core curriculum areas of study, the extent to which school divisions meet the ministry's requirements for instruction time. By January 31st, 2014, the Ministry of Education did not have processes to carry out this monitoring. Without monitoring it cannot determine whether students are receiving sufficient and consistent instruction for all of the core curriculum areas of study.

In the fourth and last recommendation on page 173, we recommended that the Ministry of Education take corrective action where necessary to improve school division compliance with the ministry's requirements for instruction time. Because the ministry does not monitor for school division compliance at January of 2014, it did not know whether corrective action was necessary. As previously noted, student performance could be negatively affected as a result of insufficient instruction time. And that concludes our comments on this chapter. We'll pause here.

**The Chair:** — Thank you, Mr. Deis. Mr. Florizone, do you have some comments?

**Mr. Florizone:** — I do. Thank you, Madam Chair. I'm pleased to say that recommendation 3.1 has been fully implemented in order to define instruction time and set clear expectations for the delivery of core school curriculum. With respect to items 3.2 and 3.4, we have partially implemented, and with 3.3 we have some capacity issues in terms of meeting that requirement. I can speak to each or any of these three recommendations in detail.

**The Chair:** — Thank you, Mr. Florizone. I'd like to open up the floor for questions. Mr. Wotherspoon.

**Mr. Wotherspoon:** — Well just on this piece around instruction time, we've had some discussion already and some debate about why this 950 was chosen, what was the evidence that suggested this was somehow the right number, you know. But these get into some of the policy field type areas that I think are probably best dealt with in a policy field committee because I think the job of the auditor is to see what the policies and plans of the ministry are and then to ensure the proper accounting for that.

So whether it was, you know, it wasn't the auditor calling for 950 hours. That was the ministry's piece, and the ministry then is following up on that. So maybe just to make that distinction, noted though that it's the ministry that set that number, a number which, you know, we won't get into the policy debate, but again it seems that the evidence isn't very supportive of a

number. It seems a bit of an arbitrary number. But it did have some consequences when that change was then made back into the world of education. And it impacted teacher workload and teacher time, and those changes weren't included in sort of in a collective bargaining process with teachers.

I guess just looking to the ministry, was there legal analysis done at that time, assessments of whether or not the ministry could tack on extra time, add to workload, without going through a collective bargaining process?

**Mr. Florizone:** — Clearly the approach of the ministry at the time, and having heard from the School Boards Association, from LEADS [League of Educational Administrators, Directors and Superintendents], having had conversations and consideration of the auditor's recommendations, first and foremost we had quite a bit of variation. And the auditor had pointed out to us that not every school division was handling instruction time in a consistent way. So you had, through this variation, the question of who's right and what should the number be.

We did through those conversations land on a number. I do want to say that time is only one consideration. As you know very well, it's the quality of instruction that really, through the literature, has the biggest impact on student outcomes and achievement. Now having said that, you have to be present for quality instruction. So the number will continue to be looked at and examined.

The legislation does not specify teacher time. There are local agreements. There are local arrangements. There's an imputed and implied arrangement historically with teachers of when the school day starts, when it ends, and what the work requirements are. The provincial agreement does not define it. So the collective agreement does not define it at the provincial level, nor does the legislation.

So when the change was made, and legal is always consulted because of the drafting requirements and the considerations on any legislative change, the key here is that there was provincial consideration of legal requirements, of legislative requirements, and of the provincial collective agreement.

One of the unfortunate realities is that consistency has now amplified the inconsistencies among school divisions. So whether you consider arrangements around preparation time, arrangements around their definition of when they should be doing and undertaking certain work, the variation in local practices was amplified. And hence you have a situation where instruction time is now consistent but teacher time is now inconsistent. I think it'd be fair to say it always has been. But when I say amplified, it's really brought it to the forefront that some teachers were asked to do things within instructional hours, some divisions had bargained away instructional hours, which created a situation of the variation in instructional hours. So as soon as we standardized it, now we end up with this anomaly, which is a variation in teacher time.

Now I'm pleased to say that over the course of the next three days, there is a group of us that are going to be meeting with 15 STF [Saskatchewan Teachers' Federation] representatives, 15 representatives of the School Boards Association. And we are



going to sit down and put our heads to this issue of teacher time, reconciling instructional time, student time, with teacher time.

We had set out in memoranda of understanding an interest in working with the STF, with the School Boards Association, with teachers to come to an understanding of how this can be reconciled and how we can work towards a better arrangement. And that work, while initiated tomorrow and over the course of the next three days, will be undertaken and we hope to have it culminate in a recommendation or recommendations in January.

So the legislative changes absolutely have had an impact on teachers' lives. And we certainly recognize an interest through that memorandum of working with the STF, with teachers, to come to a better spot, a better place with clearer definition. The careful dance here of course is that these are local agreements, so we do need to be respectful of the local boards. We are there, the boards are there, and we're hopeful that we can come up with a mutual agreement that gets us to a better place.

[11:00]

**Mr. Wotherspoon:** — It's just, it's an area that's created just in many ways a real challenge and a mess in some circumstances within the education sector. And you know, these aren't criticisms of you. They're sort of criticisms of the government proper by way of the minister and the Premier for acting in what was its very simplistic way without understanding a whole host of unintended consequences for which now rightfully need to be reserved, or be resolved.

But my question, back to the legal opinions to cause the changes that the ministry caused without going through a collective bargaining process, were there, are there legal opinions that the ministry received at that point in time? And if so, I'd appreciate those tabled.

**Mr. Florizone:** — You're talking about information, Madam Chair, that's privileged and confidential. We obviously seek and work very closely with Justice officials in seeking legal advice. I can assure you that legal advice is always first and foremost with any legislative change or amendment. But no, I'm unable to table those emails and correspondence at this time because of their privileged nature.

**Mr. Wotherspoon:** — Was the legal opinion that government would be on solid ground to cause these changes in workload, have these impacts without going through a collective bargaining process?

**Mr. Florizone:** — That is correct, in terms of the actions that we've taken are all well within the law. That's first and foremost. So these considerations, again teacher time has not been defined in legislation. Teacher time has not been defined historically within that legislative regime. Teacher time has not been defined within the collective agreement. So we're well within our purview to define instructional time. That in and of itself isn't a reflection of hours of work. We know very well that you could have multiple teachers; you could have teachers that work well beyond instructional time; and that the matter of 950 hours, when we know that the majority of us, teachers included, work well over 2,000 hours, that instructional time in

no way impinges on what we would see as, you know, collectively as an acceptable amount of full-time work.

There are implications and, as I've said, in part those implications are a result of local agreements. And I think, and I trust in saying this, that there were unintended consequences. Every change to a system that was very stable is going to, without a doubt, have an effect. And I think we're facing right now some of the consequences of having moved in a direction, based on the sage advice and recommendation of the Provincial Auditor, which is absolutely the right thing to do. This is about students and trying to standardize instructional time. But having said that, there were implications that we did not foresee.

**Mr. Wotherspoon:** — Again to capture though I think where the auditor's coming, it wasn't the auditor recommending this number, or for it to be standardized in all divisions. It's for government to understand what's important to students and to have policies that are clear on that front, and then to fulfill its obligations and to meet its policies.

So the policies themselves are those of the ministry. And we won't get into the long policy debate, but I really urge urgent action to revisit the consequences that have been impacted. And you talk about the discrepancy that's been in place because of local agreements. That's reflective of something that people have worked together, educators have worked together to achieve, and that's the collective bargained process.

And again from an education perspective, and I hear it all the time and I know it from my own background, I mean the quantity itself is really simplistic. And it was referenced by yourself here as well, all the other factors. But the factors influencing quality instruction and instructional environments and all the resources that are required, and then the factors influencing the ability of students to engage, those are the real critical factors that are going to drive achievement. And you know, I think that these changes were made maybe with some hopeful outcomes but the unintended consequences have been significant, and it, from my perspective, needs to be resolved. And I think it's unacceptable to make those sorts of changes as well without dealing collectively with your teachers.

**Mr. Florizone:** — Just to clarify once again, and I thank you for your observations. I think this is a real issue for teachers, and we certainly get that as a ministry. We've heard unequivocally that these issues have created, you know, kind of amplified the variation among local arrangements.

I do want to be clear though that 950 hours was not random in terms of its selection. It's based on the number of days and the hours that we generally operate our schools. So it was a mathematical formula to arrive at 950. Now to suggest that 950 is the precise number, what we were really seeking is consistency first. And so we sought to get to a time frame that was consistent across the province.

There is no doubt that this is linked just to time. And in fact the far greater influence is instructional quality, the quality of instruction. And in order for us to achieve the next level, achieve our ultimate aims and goals for students, we will need to be able to provide the kinds of supports that are necessary to do that.

Some of the school divisions, some of the teachers didn't see much of a change at all and that is due to the nature of their agreements. Others saw more pronounced change. So we did work extensively with the LEADS group, so that's the League of Educational Administrators. We worked extensively with directors and superintendents. We have worked extensively with the School Boards Association and the Saskatchewan association of school board officials. We also worked closely with the STF on this. So in terms of the consultation on the regulatory changes that were connected to the legislation, with the exception of the STF, stakeholders were supportive of the proposed changes and the prescription of 950 hours of instructional time. Clearly this was intended as being a legislative change for students with, as you've described better than I could, the unintended consequence that it's had, because of local arrangements, on teachers.

**Mr. Wotherspoon:** — I just would note that I mean that, you know, certainly the . . . note that the teachers had a different perspective on this, or the Teachers' Federation. Of course it's a pretty critical group when you're looking at making these sorts of changes, and you know, certainly it goes to the heart of collective bargaining to make sure that they're involved. So I don't know what's being contemplated by government right now but I think that there's been a whole host of challenges created by the decisions that were made here as far as the mathematical formula creating the optimal number of hours, and then for that to become the standard outside of collective agreements or otherwise. I mean that's just not pedagogically sound in the field of education, and it's not respectful with those that are delivering education.

As far as the other point, I appreciate that you added, want to be very careful when we talk about the quality of instruction being important. It certainly is. Let's not mistake that with the quality of teachers we have. And I know you added some supplementary comments to talk about the important resources. We have exceptional teachers across this province who are there to make a difference. That's why they've signed up. That's what they do every day. It's those wraparound supports, those other environmental factors within a school and a classroom that are so critical, that are directly tied to the proper support from government to ensure that that instructional environment is one that's conducive to learning. And there has to be whole bunch of considerations if you're really wanting to drive achievement about all those factors challenging engagement of students. A lot of those are external to the classroom, and certainly those are important considerations.

So I urge a full, you know, full revisiting of what, you know, was from my perspective a mistake by government to move forward in this fashion, and to resolve this in a collective, fair manner with teachers and with the education sector as a whole, including all the partners that have been identified.

**The Chair:** — Mr. Florizone, any further comments?

**Mr. Florizone:** — I think in the interests of time, I'll refrain. Thank you.

**The Chair:** — Any further questions on this particular volume? Mr. Hart.

**Mr. Hart:** — Madam Chair, just dealing with the 3.3, the auditor indicated . . . The recommendation is “. . . that the Ministry of Education monitor all core curriculum areas of study the extent to which school divisions meet the Ministry's requirement for instruction time.” And the auditor does make a comment about that the ministry is not able to capture instruction time because of capacity. Is there a . . . I believe that's the one where I noted a capacity issue. Yes. It does not have the capacity to capture this. I wonder if the ministry officials could give us an update on that.

**Mr. Florizone:** — Thank you. Just by way of background, what the ministry does do on an annual basis is communicates information to each school division relating to the instructional time that's required in areas of study through what we refer to as the *Registrar's Handbook*. Through the education sector's strategic plan, we've also articulated the priorities collectively. We've done this with the 28 divisions. High-quality instruction is being identified in that plan as an enduring strategy.

So specifically on the capacity issue, there are 28 school divisions in the province and a total of 756 schools. As such the ministry does not have the personnel, data systems, or storage capacity to monitor and capture instructional time for all of the core curriculum areas of study to ensure requirements are being met. We rely on schools and the school divisions to monitor instruction levels and deal with any instances of non-compliance. So this has been a matter of certainly establishing a standard, but relying on the divisions themselves to police.

**Mr. Hart:** — Okay. Thank you for that.

**The Chair:** — Any further questions or comments? As this committee has looked at these recommendations, there were no new recommendations in this particular report and volume and chapter. There were outstanding recommendations which we've discussed. So I would like to suggest that we conclude consideration on the 2014 report volume 1, chapter 20. Is that agreed?

**Some Hon. Members:** — Agreed.

[11:15]

**The Chair:** — Okay. Thank you. So moving on now to . . . We will take a look at the 2013 report volume 1, chapter 8, on capital asset planning for schools. It fits nicely with what we're discussing here today. So I will pass it off to Mr. Deis.

**Mr. Deis:** — Thank you. Chapter 8 of our 2013 report volume 1, on pages 71 to 89, describes our capital asset planning for schools audit. *The Education Act, 1995* makes the ministry responsible for approving all major capital projects at the province's over 600 schools. The ministry has the challenge of balancing the demand for new schools with the costs of maintaining safe and healthy schools.

The objective of our audit was to assess whether the Ministry of Education had effective capital asset planning processes for the 12-month period ended December 31st, 2012 for facilities to house and support educational programs and instructional services for students in school divisions. We concluded that the

ministry did not have effective capital asset planning processes. We made eight recommendations to assist the Ministry of Education in improving its processes.

In our first recommendation, on page 77, we recommended that the Ministry of Education develop and use a capital asset strategy that coordinates overall capital needs for schools in the provincial pre-kindergarten to grade 12 system. We expected that the ministry's capital asset policy framework, that is funding guidelines, would consider a capital asset strategy in the context of the provincial system as a whole.

We made this recommendation because the ministry's funding guidelines and *The Education Regulations, 1986* used a silo approach; that is, the ministry analyzed individual capital project requests based on circumstances of only the requesting school division and did not include a coordinated analysis of capital needs across school divisions. If analysis of capital requests across school divisions is not conducted, capital funding may not be provided to the right school divisions. This could increase the risk that several projects may receive capital funding when other alternatives may be the most efficient use of scarce resources, for example, busing students to another nearby school or school division.

Our second and third recommendations are related. In our second recommendation, which is on page 78, we recommended that the Ministry of Education formally review, update, and communicate its capital asset policies, including funding guidelines, for the provincial pre-kindergarten to grade 12 system on a timely basis. In our third recommendation, on page 78, we recommended that the Ministry of Education formally review, update, and communicate the process for the prioritization of the provincial pre-kindergarten to grade 12 system capital assets.

We made these recommendations because the province has experienced several changes since the ministry's last formal review of the funding guidelines in 2006. This included changes to how school division capital projects are funded, that is through grants as opposed to using education property taxes, as well as experience of growth and demographic shifts in the province's population. Periodic review and update of the funding guidelines, including the prioritization process, would help ensure their relevance and help ensure required schools are built in time to meet evolving needs of communities.

In our fourth recommendation, on page 80, we recommended that the Ministry of Education use accurate and complete capital asset information for each school division to determine overall current and long-term capital asset needs of the provincial pre-kindergarten to grade 12 system. We made this recommendation because we found that the ministry did not formally compare school divisions' long-term capital asset requirements to existing capital asset capacity. Rather the ministry relied on each school division to conduct this analysis to determine the division's capital asset needs. The ministry did not receive nor validate the accuracy or the completeness of the division's information. Without considering its own analysis, the ministry cannot know whether its list of identified capital asset needs across the province is complete and accurate.

In our fifth recommendation, on page 80, we recommended that

the Ministry of Education assess both capital and non-capital alternatives to address identified capital asset needs across the provincial pre-K [pre-kindergarten] to grade 12 system. We made this recommendation because division-prepared feasibility studies always assumed the capital asset project was required and did not consider non-capital alternatives, for example busing students to a nearby school, sharing school facilities within and between school divisions. Also the ministry did not ask divisions to fully analyze alternatives and it did not complete such analysis itself. Therefore the ministry did not assess if the school divisions' requests for capital asset funding were appropriate.

In our sixth recommendation, on page 81, we recommended that the Ministry of Education consistently prioritize all capital projects across the provincial pre-kindergarten to grade 12 system and track all capital projects at school divisions. We made this recommendation because the ministry did not evaluate all capital projects on the same basis. Some school divisions self-fund entire capital projects using funding that division had set aside. While the ministry approved the various stages for these self-funded projects, for example the concept of the project, the design of the project, and the construction of the project, it did not prioritize these capital projects using the ministry's prioritization criteria. Inclusion of these projects may result in projects being completed that would not have been carried out, had they all been subject to the ministry's prioritization process. In other words, a look across the system.

In our seventh recommendation, which is on page 82, we recommended that the Ministry of Education select the method of financing for capital projects of school divisions based on analysis of capital asset financing alternatives.

We made this recommendation because the ministry did not document its assessment of alternatives to support its capital asset decisions, for example, the decision to fund capital projects through grants from the ministry, increases to the education property taxes, use of available resources at school divisions, borrowing through the General Revenue Fund or through a bank or through the use of the P3 [public-private partnership] model. Assessing capital asset financing alternatives is significant in that the alternative chosen can impact the total costs of the capital project.

In our eighth recommendation, on page 85, we recommended that the Ministry of Education develop and implement measures and targets to monitor the success of its capital asset strategy across the provincial pre-kindergarten to grade 12 system. We made this recommendation because the ministry did not have adequate measures such as the utilization of schools expected as compared to actual life cycle costs and targets to monitor success of its capital asset strategies. Without measures and targets to evaluate the success of its capital asset strategies, the ministry cannot appropriately measure whether capital asset funding is effectively used.

That concludes our comments on this chapter and I'll pause here.

**The Chair:** — Thank you, Mr. Deis. Mr. Florizone, would you like to comment?

**Mr. Florizone:** — Thank you, Madam Chair. The list of recommendations . . . I want to say first and foremost that we concur with all except one, and that's I think in the numbering system used, recommendation no. 7.

Recommendation no. 7 speaks to financing and the selection of a method for financing of capital projects in school divisions based on the analysis of capital financing alternatives. The reason why we don't concur with this has to do with role clarity and the position of the role of the ministry and, most importantly, the decision-making authority of the school boards. Right now, as elected officials, and given their discretion — they would refer to it as autonomy — to make decisions, this becomes part of their decision-making process. So they're in the best position to determine and select a method of capital financing.

Obviously we have a role to play in terms of making more or providing more policy options for them to consider. So P3 financing is one example, or I used the example of energy management contracts which have emerged, and certainly they could undertake. These types of arrangements, or if they select to approach a foundation if they were in that or if they chose to approach a municipality or if they chose to look to their reserves or if they chose to self-finance, these are all discretionary approaches that they could use.

**The Chair:** — Thank you for that. I'd like to open up the floor for questions. Mr. Wotherspoon.

**Mr. Wotherspoon:** — Sure. Well I guess, well maybe we'll start on the one that I'm surprised that there's disagreement. I've been disappointed with this one for some time where there's dollars needlessly being spent on high interest, where boards are being forced to borrow dollars at a higher cost, and these are dollars that then aren't able to be utilized for new capital, new projects, or supports inside the classroom. And I too respect the autonomy of school divisions, but if we look at what's occurred as they had their revenue authority by way of taxation taken away, yet a requirement still to fund a large portion of these projects knowing that that money is then simply going to be repaid, as we discussed earlier, through government.

So there's one taxpayer in these things. So what's been created is a scheme that causes high interest costs that waste dollars, and it's also added a large task to school divisions. And I do respect the autonomy of school divisions, and I've met with many, many across the province who are really challenged by having to go out and secure financing in this new environment where they have no control over their revenues and then the money is just going to flow back from the province to cover it off. And they're going out and securing interest which is quite . . . or securing credit at a higher interest which is quite a cumbersome process, I know, for many divisions have stated the time involved in it, all at a cost, higher cost, to taxpayers.

So from my perspective it doesn't make any sense at all that government is — because ultimately the government, the people of the province, are paying for these assets, these loans — why the ministry would be forcing school divisions to borrow dollars at a higher interest rate. And it's something I've raised, you know, probably for the last four or five years around

these committee tables, and I know ministers have suggested that they were going to go back and look at this environment. But I mean when we can save dollars and build more schools or save dollars and put more into the other places that it's needed, it just doesn't make any sense to be wasting those dollars.

In the case of the example highlighted by the auditor, you're talking about \$3 million that is being spent simply on a high-interest scheme, a high-interest scheme that is a lot of work for school divisions to go out and secure as well, and I mean I think here in Regina went out and secured on some projects about \$18 million. And just assessing what the difference would be I think on that project alone would be about \$2 million of wasted dollars instead of putting those into other capital needs or into other needs in the classroom.

So I fully, you know, support options being provided to school divisions, making sure they have autonomy, but for government to be forcing the hand of a higher cost decision onto school divisions isn't right.

**Mr. Florizone:** — Well thank you for those comments. And I think that's precisely why we need to continually look at options and alternatives to the existing, of go to the bank, seek a loan, versus go to the government and seek a grant. The variety of options that are available and could be made available would seek to look at the return and risk and be able to make sure that what we're paying for in terms of interest or imputed and applied interest payment on those investments is also traded off with who's bearing the risk for that asset when the roof goes, who funds it, who pays for it.

So what I'm suggesting here is that the disagreement isn't disagreement in principle around needing better alternatives because, as I've said, we're looking at policy alternatives here. It could be an undertaking for government to consider shifting the 65/35 to a different formula. It could be an undertaking of government in certain cases with bundled schools to use P3s as an option.

What I'm getting at with respect to these borrowing decisions is right now it's the current legislative context of the school divisions. It would be the equivalent of me imposing a particular borrowing strategy on them. So in the long term I think, very much what you're suggesting, we need to look at better alternatives for handling debt within school divisions.

[11:30]

We haven't got a fulsome series of options that have been put forward. Our work is to continue to plug away at that and work with the school divisions in identifying a better way, a better approach.

**Mr. Wotherspoon:** — Well I mean there's wasted dollars that are identified. School divisions have certainly spoke as to their concerns with, you know, not having revenue, own-source revenues by way of taxation, yet still borrowing that money, only for it to be transferred from the province at a higher rate. It just doesn't make sense.

I think this is a reasonable, reasonable recommendation on the table here today. I heard comments earlier about thinking and

acting as one. I mean this couldn't be more of a true case of looking at well how do we most efficiently, effectively build the infrastructure we need in this province. And to take one of the . . . have one option driven by ministry policy that school divisions go out and secure higher cost interest, it just doesn't make sense. And again it's only one taxpayer who's paying for this stuff, and we need to get them the best value for their dollar. So it's an area that I think needs to be addressed.

**Mr. Florizone:** — Well thank you for that, and certainly in terms of looking for more options and alternatives, absolutely we're committed to exploring those on an ongoing basis. What I'm suggesting is, under the current policy context, the legislative context, it's very difficult for us to impose ourselves with one single solution, that it may appear simple, but from the school board's perspective may not be the best solve.

Once again, I draw the parallel to another sector that is funded in the same way, 65/35. Instead of using debt, what they've done is approached municipalities and said, we'd like this to be a true community support.

And you know, there may be foundations in terms of fundraising that occur in the health sector. Could that occur within the education sector? I'm not signalling anything by suggesting this, but there are other ways of dealing with local financing than just simply going to the bank and getting a loan. It could be sale of assets. It could be consideration of reserves that have been built up. And it depends on the division itself. So we do have some policy work that needs to be undertaken.

The think and act as one, as well, is an important consideration. I'm pleased that you raised it. There is nothing that suggests that school divisions themselves couldn't collectively get together and in fact negotiate, as a collective, a better rate, to be able to do things in terms of the 28 together, as opposed to individually seeking from their local bank the best deal that they can get. So I certainly respect what you're saying. There are efficiencies to be gained here and we're interested in looking at those.

**Mr. Wotherspoon:** — Okay. I guess I just have frustration, and I won't share it with you, I'll share it with, you know, again with the minister who's . . . You know, this has been raised for consecutive years here. So we're going on four and five years where school divisions have been . . . It's not that right now they have a plethora of options. It's really though because of choices of the ministry that they pretty much have one option, and then that's for them to secure financing at a much higher rate, with big costs. And this is going on many years, and the millions of dollars are tallying up that could have been allocated in other places.

So this motion here, this recommendation gets to the heart of creating better analysis, more options, and making decisions for right reasons. And as far as the fact that the current environment doesn't allow for, you know, the high-cost borrowing of school divisions to be addressed, that's what governments are there for, is to respond to the changes. And the funding formula was changed, the changes to school board taxation were changed. And it just hasn't made any sense to leave school divisions borrowing at a higher cost when it's simply being transferred across from government.

I'm concerned as well with a notion that we can follow up with the Premier and the minister, but with the suggestion that we should be hiking property tax, municipal property taxes to pay for schools. You know, I know in communities across Saskatchewan right now households, families are struggling with the high cost of living. Communities are strained by way of the infrastructure they need to provide.

So I mean, it's an interesting statement here today that maybe municipalities should be increasing property taxes to fund schools. But right now, if you look at who has decent revenue and strength in revenues, it's the provincial government. And I think to be putting that burden back into property tax payers, and with arguably the most regressive tax tool at the disposal of governments, is certainly not an approach that I'd be supportive of. And a bit of a surprise to hear that announced here today, but we can follow up with whoever is making those decisions.

I guess a question too, as the lead on this file: where is the consideration of that? Is that an active consideration right now to urge municipalities to, by way of their taxes, to contribute to build schools?

**Mr. Florizone:** — No. And what I'm saying is school divisions, as independent authorities, could do these things. I'm not signalling a policy shift. What I'm saying is that the divisions themselves, as defined under legislation, could seek a number of revenue options. They could look to the municipalities. And what I'm also suggesting is that there's nothing inherent in their legislation that suggests they couldn't act as a health authority in terms of financing. Now these are voluntary arrangements. This isn't about forcing a taxation change, but if a community is looking to fund infrastructure, there may be a whole variety of options, depending on the municipality.

Does this need to be addressed? Absolutely it needs to be addressed. Right now I'm not convinced, much like you, that we're using the best financing alternatives and options. This is expensive going and seeking, you know, these loans at higher interest rates than could be achieved if they acted as one. We need . . . But it's a current policy context that really needs to be considered.

So fundraising, financing through government, seeking collective interest rates that are better than individual rates, looking at different opportunities, municipalities can issue debentures — there are other options and alternatives to seeking finance than simply knocking on the door of the banker and getting an interest rate that is, you know, not as good as could be achieved through other avenues.

**Mr. Wotherspoon:** — So this has really opened up a whole massive can of worms here in this discussion. And I don't want to get too far into the policy discussion that's there. But there's big questions that I think government will need to answer for.

My thought though around this one is, I mean a lower interest rate can be found collectively from the payer of this infrastructure right now, being the Government of Saskatchewan. And the fact that that's not an option is highly irresponsible. It's wasteful of dollars. And this isn't a new position that I've brought forward from myself, this is

something that school boards have shared with me and I've brought to this committee table for many years. And I appreciated seeing the focus on it from the auditor.

As far as the policy environment that dictates that, that's government's responsibility. And that's what governments are there to do, is to make sure that policies meet the needs. So it, you know, there's certainly many alternatives could be looked at.

I have concern with the notion that school divisions can crank up the fundraising and bake sales or that municipalities can crank up property taxes. There's only one taxpayer. And if we're thinking and acting as one, I think it's pretty important that we do that.

And a lot of these other recommendations get to making sure that we're building the infrastructure we need, making sure there's transparency and clear communication with school divisions. This is really important. There's a lot of concern from school divisions about the lack of clarity around the process, and that's important as well to communities. But there's a simple commitment that could be made by government around not wastefully spending dollars or time and energy of school divisions to pursue higher interest loans.

I'm disappointed that that one option couldn't be broadened by government. But again that's policy discussion. I've shared it before with Minister of Finance, with Minister of Education. I'll continue to do that, but I find it to be wasteful. I certainly appreciate a lot of the work of the auditor in these areas though.

**The Chair:** — Thank you. Mr. Norris.

**Mr. Norris:** — Thanks very much. On the issue of financing, I'm just wondering, are there some potential lessons learned, both positive and negative, from other jurisdictions across the country where there may be some, again some examples of either things to avoid or things to look into with a little more detail? Thank you, Madam Chair.

**Mr. Florizone:** — So, Madam Chair, there's lots of variation across the country based on their particular legislation, the role and — or not — of school divisions in taxation, some of the arrangements with their municipalities. So it ranges all the way from 100 per cent financing, which I think that would be the option that you were seeking, so full government funding right up front . . .

**Mr. Wotherspoon:** — If you're going to be debt financing.

**Mr. Florizone:** — Yes. So what that would in effect do is fund 100 per cent of the project and eliminate local share. So for instance, Alberta would take that approach.

There were, and this goes back just a couple of years . . . I haven't had a chance . . . And in fact at 1 o'clock today I'll be speaking to a colleague just to confirm some of this. But there was an arrangement in Ontario where they formed kind of a consortium. They got together, as I've discussed, to get better rates for interest. I haven't been caught up recently on whether or not that has succeeded, and we'll certainly explore it.

One of the difficulties we have with any of these policy arrangements is that context matters, and it matters in terms of current legislation. I don't want to rule out any option. I also want to be really clear: I'm, as deputy of Education, not signalling a tax increase or the establishment of foundations or any of this. What I'm trying to demonstrate for the committee is that we haven't explored all of the options that are available to school boards. If it's just simply go to the bank or come to government because we're the bank, we haven't really explored the art of the possible. And yes, we can learn from other jurisdictions. They've had both successes and struggles as they seek to figure out how we deal with such capital infrastructure needs. There's a huge deficit that exists in this province across all sectors, but our schools have much needed requirements.

One of the things that we don't want to happen is for these individual authorities to wait. If there is a safety issue that needs to be dealt with, if there's a structural issue that needs to be dealt with, they need to act. And we want to make sure that they have, in their design and their approach, a sleek and efficient and quick method of responding to those needs. Get it fixed and then, you know, kind of seek an alternate option or alternative options for financing.

11:45

Our recent school bundle, we'll see how this goes. It has to go through that due diligence and assessment, but it may be another significant option for financing that could be considered. And again it's only one tool, one method, not to suggest that it would be used in all cases. What we're really looking for are options for the school boards that go beyond, you know, just a singular or simple route. We're always cognizant of the impact to the taxpayer, and there is only one taxpayer. We need to be really careful that these changes and these alternatives don't create undue burden. So we'll continue to work through very closely with the school divisions.

What we wanted to state unequivocally is that right now in the policy context, you know, the boards, as long as we're funding only a portion, the boards have the authority to kind of seek a multitude of options. We think they can get better rates. We concur with you on that. What we want to do is work through those options with them.

**The Chair:** — Mr. Norris.

**Mr. Norris:** — Great. Just as a follow-up, can you just remind us on some of the progress, I think it's out of Alberta, on schools, on P3s, just a bit of an update?

**Ms. Johnson:** — Thank you for the question. So with respect to Alberta and some of the progress in Alberta, in their first three bundles they have followed a process — and actually in the fourth bundle as well — followed a process that involves doing an RFQ [request for quotation], doing an RFP, a request for proposals, and then ultimately tendering on the basis of that process. And they have been . . . They have entered into agreements for the building of the schools that are described as design, build, finance, maintain agreements, or DBFM. So they have a finance and a maintenance component in them.

When they go through this process, the province of Alberta,

much like here in Saskatchewan, engages a fairness auditor to examine the process from the beginning to the end to ensure that the whole RFP is handled in a fair and transparent manner. They also engage consultants who will assess the value for money and will develop business cases to determine whether or not there is value achieved in the procurement of the schools.

And in Alberta, their value-for-money reports for the first three bundles, which covers 40 schools, has indicated that there are savings of roughly \$250 million. In their first bundle for instance they did 18 schools, and their value-for-money audit identified that there had been savings of about \$98 million, or in today's cost for establishing a large school, that's essentially four large schools.

**Mr. Norris:** — That's very, very helpful.

**The Chair:** — Mr. Hart.

**Mr. Hart:** — Thank you, Madam Chair. Our discussion so far has centred around recommendation no. 7. But there are seven other recommendations, and I would like to perhaps move on to recommendation no. 1 under 6.1, a system-wide strategy to coordinate capital asset planning needed. And, Mr. Florizone, you had indicated that the ministry concurs with all the auditor's recommendations except for recommendation no. 7.

And what's caught my attention here is the auditor, on page 76, gives an example of a school in a small community with a very low student population, but it may meet the definition of an isolated school and so on if you're looking only at schools within that particular school division. But the auditor goes on to explain that there is a school that is only 20 kilometres away, but it's in another school division, and I'm guessing that perhaps may present some challenges. I wonder if you could comment on that, you know, on situations like that and give the committee an update as to where you are as far as meeting the auditor's recommendation no. 1.

**Mr. Florizone:** — Thank you for the question. We absolutely concur with the Provincial Auditor on the need for a capital asset strategy. We have formed an infrastructure advisory committee who have . . . made up of individuals from both the ministry and the sector. We're working towards a 24-month goal of having a strategy in place. Part of the issue that we're facing right now is we've been surged with work on this great announcement around 18 schools on nine sites, so our attention has been a bit distracted in getting that work to completion. And I must say, I mean it's been a huge amount of work. It's been a great deal of conversations with the school divisions.

So very rewarding that we're able to move, but what's missing in this province is an overarching strategy that says where should schools be located, how should we develop our infrastructure. And given the needs and the list that we receive of requests from school divisions, it's quite obvious that there's quite a deficit that needs to be dealt with. So I'm going to turn then to my ADM, Donna Johnson, to give you a little more detail on some of the work.

**Ms. Johnson:** — Again we certainly concur with this recommendation, and we've recognized for some time the need for a long-term strategy to deal with the capital asset deficit that

we do have in the school system. You can appreciate that, with over 700 schools across 28 school divisions, there is a significant piece of work involved in getting a long-term strategy in place. And it does involve improving the information that the ministry collects, improving the information that the school divisions provide, and providing guidance to the school divisions so that they are able to provide a higher quality of information and then, using that, develop a longer term strategy that does allow us to systematically replace and rehabilitate and renovate the schools as and when they need it.

We know currently that certainly there is a deficit in school infrastructure, much as there is for all public infrastructure, given the natural demographic shifts that we've seen and the time in which funds have been invested in infrastructure over the past many decades. So we suffer from that same challenge as every public infrastructure works do.

But with respect to the long-term strategy, our deputy mentioned that we have an infrastructure advisory committee in place. That committee had its first meeting in December. We had our second meeting in March. We're meeting again this week. So we meet on a quarterly basis now. We have membership from the SSBA [Saskatchewan School Boards Association], from SASBO [Saskatchewan Association of School Business Officials] — so that's the Association of School Business Officials — from the STF, and from FSIN [Federation of Saskatchewan Indian Nations] and Métis Nation. We are striving to develop a long-term capital strategy that is as comprehensive as it can be without hampering us from making progress, if that makes sense.

You can appreciate that when we're dealing with schools and communities, there's lots of opportunities to do things differently, whether that's involving the local libraries or building joint-use schools, as we are with the Catholic and the public school divisions, or whether it's involving the local community who might want to expand the gymnasium because they want the gymnasium to be used for other things.

So you know, there's so many different partnerships that the ministry and that the school divisions are open to. And as we open up those doors and open up those opportunities, we create a piece of work for ourselves that is much more complex than the whole infrastructure decision making had been in years gone by. Having said that, I think that that level of complexity is worthwhile because it does allow us to ensure that we make capital investments as financially responsibly as we possibly can and that they are reflecting the needs of the community.

So that's one of the reasons why we have such a large membership on the infrastructure advisory committee. But we also do want to be in a position where we can at any point in time say, this is our 10-year plan, and this is our systematic approach for dealing with the large maintenance projects as well as the larger capital replacement projects, whether that's a major renovation or whether that's a full school rebuild.

So we continue to make some progress there. We certainly have been reviewing individual policies at the infrastructure advisory committee. At our last meeting, we reviewed several policies, made revisions to some that required minor revisions, and are

working on overhauling some other policies that involve a greater amount of work.

**Mr. Florizone:** — I do want to also add to that, and this is closely aligned as we build into our schools new construction embedding day cares, embedding resource centres, providing schools as the hub of a myriad of community services, looking at the alignment not only joint schools between public and separate systems, but also looking at libraries, looking at regional colleges, looking at the opportunity to really have these buildings reflective of a community centre.

The vast majority of the time, if we were to count up the instructional time, 950 hours, I think that's 197 days multiplied by 5.5. Now we know we are using these buildings at other hours, but to be fair, these buildings sit empty the vast majority of the time. So the question in developing a capital plan is how do we better utilize these sites. Yes, there would be more wear and tear, but there's a certain amount of wear and tear on a building just sitting there even empty. So to be able to better utilize and to plan around where schools can be.

The other overlay of course is technology. So what used to be a small, remote school, properly wired for sound you have availability now, a full array, a full menu of classes that could made available. We have lots of examples of that going on in Saskatchewan.

So what I really appreciate about this is not only the need for a plan, but that magnitude and how that plan actually could better utilize our buildings. By the way, that 950 hours, if we were to operate, and I'm not saying with children, but into the evenings for 18 hours, if you took a look at 18 hours, 365, that works to about 18 per cent of the time that that asset is being used.

Well what would it look like if we went into joint credits with SIAST [Saskatchewan Institute of Applied Science and Technology] or the upcoming polytechnic or the universities? What would it look like if the trades and technical institutes would allow us to create those kind of partnerships to be able to do things differently? What would it look like if we started utilizing community buildings for the classroom, in other words, creating more of a school as a community as opposed to everyone comes into this traditional building? So lots of considerations.

A plan is a starting point and then modifications that are required into the future. Thank you, Madam Chair.

[12:00]

**Mr. Hart:** — Thank you for that information and those comments because I think it is . . . I'm really pleased to hear that this infrastructure advisory committee has been set up and the membership of it because it seems . . . I've been of the impression or at least it's been somewhat troubling to me when I look at the physical building schools within my own constituency. The two newest schools that I have within my constituency are located in First Nations communities. And they're great schools, and they're well maintained, and they're looked after. And you know, they're being used and so on. And we have neighbouring communities very near to them that are struggling and so on. So I mean I understand the jurisdictional

part of it and so on.

But there are communities that have moved forward on this piece within my own constituency, and the community between Gordon First Nations and Punnichy where they're utilizing all the facilities and making great use of that. I'm not sure whether in Balcarres whether it's quite as formalized or not, but there is significant involvement from the neighbouring First Nations, and student population is very high.

And you mentioned daycare. I mean we just opened up a new renovations and additions to that school which incorporates a daycare and so on. And these are absolutely and certainly agree that, you know, those are things we need to do.

You also mentioned better use of the facilities, and that is something I hear from the communities within my constituency. We've got the school there. Some school divisions are very protective of their assets, and they can think of all kinds of reasons why a local group, a non-profit group or local minor fastball association can't hold their annual or their monthly meetings in the school because of. And the card that's most often played is the liability issue. Well I would think in this day and age we can get over some of those issues and so on.

So I'm really pleased to hear that the ministry is working with school divisions going down that road and solving some of those things. And I'm certainly pleased to hear that, you know, there is at least some preliminary discussions about additional use of these facilities because absolutely, you know, the buildings are underutilized and communities are forced to construct new halls because they can't access the gym, you know, and so on. Well maybe we need to get over that sort of thing and not be so protective.

And the reason why I initially asked the question when I saw the example that the auditor raised between two school divisions, you know, I think there has been and hopefully it's diminished, you know, sort of protecting your own turf. I see it within the health regions as such although they won't admit it, but it's there, you know, whether it's, we won't accept your assessment of a senior for long-term care because we have to do our own. Well I mean, this is silly. They're Saskatchewan residents and so on. But no, so I'm very pleased to hear that. Madam Chair, I think we've used up our time here until lunch.

**The Chair:** — We have indeed. I know that I have a few questions myself. We said we'd adjourn at noon but we've got the minister's officials, we've got the officials here now. Shall we try to finish these recommendations? What is the will of the committee? Or shall we adjourn? Mr. Hart.

**Mr. Hart:** — We've got eight recommendations there. I think they're very important recommendations. We've initiated some real good discussion on some of this and I would be somewhat . . . I don't think we would do our duty as such as a committee to rush through these. I think what I would suggest — and I would throw it out as a suggestion to the committee — that in the near future that we bring the officials back and we allow sufficient time so that we can fully discuss the recommendations and then vote on the recommendations rather than trying to rush through something and so on. Because we have a number of other chapters that we didn't get through



today and perhaps we need to . . . I feel at least we need to bring the ministry officials back and have sufficient time so we can continue this good discussion we've been having.

**The Chair:** — Would you like to move that we adjourn consideration of these recommendations?

**Mr. Hart:** — Yes. I would move, Madam Chair, that we adjourn consideration of this chapter . . . Well you have the correct chapter there, whatever it is.

**The Chair:** — Mr. Hart has moved that we adjourn consideration of the 2013 report volume 1, chapter 8 recommendations. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. Okay. Well I will hold my questions for next time then. And so with that, we will recess for lunch. And thank you. Thank you obviously to the deputy minister and all the officials. You won't be here this afternoon so thank you very much for your time. We very much appreciate it.

**Mr. Florizone:** — Thank you. Appreciate the questions, the great work of the Provincial Auditor, and we look forward to returning.

**The Chair:** — Thank you.

[The committee recessed from 12:05 until 13:02.]

**The Chair:** — Welcome back, everyone, to the Public Accounts Committee. We are continuing on this afternoon with review of the auditor's reports of Social Services and the Sask Housing Corporation. Welcome to the officials from Social Services, Ken Acton, the deputy minister, and I'll in a moment give you an opportunity to introduce the officials who are here with you today. But I will pass it off to our Acting Provincial Auditor, Judy Ferguson, to talk about the 2014 report volume 1, chapter . . . Oh, pardon me. I take that all back. The 2012 report volume 2, chapter 54.

### Social Services

**Ms. Ferguson:** — Thank you very much, Madam Chair, committee members, and officials. This afternoon, I've got with me Mr. Mobashar Ahmad — as if I don't know your name — Deputy Provincial Auditor. Bashar's responsible for the portfolio that includes Social Services and Sask Housing. And behind we have Kim Lowe. Kim's actually doing double duty. She's actually, in this case, she's involved in the audits that are on the agenda today and also the liaison with the committee. And beside her is Mr. Evan Stroh, and Evan is a manager within our office that is involved in the audit of the ministry here.

Before we make our presentation this afternoon, I want to take a moment and to pause and really acknowledge and thank the ministry, the deputy minister and your staff, and also those of the various Sask Housing officials too for their excellent co-operation that we received during the course of the work that's on the agenda this afternoon.

For this part, we're presenting five chapters related to the

ministry and there's six chapters related to Sask Housing. Consistent with the agenda, we're going to start with the ministry first. We plan to present the chapters related to the ministry in four parts. We're going to pause after each part for consideration and discussion of the committee.

The first part is going to be the follow-up, securing physical information, which is the chapter 54 of the 2012 report volume 1. There's no new recommendations in this particular chapter.

The second part will be two chapters. It's the chapters reporting the results of the annual audits of the ministries for the 2012 and 2013 year endings, and that's in chapter 24 in our 2012 and chapter 24 in our 2013 report volume 2. That part will contain six new recommendations for the committee's consideration.

Part three will be our performance audit on the supervision of community-based organizations. That's chapter 22 of our 2012 report volume 1. And then the last one will be the performance audit on permanent wards, and that is going to be chapter 14 of our 2013 report volume 1. So without further ado, I'm going to launch into part one. Bashar and I will kind of alternate a little bit in terms of presentations.

So starting with chapter 54 of our 2012 report volume 2, which is on page 382, this chapter contains the results of our follow-up with three recommendations that we made in our 2010 report on the ministry's processes to secure physical information. Your committee has considered and agreed with these recommendations earlier, and we're pleased to report that by September 30th, 2012, the ministry has implemented all of the three recommendations. The ministry now provides security awareness training to its staff. It removes access to information for terminated and transferred employees on a timely basis and better tracks the movement of confidential information and files.

So I'll pause at that point to see if there's any discussion.

**The Chair:** — Thank you, Ms. Ferguson. Mr. Acton, if you would like to introduce your officials and then if you would like to comment on those recommendations, that would be great.

**Mr. Acton:** — Yes, good afternoon and thank you. Just to introduce officials with me, on my left I have Tammy Kirkland, assistant deputy minister of income assistance programs and corporate planning, and on my right, Andrea Brittin, assistant deputy minister, child and family programs. And behind me, Don Allen, assistant deputy minister of housing as well as finance; Bob Martinook, exec director, community living service delivery and disability programs; Miriam Myers, exec director of finance; Wayne Phaneuf, exec director of community services, child and family programs; and Jeff Redekop, exec director of income assistance and service delivery.

I did have a few comments in general about all of the reports if that would be all right, just in some of the progress that we've made, if I may.

**The Chair:** — Certainly, and recognizing that the auditor will be coming back and making comments and you can feel free to add more after that.

**Mr. Acton:** — And I do. I just want to begin by thanking the Acting Provincial Auditor and her officials for their observations and recommendations. It's very helpful for us. We take the recommendation seriously and I believe it makes us a stronger organization, so I thank you for that.

Just, I'll touch on Sask Housing. I appreciate that's at the end, but we've taken steps in Saskatchewan Housing Corporation to address the auditor's recommendations regarding the corporation's disaster recovery procedures and capital planning.

The ministry's information technology division of Central Services or ITD, we've entered into a memorandum of understanding concerning disaster recovery. And in May, just this past month, we conducted a successful disaster recovery simulation.

In terms of the capital planning, we've engaged a firm to assist us in that area and considerable progress has also been made there. And we now have access to tools and data on the condition of housing in the major centres to assist with planning. And of course 40 per cent of the government-owned housing is located in Regina, Saskatoon, Moose Jaw, and P.A. [Prince Albert] alone. So we're certainly making progress there, and data for the smaller housing authorities will be validated and be available later this year.

In terms of community-based organizations, the auditor made several recommendations about our processes for overseeing services to people with intellectual disabilities. The auditor recommended that work be undertaken to develop outcome performance measures to improve our budget development process, improve processes related to timely reporting by CBOs [community-based organization], and that we needed to attend board of directors meetings. And we've made progress on all of those.

For example, we now include an outcome that requires CBOs to create person-centred plans. We've introduced a requirement for personal outcomes that are measured and reported on an annual basis for those with complex needs. We've enhanced our budget development process to include the introduction of a tracking system for all requests for funding and improved communication with the CBOs on the status of those funding requests.

**The Chair:** — Mr. Acton.

**Mr. Acton:** — Yes?

**The Chair:** — I'm sorry. I know that I said that that would be great if you covered everything, but I think . . .

**Mr. Acton:** — This is going to be difficult for . . . [inaudible].

**The Chair:** — Yes. No, I think in light of sort of how this committee functions, I know that you've got things that you've prepared but perhaps I think maybe we will . . . If you can speak to the . . . If we could go back a step in time here and . . .

**Mr. Acton:** — Maybe what would be better is if we just took questions?

**The Chair:** — That would be just fine. That would be just as fine as well.

**Mr. Acton:** — Okay.

**The Chair:** — Thank you so much. I know that it's hard to keep track of everything and recording. That would be very helpful. So with respect to the 2012 report volume 2, chapter 54 with the three recommendations, I'm wondering if the committee has any questions. Mr. Wotherspoon.

**Mr. Wotherspoon:** — Just really good to see the progress towards implementation or the fact that these have been implemented, so good work to those involved in making that happen.

**The Chair:** — Any further questions or comments? No? Seeing none, as these are recommendations that we've voted on in the past, I would like to recommend that we conclude consideration for the 2012 report volume 2, chapter 54. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Okay. Carried. So we will move on. I will pass it off to the Provincial Auditor yet again here for the 2012 report volume 2, chapter 24, and the 2013 report volume 2, chapter 24 as well.

**Ms. Ferguson:** — So Mr. Ahmad will make the presentation for that part.

**Mr. Ahmad:** — Thank you and good afternoon, Madam Chair, members of the committee, and officials. Chapter 24 of our 2012 report volume 2 and chapter 24 of our 2013 volume 2 describe the result of our annual audit for the year 2012 and 2013 respectively.

Chapter 24 of our 2012 report volume 2 has six new recommendations and 14 past recommendations. I will speak to the new recommendations first and then to the status of those recommendations based on our 2013 audit work as reported in our 2013 report.

On page 174 we made three new recommendations. Those recommendations require the ministry to establish a process to perform and document all necessary due diligence before making payment to external parties for capital projects, maintain complete and up-to-date information for all capital projects with external parties, and provide guidance to staff so that they record all transactions properly in the ministry's financial records.

We made these recommendations because the ministry could not provide us with evidence of necessary due diligence before releasing funds to a community-based organization, and it did not have complete and up-to-date information relating to one external capital project, and some of the transactions were not properly recorded on a timely basis.

On page 172 and 173 of our 2013 report volume 2, we report that at March 31, 2013 the ministry had implemented all of these recommendations.

On page 178 of our 2012 report volume 2, we made the fourth new recommendation that asked the ministry to monitor quality assurance results, establish increasing and achievable targets for compliance with child protection standards in its own service areas and at First Nation family service agencies, and work to achieve those targets.

We made this recommendation because, although the ministry has set numerous standards to protect children in out-of-home care and has assessed a level of compliance with those standards, it has not yet established increasing and achievable targets for the level of compliance with standards both at the First Nations agencies and its own service areas. Establishing such targets help monitor how well the ministry is progressing toward protecting children in care.

On page 176 of our 2013 report volume 2, we report that at March 31, 2013, the ministry had partially implemented this recommendation. During 2013, it began to compare baseline data reported in prior reports to the current compliance rate and certain informal targets for compliance when working with the First Nations agencies.

On page 180, we made the fifth new recommendation that expects the ministry to finalize a report of the quality control assessments of the First Nations Child and Family Services agencies on a timely basis. We made this recommendation because we found that the ministry staff took up to a year to finalize quality control assessment reports. On page 178 of our 2013 report volume 2, we report that at March 31, 2013 the ministry has implemented this recommendation.

On page 182, we made a sixth recommendation that asked the ministry to conduct reviews to monitor compliance with child protection standards at the First Nations agencies as often as it does for its own service area. We made this recommendation because while the ministry conducts reviews in its own service area once a year, it conducts a review of the First Nations agency only once every three years. We suggest the ministry revise this agreement with the First Nations agencies to require annual reviews so that it knows whether all children in care receive a similar level of care. On page 179 of our 2013 report volume 2, chapter 34, we report that by March 31 the ministry has not implemented this recommendation.

[13:15]

With respect to the 14 past recommendations in our 2012 report, we report in chapter 24 of our 2013 report volume 2 that the ministry had implemented three recommendations, had not made progress in completing the business continuity plan as it had not identified its disaster recovery needs to ITO, and continued to make progress toward addressing the remaining 10 recommendations.

That concludes my overview. I will now pause for you to assess your recommendations.

**The Chair:** — Mr. Acton, would you like to make some comments or shall I just open it up for questions? Are there any questions for the officials? Mr. Wotherspoon.

**Mr. Wotherspoon:** — So I recognize that some of the

recommendations have been implemented, which is good. A couple were relating to some dollars that ended up being lost as it related to this one group home that had been initiated. Where's that project at as far as receiving some of those dollars back? How many dollars were sent to that organization? How many have been sent back, and what's been lost through this process?

**Ms. Myers:** — I'm Miriam Myers. I'm the executive director of finance. The loss was \$416,610, and none of that was recovered.

**Mr. Wotherspoon:** — And is there any . . . Could you provide a bit of background as to why those dollars are not able to be recovered?

**Ms. Myers:** — Just bear with me one moment. I have to refresh my memory here.

**Mr. Acton:** — While Miriam's checking that, I would say that what we have done immediately following that is task the management and the documentation of all of these capital projects to be handled through Saskatchewan Housing Corporation. And of course they have expertise in that area to make sure that we have proper documentation and security in place before we advance funds. So that's how we've addressed that on a go-forward basis.

**Ms. Myers:** — The issue was that there was a mortgage provided by a financial institution to the organization. And the property was foreclosed on and subsequently sold, and there was not enough funding left to reimburse us.

**Mr. Wotherspoon:** — So is there any other avenues that the ministry's pursuing to recover those dollars at this point in time?

**Mr. Acton:** — No, there isn't.

**The Chair:** — Any further questions, Mr. Wotherspoon? You look . . .

**Mr. Wotherspoon:** — We had some other areas too, but . . .

**The Chair:** — Does anyone else have any other questions? We'll go back to Mr. Wotherspoon.

**Mr. Wotherspoon:** — If we're looking at 4.4, flipping to the 2013 report, chapter 24, it's been partially implemented. And I'd be interested in finding out what measures the ministry used in determining which CBOs received the funding and which did not.

**Mr. Acton:** — So this is chapter 24 of 2013?

**Mr. Wotherspoon:** — Right.

**Mr. Martinook:** — Bob Martinook, the executive director of community living service delivery. So as it relates to performance outcomes, the ministry has done a number of things. We've initiated, in our agreements, outcome language. So the CBOs are required to embed outcome language in their person-centred plans for each of the residents that they support

or individuals that they support. And those specific indicators include that every participant in the program has a person-centred plan, that participants are given the choice of who is to participate in the planning meetings, and the core planning group is included.

At the same time we've also embedded in the person-centred planning process for the residents of Valley View the same kind of outcome approach to ensure that the outcomes are there. And we've also initiated outcomes, measures, personal outcome measures in the complex needs designation process.

The development of outcomes is an iterative process. It's a new process to the sector, personal outcomes, and so we've established this as a new priority. And so we're expanding, and that's why we started with a smaller group and it's expanded out from there.

**Mr. Wotherspoon:** — And just as far as when you're deciding which organizations will receive funding and additional funding, what measures or what criteria's in place? And is that, you know, is that process transparent and clearly understood? And how is that policy arrived at?

**Mr. Martinook:** — Right, there's a number of things that we've done to enhance that process. We have a detailed process map, basically. It's called the CLSD [community living service delivery] internal budget proposal process document. So that's stored on our SharePoint site, and all of our ministry staff have access to that. So it's . . . that process has cleared all the managers. And basically it lays out the nine points in terms of the process that we follow.

And so if I give you just a quick highlight of those nine points, it's individuals or service providers' needs, and gaps and services and resources are identified. So we identify the gap in the community through E-Scan [Economic/Environmental Scan] and through conversations with each of the CBOs. The proposal for funding to meet that gap is received and/or developed in partnership with our CBOs. So our manager goes out and does that. Then the regions clarify and evaluate and rank the proposals using an annually established standard criteria. So this is what's getting directly to your question.

So there's criteria applied to that information and the new expanded funding amendments, or the NESI [new and/or expanded service initiative], roll-up documents. So all the criteria is rolled up and presented in a consolidated way in our provincial budget review in the spring and then in the fall. So we review those again and we document them, and then each of the regions completes the NESI request face sheet for the proposals that are prioritized. So we prioritize based on the criteria and based on the information identified within the E-Scan and then set the priority. So there's a ranking priority. They'll be numbered and then the top priorities are given attention.

So the new expanded service initiative, which is the NESI, is where we would make decisions about which organizations will get funding or which things will be priority, so it will be based on a combination of whether or not there's a community need there. So the E-Scan has identified a need. It's been identified as a priority in that it meets a specific need, someone is in crisis or those kinds of things.

And then there's a number of other steps that includes engaging our contract management unit to coordinate packages of information that go out to the CBO. Our manager of community service in consultation with the consultant develops that package. We'd be communicating with the CBO who are going to get the approval and then a formal letter would go out confirming that.

So Ken has indicated that we've started a new process also, that we've added to the array of the way we do business. And that's where we've initiated what's called a request for information process, an RFI, and it's been related completely around the Valley View transition. And so what that is is about identifying new support streams or new program streams to support the individuals who are transitioning out of Valley View specifically. From there we may entertain the use of request for proposals or RFPs around new services that would be developed.

**Mr. Wotherspoon:** — Thanks for your information. When we're looking at the performance measures that this recommendation is calling for, do those performance measures include some assessment of CBO or an organization's ability to provide culturally safe and responsive services to First Nations and Métis people?

**Mr. Martinook:** — As it relates to that specific performance measure, we've started with the person-centred plans as part of a person-centred approach to service development. And we were asking the CBOs to report on the specific outcome around those and then we're measuring and reporting back to those specific things. I think Andrea will respond to the remainder of that question.

**Ms. Brittin:** — I can just comment on the — hi, I'm Andrea Brittin — comment on the child and family services community-based organizations, and those that we have are starting to move to outcome statements within their agreements. We do have cultural competence as one of the criteria and one of the outcomes that we are measuring within those agreements.

**Mr. Wotherspoon:** — Thank you very much. As far as funding that would go to the First Nations child and family service agencies, does that money flow through the same criteria, or what process is involved to flow those dollars?

**Ms. Brittin:** — So the funding to the First Nations agencies, their operations are funded through the federal government. We do have contracts or agreements with some of the individual First Nations agencies to deliver services outside of those mandated services. And for those specific agreements, certainly the cultural component is important in measuring in terms of those outcomes as well.

**Mr. Wotherspoon:** — So it's those dollars for those agreements that I would be referring to. Is that process transparent to the agencies? They're aware of the criteria and what dollars were being made available, what services were being considered?

**Ms. Brittin:** — We have worked jointly with the First Nations agencies on those agreements. And any reviews that we will have done on those agreements, we would have worked jointly

with them on that.

**Mr. Wotherspoon:** — Thank you.

**The Chair:** — Mr. Wotherspoon, do you have further . . . I have some questions and perhaps does anyone . . .

**Mr. Wotherspoon:** — You go ahead. I want to read into this . . . [inaudible].

**The Chair:** — Yes, okay. You bet. Okay, just with . . . Sorry, I have trouble asking questions from the chair here sometimes.

With respect to the 2013 report, chapter 24 and the partially implemented recommendation 5.2, “We recommend that the Ministry of Social Services follow its processes to ensure that children in care are protected and the payments to custodians are authorized,” I know the auditor points out that “As in prior years, the Ministry has not yet achieved an acceptable level of compliance with its established standards both at First Nation agencies and in its own service areas.”

Just looking at figure 4, the examples of compliance with child protection standards, for example in 2012-2013, maintaining current child development plans every 120 days, only 51 per cent . . . Just looking at the whole chart, there are some serious areas of concern, I think.

[13:30]

And as the auditor pointed out, some of it is implemented but only partially implemented. So I’m wondering what the barriers are to fully implementing that recommendation, just looking at some of the standards around maintaining current child development plans, having contact with the child within the first two days of placement, having contact with the child every six weeks, completing home safety checks, completing criminal record checks at the time of the home study, reviewing foster homes on an annual basis, and reviewing and improving foster homes when placing more than four children in a foster home.

There are some concerns, and things actually have gone the opposite or gotten worse rather than better in some of those cases.

**Ms. Brittin:** — Thank you. Those areas that you have identified of course are areas of great concern to us as well, and we have been taking a number of steps to work to enhance our compliance to these standards in many areas. What we’ve done is really take a look at what are some of the underlying causes of some of the non-compliance.

And one of the pieces that we had identified is the documentation. So in some cases there is file documentation that indicates that certain, as an example, case planning is happening, but it isn’t documented in the provincially accepted format of our case plan. And so documentation is an area that we’ve been working on. The Linkin system is helping us to get to a place where we have better documentation. The structured decision-making tools, now that those tools are in fact in Linkin, leads to better documentation, easier-to-find documentation around some of the key elements of the case plan.

Other areas that we have really focused on, particularly in the service areas, is really looking at the targeted areas where non-compliance is more of an issue, because it is more of an issue in some areas than in others. And so really taking a look at where there are some challenges, we have, the managers have done a lot of work in reassigning our resources to areas where we need to provide more focus. So I’m talking about staff resources. And some of those areas are in our child care units, where some of the caseloads were a little bit higher than they should have been. So we’ve refocused resources into some of those areas.

And on the First Nations front, we have recently hired four individuals that will assist us in our oversight of the First Nations agencies. So we’ve hired two additional staff who have been added to our quality assurance unit, and that is so that we can move to a place where we’re reviewing the First Nations agencies yearly, just as we’re reviewing our own compliance rates yearly. And then we’ve added an additional two staff that would work directly with the agencies on addressing any areas of concern. So when these staff, the quality assurance unit, identify areas of concern, we have dedicated staff now going into the First Nations agencies on a more regular basis to assist them to develop plans to improve compliance.

So within our own ministry’s audits of this past year, we have seen some pretty significant increases in compliance in our more recent file audits. So we believe that we are making progress and will continue to do these concerted efforts.

**The Chair:** — Thank you. I know that you’ve mentioned Linkin and that’s actually mentioned in a few of the recommendations as part of the solution. Can you, for those committee members, can you explain a little bit about where Linkin is at in terms of its development, and what is all included in it? How does it work?

**Ms. Brittin:** — Yes, I can explain from the child and family services perspective. So that, child and family services, is using Linkin. It is a case management system that is currently being used for child welfare, so it will include all of the families who come to the attention of child and family services, their children. It includes the data associated with them, the reasons for their involvement with the ministry, the risk levels associated with each of those families, the case planning that the ministry is doing with those families, and then other information related to children if they are in care, so information related to where their placement is and how long they’ve been there, what some of their needs are in terms of education, health, those sorts of things. So it includes a holistic picture of the child and the family.

**The Chair:** — So you spoke from the child and family services perspective. Is it tied into other elements as well or is it fully operational for child and family services right now? Or what else needs to be built or added on down the road?

**Mr. Acton:** — It’s primarily child and family. We are working this year on a financial component that will handle the payments as well, but we’re still building that piece, so at the moment it’s the child and family side.

And just building on what Andrea said, I mean part of this is

our ability to have workers input or record when they've made contact, when they've visited the foster home, when they've seen the child. And I don't think . . . That was one of our challenges in the past where the worker may have done that but they didn't record it properly and it wasn't in the file. And obviously then, you know, it was difficult when you did an assessment. There was no record. So this solves that problem and very easily allows them to make an entry that they've visited the home and seen the child and made that contact as required.

**The Chair:** — With respect to 5.3, tracking of children in care on and off reserves needed, so the partially implemented recommendation is, "We recommend that the Ministry of Social Services implement a system to know how many children are the Minister's responsibilities, who they are, and where they live." Where are you at with respect to that, as it is noted here as only being partially implemented?

**Ms. Brittin:** — So of course the Linkin system is used to track the children off-reserve. We also have La Ronge First Nation agency using the system for off-reserve, their off-reserve cases because they have assumed case management off-reserve. We do get regular reports from 16 of the 17 First Nations agencies that provide information on the number of children and where they are. We continue to work with the Saskatoon Tribal Council on receiving reports from them in this regard.

**The Chair:** — Thank you for that. I'll cede the floor here. Does anyone have any questions? Mr. Hart.

**Mr. Hart:** — Madam Chair, I could go back to the recommendation dealing with community-based organizations and the request for outcome performance and so on. I know one of the officials had outlined a process that, or a checklist I guess maybe it was and so on, but that is an area that I've always had some interest in. And we have quite a large number of community-based organizations that do some very good work and some that have been established quite some time ago. So the question that has arisen in my mind occasionally is, you know, are we looking at the . . . particularly those that have been established quite some time ago, you know, what kind of evidence do we have as to the impact over a period of years? Because you know, in that type, with some of this type of work it would take a period of a few years to really have some real impact and so on.

And so where is the ministry on that piece as far as the overall gathering of outcomes from some of these CBOs? And do you have enough information so that you can analyze the impact that some of the long-running programs have had in our society and on individuals?

**Mr. Acton:** — I'll probably let Bob talk a little bit more about this. But in general I think that's really why we need to move to outcome measures. And particularly a large number of our CBOs provide care for individuals with intellectual disabilities. And so it's about how you measure that quality of life, how do we know that . . . And there's a number of criteria that you can start to build in there in terms of, does the individual get to participate in the community? Are they, you know, do they get to engage and how do you rate those? So we're still building those in and it's really, you know, we haven't tried to do it

across the board all at once, but to start with, with willing partners and start to build on that.

And we hone our expertise as well, so we don't spend all our time or consume the CBO's time with reporting to us. But we figure out what's the important questions we need to ask and how do we measure that. How do we know? One piece is, are you financially accountable? But the other piece is what kind of service or supports are you providing to these vulnerable folks and making sure that they can participate in community life at whatever level that might be?

**Mr. Martinook:** — We've selected the personal outcomes piece to start because to us it was the most critical thing. The supports to the individuals who are receiving these services is of the utmost importance to us and so we thought that, rather than looking at organizational outcomes and those kinds of things, that we would focus on the impacts on individuals, and that's why we started with personal outcomes.

And this is some work that's based on quality of life domains, so Robert Schalock's, Dr. Robert Schalock's eight quality of life domains. So it's a model that organizes and structures your outcome development as it's defined by the person, and then it can be rolled up and consolidated into larger outcome measures. So that's why we started with that and it made a lot of sense because we've spent some time over the last few years looking at outcomes and outcome . . . and as you probably know from your experience, how challenging that is.

One of the things that we've engaged in is a CBO sustainability project, and that's going to be looking at a lot of the things that you're talking about. We've got a CBO sector that's been robust and healthy but also has had some challenges for many, many years. And so we've started a project. We've hired a consultant to do some work with us and we've engaged a number of other ministries, and we're taking a lead on this work. But we're looking at recruitment . . . [inaudible] . . . challenges in the CBO sector, market and compensation analysis, and then shared services, so identifying where there could be efficiencies made in the sector, in the CBO sector, and then ultimately the organizational and business planning supports, so driving towards the kinds of things that you're describing.

This organization, MNP, is going to be generating a report that we will hopefully have this fall that will help to inform some of our go-forward plans around CBO sustainability. And we will be definitely exploring, based on some of their recommendations, further outcome development for the CBOs. Okay?

**Mr. Hart:** — Thank you for that.

**The Chair:** — Thank you. Mr. Wotherspoon.

**Mr. Wotherspoon:** — I've heard that it's a significantly different environment for on-reserve and the First Nations deliverers, the agencies that are delivering. Could you speak a little bit to some of those unique needs and challenges in delivering that care, that service on-reserve?

**Ms. Brittin:** — I think one of the biggest challenge is around

the funding model. And of course there are housing issues on-reserve that are a federal responsibility. And I think that the funding model is different on-reserve than it is off-reserve. So as an example, off-reserve allows for more family support type activities to be funded. And that is a different model on-reserve.

And I think the system of community-based organizations that we have off-reserve allows that additional capacity to provide services to children and families, more so the non-mandated kinds of services. But in addition we have, you know, CBOs like Mobile Crisis who assist with those after-hours services. And that network of services is not necessarily available on-reserve. So I think those are a few of the complexities.

[13:45]

**Mr. Wotherspoon:** — Well thanks for those comments. Was there, when you're looking at setting, developing standards and some of these processes that you've been working to improve, important processes, what sort of involvement did you have as a ministry with the First Nations agencies that are providing care?

**Ms. Brittin:** — Sorry. Can I ask a clarification question? What processes are you referring to? Are you talking about . . .

**Mr. Wotherspoon:** — When you're looking at some of the, developing some of the standards that you have in place, when you're looking at having some of the oversight. I think you spoke about oversight of some of the care that's being provided. Were you able to engage the on-reserve First Nations agencies to assist in that process, to collaborate, to understand some of their unique circumstances?

**Ms. Brittin:** — Thank you. Yes, absolutely. We do have, our staff have regular contact. They're in the agencies. They're out there meeting with agency directors. We have regular contact with agency directors in central office. And you know, those are things that we discuss on a regular basis. I would say that the agencies are very receptive to any kind of assistance that we can provide to help them build capacity. They are open to, very co-operative around our quality assurance audits and jointly developing plans to improve services. So I would say that it is largely a very co-operative kind of relationship that we would have with those agencies.

**Mr. Wotherspoon:** — Good. Thank you.

**The Chair:** — Are there any further questions on the 2012 report volume 2, chapter 24 or the 2013 report volume 2, chapter 24?

**Mr. Wotherspoon:** — I don't know if it fits into this area specifically, but maybe it's a question for the auditor and for . . . There's this new area of the social impact bonds, and I'm just wondering what due diligence has been done either with the auditor by way of review or to ensure that whatever contracts are entered into are successful and provide the kind of . . . you know, what sort of assessment's going to be done and sort of the value-for-money analysis up front. And I'm wondering if there's been engagement with the auditor to ensure that systems that have been established, you know, will serve everyone's interests.

**Mr. Acton:** — We didn't engage the auditor in discussions when this negotiation or when the bond was being developed, but my understanding would be it would be part of future audits that the Provincial Auditor might do.

**Mr. Wotherspoon:** — Thank you.

**Ms. Ferguson:** — I would concur. Like when we go and do the annual audit of the ministry, that is an area that we will be looking at to make sure that, you know, they in fact are accounting for their obligations appropriately, as the conditions of the bond and the agreement that they've entered into.

**The Chair:** — Mr. Norris.

**Mr. Norris:** — Great. Thanks very much. We're very pleased to see Saskatchewan play a lead role on social impact bonds.

On this question, are there some lessons learned? I think in the UK [United Kingdom], there's been a little bit more work done and some leadership there. Are there some lessons learned on this side, kind of, of the ledger that we might be able to draw on?

**Mr. Acton:** — Yes. I think . . . Well there's certainly always more that we can learn, but we have had discussions with some exchange of information with the UK, and in fact now they've connected with us again recently to hear a little bit more about what we've done.

The important part for us I think is that, you know, we talked little bit about outcomes for CBOs and how you measure that. And regardless of whether you use a social impact bond or not, it really helps us and CBOs get our head around what's the real objective here. What's the outcome as opposed to how many activities you run through? But what are we trying to accomplish? What's the outcome, and how do you measure it? And our experience here was we had a lot of discussion about what's the real measure. How do we know if this is a success or not? And so we've learned lots there in this initial development, and I think it'll help guide us in all the work we do with CBOs in terms of thinking about, so what are we really trying to accomplish here and how do we measure? Are we measuring the right things?

**Mr. Norris:** — Thank you.

**The Chair:** — Thank you for that. Well if we would like to take a look at 2012 report volume 2, chapter 24, we have six recommendations that we need to make some decisions about. I'm wondering what the will of the committee is about recommendation no. 1? I believe that recommendation no. 1 has also been . . . The next three recommendations have been implemented. So perhaps we could bundle all three of those recommendations. Would someone like to make a motion recognizing that the committee concur and that those are implemented?

**Mr. Merriman:** — Sure. I'll make that motion that we concur with the recommendations.

**The Chair:** — Mr. Merriman . . .

**Mr. Merriman:** — And note compliance.

**The Chair:** — Mr. Merriman has moved that for the 2012 report volume 2, chapter 24, recommendation 1, 2, and 3, that this committee concur with those recommendations and note compliance. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Recommendation no. 4, we've heard that that is in progress and partially implemented. I'm wondering if the committee would like to make a motion.

**Mr. Merriman:** — I'll make a motion that we concur with the recommendation and note compliance.

**Mr. Hart:** — Note progress.

**Mr. Merriman:** — Note progress, yes.

**The Chair:** — Okay. Mr. Merriman has moved that for the 2012 report volume 2, recommendation no. 4, that the committee concur with this recommendation and note progress. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. No. 5 has been implemented. I'm wondering if the committee would like to make a motion?

**Mr. Michelson:** — I also move that we concur with the recommendation and note compliance.

**The Chair:** — Mr. Michelson has moved that for the 2012 report volume 2, chapter 24, recommendation no. 5, that this committee concur with the recommendation and note compliance. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. No. 6, the discussion here is that it has not yet been implemented. I'm wondering what the wishes of the committee are. Is there a motion?

**Mr. Merriman:** — I'll make the recommendation that we concur with the recommendation and note progress towards compliance.

**The Chair:** — Thank you, Mr. Merriman. So for the 2012 report volume 2, chapter 24, Mr. Merriman has moved that recommendation no. 6, that we concur and note progress. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. So with respect to the 2013 report volume 2, chapter 24, there are no new recommendations, and I think we've had some discussion about the outstanding recommendations. I would suggest that we, for today, conclude consideration of these recommendations. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Okay. Moving on here, I will pass it over to the Acting Provincial Auditor again to look at the 2012 report volume 1, chapter 22.

**Ms. Ferguson:** — Thank you, Madam Chair. I'm just going to turn it over to Mr. Ahmad to present this portion for you.

**Mr. Ahmad:** — Thank you, Ms. Ferguson. Chapter 22 begins on page 187 of our 2012 report volume 1. This chapter reports the result of our audit on the ministry's processes to plan for, contract with, and monitor community-based organizations — that's CBOs — providing services to intellectually disabled people and their families.

We concluded that for the period from March 1, 2011 to February 29, 2012, the ministry had effective processes to plan for, contract with, and monitor CBOs providing services to intellectually disabled people and their families except for the areas covered in our eight recommendations.

On page 192, our first recommendation asks the ministry to work with CBOs to establish program objectives and outcome performance measures and targets to monitor and evaluate the subsidies CBOs deliver to intellectually disabled people and their families. We made this recommendation because the agreements with CBOs did not always document details about the programs CBOs must provide, nor did they always set performance measures and targets for evaluating service outcomes of the programs that CBOs deliver. Including performance measures and targets in all agreements with CBOs would allow the ministry to evaluate CBOs' performance. It would also allow the ministry to determine where the money paid to CBOs to deliver services to intellectually disabled people and their families achieved the result the ministry had intended.

Our second recommendation, on page 193, required the ministry to document the program selection and funding decisions associated with each CBO that provides services to individuals with intellectual disabilities. We made this recommendation because although the ministry staff met to discuss, evaluate, and rank the budget requests that CBOs submitted, these discussions or rationale of funding decisions were not always documented. Without such documentation, the ministry may not have enough information about the CBO's history when making future funding decisions.

Our third recommendation, on page 194, asked the ministry to develop and implement complete policies and procedures for addressing risks identified in the CBOs. We made this recommendation because the ministry's policy manual containing processes to monitor the delivery of services by CBOs was not complete. At the time of the audit, we noted that several key policies relating to budget development and risk assessments were not established.

Our fourth recommendation, on page 195, asked the ministry to require staff to comply with the annual work plan to attend annual general board meetings of all CBOs on the ministry's behalf or amend the annual work plan to incorporate a risk-based focus for meeting attendance. We made this recommendation because staff did not always attend CBOs' annual general meetings as required by the annual work plan of



CBOs management unit. Attending these meetings provides the ministry with timely information on issues relating to CBOs' service delivery, funding, risk management, and agreement compliance.

Our fifth recommendation, also on page 195, asked the ministry to require the staff to follow established policies to obtain from CBOs all required reports that they had not submitted by the due date. We made this recommendation because staff did not always follow the guidance set out in the ministry's policy manual on what to do when CBOs do not comply with reporting requirements, that is submitting reports by required date.

The sixth recommendation, on page 196, required the ministry to follow the established monitoring procedures as outlined in its agreement with CBOs. We made this recommendation because staff did not review CBOs' policies and procedures, verify compliance with those policies and procedures, and develop action plans for improving compliance in areas of non-compliance at least once every two years as required. Lack of timely monitoring increases the risk that CBOs may not use public resources for the stated objectives and may not achieve the objectives of the ministry.

Our seventh recommendation, on page 198, requires the ministry to analyze and document its review of serious incidents and incident trends at CBOs that provide services to individuals with intellectual disabilities and determine how to address the increasing trend in incidents. We made this recommendation because the ministry did not always receive final reports on the outcome of investigations of serious incidents as its policy requires. Unless we receive a final report in such an incident, the ministry may not be aware of all issues and may not take timely action to prevent similar incident from reoccurring.

Finally our eighth recommendation, on page 188, requires the ministry to take timely action to address service quality issues at CBOs and document the action taken. We made this recommendation because during our work we found a CBO with a high number of serious incidents. The report did not explain why the CBO continued to have a high number of serious incidents, nor did the report describe what action the ministry took or intended to take to address the issue. The ministry needs to review the incidents to determine what actions are required in order to reduce the number of such incidents. That concludes my overview. Thank you.

**The Chair:** — Thank you very much. Mr. Acton, I think I might, in light of the fact that there's many of us who are relatively new to the committee or brand new to the committee today . . . And I know in your comments that I stopped you abruptly earlier, that you had mentioned that there was some progress made. Would you mind maybe going through each recommendation to talk about the progress that has been made on each recommendation?

[14:00]

**Mr. Acton:** — Yes, in a more general sense, I certainly will. In a more general sense, I would just say that we've made progress on all of these recommendations, and the auditor's report was certainly helpful.

And well as an example, in terms of we had a policy that said staff should attend every board meeting, I think that was probably not realistic. And of course the real question is, how do you manage risk? And so through discussions we've managed to . . . we've adjusted our policy. And of course there's CBOs where we, if there's an elevated risk, we need to attend more often and make sure we're there supporting them and helping them. And other CBOs that have a long-standing history, it may not be necessary to attend every, every meeting, or certainly not realistic. So that's just one example of some of the things we've done.

In terms of recommendation no. 1, in terms of program objectives and outcome performance, we've already chatted a little bit about that in terms of how we're now starting to work with CBOs to truly measure what the outcome is that we're trying to achieve and what's the appropriate way of measuring that. And that's something that we're certainly working with the CBOs, working with them collectively or in a partnership in terms of how's the best way to measure this to make sure that our clients are being supported. So we have made progress on that.

In terms of documenting funding decisions, we moved quickly to address that so in fact we do maintain better file documentation in terms of the assessment we went through, what determination was made. And of course we track that on a regular basis, report back to the CBO as well so that it's clear what decisions were made and when, and when the CBO was advised and the background to that.

In terms of working to identify risks, this was recommendation no. 3 that we develop and implement policies and procedures for addressing risk identified. We continue to strengthen that relationship. We've got an existing database that has helped us improve our tracking and reporting and to ensure that annual financial reviews are completed on a timely basis and that we've got a process to follow up in case, if they're not submitted on time. We have a process in place to make sure that we follow up with that individual agency to make sure that the reports are received and reviewed, and if action is necessary, that that takes place.

I already talked about recommendation no. 4 just in terms of moving to a risk-based focus for meeting attendance in terms of identifying those that probably need our support and help and have a greater risk, and those are the ones where we need to make sure we focus on.

No. 5, require that we establish policies to obtain all the required reports and that they're submitted on the due date, and we have a process in place now where we track and we have a three-step process to make sure that they're delivered. It starts with, if they're late, we make a phone call. We start with that. If that doesn't result in documents coming on time, then we move to a visit and eventually end up in a discussion with the board if necessary.

Again no. 6, recommend that we follow established monitoring procedures as outlined in the agreements with CBOs that provide the services. So we have implemented a database that more effectively supports CBO compliance, allows us to track it on a regular basis, and ensure all reporting is done as required.

We also moved to multi-year contracts where we thought it was appropriate. So we now have over 70 per cent of the contracts are multi-year, two- or three-year contracts as opposed to an annual basis.

And I guess that's . . . And then in terms of recommendation no. 7, analyze and document serious incidents and incident trends, absolutely we've strengthened that process as well. We're concerned about any incident that might occur in the CBOs, and I'm concerned about the safety and well-being of those workers as well as our own. And so we have a much stronger reporting mechanism now and a way of identifying and tracking those.

I think we had some challenges right at the start when we implemented reporting processes, and we had some CBOs that reported, well I will say absolutely everything, even the most minor case. And so some of their stats looked out of step with other CBOs, and part of that we've worked through now, as we work with them in terms of, how do you define a serious incident? What does that entail? How do you report it? And as we standardize that across, it makes this a little easier for us to monitor.

And no. 8, we recommend that timely action to address service quality issues that provide services to individuals. And again we've got a much stronger incident reporting process in place now, and a means of following up much more quickly if the trends or the stats suggest that there's an issue there. So that's very high level. And if there's questions, I'm happy to answer them.

**The Chair:** — Thank you for that. I think that that's probably very helpful. Do any committee members have some questions? Mr. Norris.

**Mr. Norris:** — Great. Thanks very much. I think the multi-year funding piece is very innovative. Could you just highlight again maybe just a few lessons learned on that, because it's a pretty significant innovation.

**Mr. Acton:** — Bob may have more to comment on this, but part of this is just the efficiency and the administration that goes with processing that, both on our side . . . If we have an annual contract, then I mean we need to prepare that document, get it out. We can't actually get that out there until funding has been approved in the annual budget because we're entering into a new contract. Then of course that creates pressure on the exec director and the board to get it signed and endorsed and back.

In many of these cases we have an ongoing relationship with the CBO. They're caring for several individuals with intellectual disabilities, and short of a quality issue, we have no intention of removing, you know, our clients from that place. So simply by entering into a three-year contract, it just streamlines the administration. It provides a little more assurance for the CBO. They know that they've got some ongoing funding, and we still have some flexibility if the situation changes. But they know that they don't have to worry about payroll on April 2nd. They know that they've got funding in place.

Bob, did you have anything else? Just to add to that one, my staff just mentioned that we actually do a risk assessment as well in terms of trying to decide when we think we're

comfortable entering into a longer term agreement. So what kind of governance structure do they have? What relationship have we had so far? You know, what's the predictability in terms of the clients they are caring for? So we use that lens as well before we decide to move to a multi-year contract. So if it's a new agency that we haven't had a relationship with before, we'd probably stick with a one-year contract and go from there until both sides are comfortable with the services.

**Mr. Norris:** — Thanks very much.

**The Chair:** — That was actually going to be my next question, or my question. You had said over 70 per cent of your contracts are multi-year, so there are a number of issues that keep others from having multi-year contracts in the short term. Can they eventually build to the multi-year contracts then? Is that sort of the end goal that you would have . . . As having worked in the CBO sector, the short-term contracts are incredibly problematic. So is the goal to move to longer term contracts for everyone?

**Mr. Acton:** — I guess I'd hesitate on the everyone. I think there's always cases where you might have a new provider that comes along or we might have questions about, is this a service on an ongoing basis we want, particularly day program programming perhaps or something. So in those situations we mightn't enter into a long-term one, particularly right away. But from my perspective, the more we can have multi-year, the better off.

It provides that predictability for the CBO and for us and it just, I think it just makes good sense. But I, you know, I don't think we'll ever hit 100 per cent. My bet is there will always be a few that are new and in those cases will have a shorter contract.

**The Chair:** — And it's always such a shame when you hear executive directors spend 70 per cent of their time seeking funding and not actually managing the organization. So multi-year contracts are generally a very good thing, I think too.

With respect to recommendation no. 2 around program selection and funding decisions, you had said that you've made quite some serious progress there. Are the CBOs, when decisions are made, are they fully knowledgeable? Is all that information that you have now shared with the CBO — this is why you've received the money or not received the money, and these are the areas of challenge you can improve for next time? Is all that information shared with the CBOs who receive support or don't receive support?

**Mr. Martinook:** — We communicate at each of the different stages of the process. So when something gets approved in principle, the CBO would be notified by the manager and then a formal letter would go out once the thing is approved formally or with its final things. But yes. And then we do communicate with those where there's going to be a no, not this year, or whatever. We also communicate so they know that they will have to re-present it or do some work on it.

So our managers spend a lot of time in that relationship. So there's some organizations it's every other day they're talking to them on these things. And so it's a pretty open dialogue.

**The Chair:** — So the no isn't a no. The no is this is what,

where you fell down on, or where we would need more, where you would need to do something differently?

**Mr. Martinook:** — There might be noes where we might say no to something that doesn't fit with the objectives of the program. If it's counterintuitive or it's not appropriate, like building a 20-space group home, we'd probably say no.

**The Chair:** — But they would understand why the no has come. Okay.

**Mr. Martinook:** — Yes, because it would be considered not socially acceptable now.

**The Chair:** — Well thank you for that. Are there are other questions? Mr. Merriman.

**Mr. Merriman:** — Just one question. The CBOs are still filing annual updates with you to be able to provide you information on what is happening throughout the contract. And when do they start the contract negotiation for the next three-year contract? So is there an overlap there?

**Mr. Acton:** — Well as Bob said, we . . . Well one, yes. They're always filing their financial reports on an annual basis, kind of regardless of the length of the contract. The contract would require them to submit reports. And then in terms of the negotiations or the discussions around renewal, again that would happen early in that last year. Throughout that year we would have managers out there in regular discussions with the CBOs. So in terms of where we think we're going, where we think the funding pressures might be, all of those discussions are happening well ahead of time.

**Mr. Merriman:** — Okay. Thank you.

**The Chair:** — Mr. Michelson.

**Mr. Michelson:** — Thank you. I always get a little hung up on recommendations. We have to put recommendations in place that the Minister of Social Services requires the staff to follow established policies or follow their established monitoring processes. Is that because of staff turnover, or is that just like . . . Why do these come up from time to time?

**Mr. Acton:** — It could be staff turnover. I mean one of them is, in terms of it really raises the question, do we have the right policy or do we have the right assessment? Like you should go to every board meeting or every annual meeting. Well when you actually step back and say what's our objective here, our objective is to monitor risk and if that's the case, some of our CBOs, we're pretty comfortable. We don't think we need to be there every year, and so we've probably got the policy written wrong. And in many cases, the staff and the managers have already figured it out, and we haven't made the adjustment and we don't have our proper policies in place.

So it might be staff. It might be that we haven't reviewed the policy and updated it the way we should have. And so, through an audit, we identify that and then we take the corrective steps. Or we just don't have a proper monitoring process and we . . . And a couple of those, that's what we've had to do. We had to build a database and a proper tracking to make sure that there

was no way we could miss an issue. We thought we were doing all right but, without a proper database, it's hard to prove that.

**Mr. Michelson:** — It's obviously a continuous monitoring process. Okay. Thank you.

**The Chair:** — Thank you. Mr. Wotherspoon.

**Mr. Wotherspoon:** — Just looking at the chart on page 197, maybe it's already been commented on with the serious incidents. I'm just wondering if you have any more recent data. Of course this report was published in 2012, so I'm just wondering where those numbers go. You have the 2010-11 and then you have '11-12. Do you have any further updates as to where those numbers are going?

14:15

**Mr. Martinook:** — Sure. I have the data update for the fiscal '13-14 — I just received the report — and it shows a total of 552 serious incidents that include medications errors, any abuse allegations, missing residents or lost resident or a passing, sudden passing, or a severe illness.

**Mr. Wotherspoon:** — And do you have the '12-13?

**Mr. Martinook:** — I don't have the '12-13 here yet, here with me, no, but I could get it.

**Mr. Wotherspoon:** — And so the 552 in the '13-14, is that correct?

**Mr. Martinook:** — '13-14, correct.

**Mr. Wotherspoon:** — And that compares to the 179 and the 249 and the 227?

**Mr. Martinook:** — I have '12-13. I do have '12-13. It was 291 in '12-13. I'm sorry.

**Mr. Wotherspoon:** — Okay. So that's just . . . Do you have any . . . That seems to be a fairly significant increase, you know, of sort of 100 per cent or more than 100 per cent increase. What do you attribute that to?

**Mr. Martinook:** — The vast majority of that increase can be attributed to a change basically in an organization in the northwest region where they had consolidated two organizations into one, and there was some confusion around some of the processing and the leadership. So there was some monitoring issues and the majority of them would have been medication errors. So there was a very sharp increase in medication errors in that organization. That's where the majority of those increases were.

Another thing that I think that has happened is we are far more vigilant on serious incidences. We've communicated with our CBOs. We've presented what a serious incident is, a definition, at our CBO forums a couple of times. We've provided every CBO with a laminated sheet describing the process and the definition. So I think we've increased the awareness, plus our managers have frequent conversations, and so we are looking for them to report. And I think that might be some of the

reasons why.

**Mr. Wotherspoon:** — How many would you attribute out of the 552 to this organization in the Northwest?

**Mr. Martinook:** — Probably . . . Well I'd have to look at the exact number, but it's significant. It's probably over 150 or so.

So we've worked with them. So what we've done in that particular situation is we've had a manager out there with the organization talking about these, talking about their processes, reviewing their processes. We've hooked them up with SARC [Saskatchewan Association of Rehabilitation Centres] who has a catalogue of training supports around, in this particular case, medications. And they were able to access that training stuff for that organization, so we've been very active in addressing that. When we get the SIRT [serious incident reporting and tracking] report or the analysis, we look at all of those things and then we set into place plans, so the number of abuses and those kinds of things.

**Mr. Wotherspoon:** — So do you find that those incidents, you'd be notified of that throughout the year? It's not just at the end of the year? And then by way of this recommendation — and I believe you've stated that you're now in compliance with what's being recommended on this front — then you've been involved and engaged and documenting all the way along what role the ministry has taken along with these CBOs.

**Mr. Martinook:** — Like we knew about this medication problem long before the '13-14 analysis, and so we had a manager out there last fall.

**Mr. Wotherspoon:** — Fairly alarming numbers.

**Mr. Acton:** — So this just, I guess, reinforces the point that the Provincial Auditor made about us needing to make sure we've got proper tracking. And as Bob said, we've done two things. We probably drove up the amount of reporting, as we've been out there talking to every CBO saying, you've got to report this. We need to track it. We need to make sure there's follow-up, and it allows us then to zero in. If we've got, you know, one or two or three where there's an outlier or there's something wrong, we can move relatively quickly and get folks out there and start working with them.

**Mr. Wotherspoon:** — So you attribute some of the changes in those organizations and medication errors that there's been actions that would seem to resolve that challenge. Are there other trends or other types of incidents that you see within those numbers that are concerning?

**Mr. Martinook:** — They're always concerning. The number of abuse allegations is always concerning, and so we take those very seriously. And we have a process in place that we've just updated last year. And so, you know, those things always raise concern for us. But can I attribute why? I'm not sure. Awareness, I hope that people are aware, and so they're reporting things, and that'll hopefully drive that number down.

**Mr. Wotherspoon:** — Thanks for your answers. I mean I'm just a little bit surprised with the number. And certainly I know it's your intent to, you know, and your focus to be dealing with

those CBOs and those providing the care.

**Mr. Martinook:** — Some of your fears around the medication errors, medication error, there's a whole bunch of things that constitute an error. If I give you the medication and don't sign, that's an error. So there's not only wrong route, wrong dose, wrong person, all of those wrongs; it can be as simple as someone didn't sign the medication. Or if they have a double signing process, if only one person signed it, it's still an error.

So there are some things that are . . . there's less negative risk to it, but it's still an error. So you have to sort of look at the whole package of what constitutes it. It isn't that every individual got the wrong med. Some of them just weren't signed for, and that's an error.

**Mr. Wotherspoon:** — Well thanks for your continued focus in these very important areas. Looking at the recommendations that are there, you gave us a pretty good perspective on what's being done on it. Just the ones that haven't yet been implemented, could you just comment specifically on the timelines to . . . You talked about progress on lots of these fronts, which is good, but what's the timeline to full compliance in all of these recommendations?

**Mr. Acton:** — I guess I'll just have to go through each one. You know, in recommendation no. 1, we have taken steps. It won't be fully implemented till . . . There'll be further work to do in the balance of this year and into '15-16, and then we'll be able to make an assessment then about whether we've got everything implemented or not.

On no. 2, it is implemented, although I recognize that the Provincial Auditor hasn't had an opportunity to review that. So they may have comments on that. Same on no. 3. We think we're well on our way there, but again that'll be a discussion how we make out over the balance of this year, and then a review of the Provincial Auditor in terms of their perspective on whether or not we've achieved that or not.

No. 4, I guess we continue to work there to try to make it better. I would suggest that we're there but again, the Provincial Auditor needs an opportunity to look at that. Same with no. 5, we continue to work on this. This is an ongoing process and, you know, continuous process to make sure that we're following established policies on a regular basis and that those are in place. So for me, that's ongoing work. Again no. 6, we believe we've fully implemented. No. 7, we believe we've got implemented. And no. 8, there'll be additional work done in the balance of this year and into next.

**Mr. Wotherspoon:** — Thanks so much.

**The Chair:** — In terms of recommendation no. 8 around taking timely action to address service quality issues at community-based organizations, what does that look like? Have you put in place policies to define timely action? What exactly does no. 8 look like in practice?

**Mr. Martinook:** — So part of it is about the serious incident tracking. That's a big part about the quality, right? And so with the more robust serious incident tracking report, that analysis, we get that and, as a leadership team, we immediately started

looking at the data and saying which things have we identified and which things have we not and then put into place. So that's an important part of it.

In concert with that, the basic standards review process which was identified as an area that needed some attention, we cross-referenced the agencies that have been identified as risk through the RAPCAT [risk assessment preliminary and contract adjudication template] process and through the SIRTs reporting with our basic standards review. And so we've made those a priority to get out and do the basic standards review in a timely fashion, which is supposed to be every two years. And so we've fallen behind on those, but we are making some progress in terms of getting that back on track.

And so in those basic standards reviews, you come up with a specific plan, action plan to address the quality or the service to try to bring some improvements. The basic standards review, the BSR, looks at all elements of the organization, from how they manage files, to their HR [human resources] processes, to their payroll accounting processes and service delivery. So it looks at all of those dimensions. So we would use that to develop an action plan which would hopefully improve the organization's performance.

I threw out a couple of words there: RAPCAT, not just another dance but an actual tool. And I have the name, because I always forget it, written down here. It's the risk assessment preliminary and contract adjudication template. I don't know what that means . . . [inaudible interjection] . . . That's why it's called the RAPCAT. And SIRT is of course serious incident reporting tool, is what SIRT stands for.

So it's a combination of those things that we're doing right now that will bring us to hopefully some better quality outcomes for the individuals we're supporting.

**The Chair:** — But timely action hasn't been laid out in policy anywhere in terms of if this is an issue, we will . . . For example the issues you were talking about in the Northwest, when you start seeing, because of your data, you're having all of these medication errors. Have you set a time frame for yourselves to respond?

**Mr. Martinook:** — For us what it is is it's about developing a solid process before you go and write a policy or procedure. So it's an iterative process. And as we get into this a little bit more and a little bit more robust fashion, we'll be able to define some of those things. But right now it's about nailing down the process, nailing down the process and getting us to a place where we can say with some confidence that this would make sense as a policy or as a procedure, those kinds of things. So right now it's about some action plans and making things happen.

**The Chair:** — Thank you for that. Are there any further questions from any committee members on the 2012 report volume 1, chapter 22? No further questions? We need to make some motions here. I'm wondering what the will of the committee is on all eight of these recommendations.

**Mr. Merriman:** — Can we group them all as one? Do we have to go through them individually, Madam Chair?

**The Chair:** — You can do what you want . . . [inaudible interjection] . . . Yes.

**Mr. Merriman:** — Okay. I guess we'll go through them one by one then.

**The Chair:** — Okay.

**Mr. Merriman:** — Recommendation no. 1, I would concur with the recommendation and note progress toward compliance.

**The Chair:** — So Mr. Merriman has moved that for the 2012 report volume 1, chapter 22, recommendation 1 that this committee concur with the recommendation and note progress. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Recommendation no. 2.

**Mr. Merriman:** — I would concur with the recommendation and note progress towards compliance.

**The Chair:** — I think that, Mr. Acton, you had thought that no. 2 from your perspective has been implemented. Is that correct?

**Mr. Acton:** — Well yes. But I think . . .

**Ms. Ferguson:** — It's open to interpretation.

**Mr. Merriman:** — That was my question. The auditor still has to go through it. So is it still in process until the auditor reviews it?

**Mr. Wotherspoon:** — Typically the way . . . I mean just from here, typically I think it's good to know that there's good follow-up to ensure that that's the case. The way we've dealt with them typically in the past is if the ministry has stated that they've implemented it, we'll recognize it as compliance at this point in time, knowing though, to the public — which is important — that the auditor does go back in to verify that.

**Mr. Merriman:** — Okay . . . [inaudible]. So we'll concur on recommendation no. 2 and note compliance.

**The Chair:** — Mr. Merriman has moved that for the 2012 report volume 1, chapter 22, recommendation no. 2 that this committee concur with the recommendation and note compliance. Is that agreed?

**Some Hon. Members:** — Agreed.

[14:30]

**The Chair:** — Carried. Recommendation no. 3.

**Mr. Merriman:** — I would concur with the recommendation and note compliance.

**The Chair:** — Okay. I think, for this one, I have progress down. Progress.

**Mr. Merriman:** — I messed up. I had just complied.

**The Chair:** — Yes, you've got complied. Okay. Okay.

**Mr. Merriman:** — No. 3 was complied.

**The Chair:** — Okay, you've got . . . Judy's got progress. So we have varying opinions here. Mr. Acton, from your ministry's perspective?

**Mr. Acton:** — Progress would be fine.

**The Chair:** — Progress would be appropriate. Okay.

**Mr. Merriman:** — Concur with the recommendation and note progress towards compliance.

**The Chair:** — For the 2012 report volume no. 1, chapter 22, recommendation no. 3, Mr. Merriman has moved that this committee concur with the recommendation and note progress. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. No. 4.

**Mr. Merriman:** — I will concur with the recommendation and note compliance.

**The Chair:** — For the 2012 report volume 1, chapter 22, Mr. Merriman has moved that this committee concur with recommendation no. 4 and note compliance. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. Carried. No. 5.

**Mr. Merriman:** — I concur with the recommendation and note compliance.

**The Chair:** — I have progress. Mr. Acton, what's your view from your ministry on this?

**Mr. Michelson:** — I think they've complied with it, but it's an ongoing . . .

**Mr. Acton:** — Yes, it's an . . . well I mean my comment was, this is really ongoing work. So I mean it's certainly our objective to make sure our staff, you know, follow established policies and procedures. So I strive to make sure that that happens so compliance would be wonderful.

**Mr. Merriman:** — I would again concur with the recommendation and note compliance.

**The Chair:** — Okay, thank you. So Mr. Merriman has moved for the 2012 report volume 1, chapter 22, recommendation no. 5, that this committee concur with the recommendation and note compliance. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. No. 6.

**Mr. Merriman:** — I would concur with the recommendation

and note compliance.

**The Chair:** — Mr. Merriman has moved for the 2012 report volume 1, chapter 22, recommendation no. 6, that this committee concur with the recommendation and note compliance. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Recommendation no. 7.

**Mr. Merriman:** — Again I would concur with the recommendation and note compliance.

**The Chair:** — Okay. For the — I should remember this; I've said this a few times now — the 2012 report volume 1, chapter 22, Mr. Merriman has moved that this committee concur with the recommendation and note compliance. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. No. 8.

**Mr. Merriman:** — I move that we concur with the recommendation and note progress towards compliance.

**The Chair:** — So for the 2012 report volume 1, chapter 22, Mr. Merriman has moved that for recommendation no. 8 that the committee concur and note progress. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Okay. Thank you for that everyone. Moving on to the 2013 report volume 1, chapter 14. I will pass that off again.

**Mr. Ahmad:** — Thank you. Chapter 14 of our 2013 report volume 1 begins on page 163, and it reports the result of our audit of the ministry's processes to place the minister's wards in permanent homes, that is long-term homes and adoptive homes.

The ministry is responsible for planning the long-term development of its wards, including placement in permanent homes that provide a safe and nurturing environment. Doing so provides a foundation for the minister's wards to grow to become productive and responsible members of their communities.

We concluded that the ministry had effective processes to place minister's wards in permanent homes for the period from July 1st, 2012 to December 31st, 2012 except for the areas covered in our seven recommendations.

Our first recommendation, on page 169, requires the ministry to complete and approve the new adoption policy manual to guide staff on its adoption program for children who are permanent wards of the minister. We made this recommendation because the ministry did not have a comprehensive, that is consolidated, policy manual for adoption. We found the guidance to staff on adoption was fragmented. Incomplete guidance includes the risk of inconsistent practices relating to the placement of permanent wards in adoptive homes. At the time of the audit, the ministry told us that it was in the process of adopting a new

comprehensive adoption policy manual.

On page 170, our second recommendation asks the ministry to develop performance measures and targets leading to an adoption program for its permanent wards. We made this recommendation because the ministry had not established performance measures and targets for the adoption program. Without setting performance measures and targets relating to adoption of its permanent wards, the ministry cannot evaluate the effectiveness of its adoption program.

Our third recommendation, on page 172, requires the ministry to consistently document the permanency plans for each child in care and place the plan in the child's case file. We made this recommendation because although caseworkers plan for the needs of the children in care and maintain contact with them to ensure their needs were met, they did not keep the children's permanency plan up to date. The plans did not have up-to-date information about extended family, history of the ministry's contact with child, and the child's developmental needs. An up-to-date and documented permanency plan in each child's file will help facilitate consistent case planning.

Our fourth recommendation, on page 172, asked the ministry to document the rationale for its decision to seek permanent or long-term custody of children at the time of the decision. We made this recommendation because staff did not always clearly document the ministry's decision to pursue a permanent or long-term court order at the time of the decision. Clearly documenting the rationale for decisions in a consistent manner will allow the ministry to monitor whether caseworkers make timely decisions and whether their decisions follow the established policies.

In our fourth recommendation, on page 173, we require the ministry to follow its established policies to place those children whose permanency plans include adoption on the adoption list within 120 days. We made this recommendation because the ministry did not place all those children whose permanency plans include adoption on the adoption list within 120 days. Delays in placing permanent wards on adoption lists could accept the likelihood of older children finding stable adoptive homes.

Our sixth recommendation, on page 176, requires the ministry to collect and analyze information relating to the outcomes of its services to long-term wards and permanent wards in its care.

We made this recommendation because the ministry did not collect information relating to the outcome for children in care such as academic achievement or interaction with the criminal justice system. By tracking outcomes for children in its care, the ministry would better able to determine whether the services it provides for children in care meets children's best interests.

Our seventh recommendation on page 177, we ask the ministry to implement the formal complaint and appeal mechanism for this domestic adoption program. We made this recommendation because at the time of our audit, the ministry had not established policies and procedures for dealing with complaints or appeals in its adoption program. The ministry could include provision for complaints and appeal as part of its adoption policy manual. And that concludes my overview. Thank you.

**The Chair:** — Thank you very much. Mr. Acton, if you've got some remarks, but perhaps maybe we could do the same thing we did the last chapter and review each of the seven recommendations and where you're at with each of them.

**Mr. Acton:** — Maybe I'll ask Andrea Brittin to . . . [inaudible].

**Ms. Brittin:** — So with respect to recommendation 1, we have . . . The adoption services manual is complete now and our target is to have that available online to our staff and to the public by July 31st of 2014. So we'd like to get that done as soon as possible; that's the target that we've set. Hopefully we can get it up there even sooner than that.

With respect to recommendation no. 2, we, as part of our annual quality assurance audits, we are now reviewing measures associated with the adoption program and registration of permanent wards, and so we have added that to our annual audits. So we're in the process in establishing a bit of a baseline there, and then we will from there be setting targets for ongoing improvement.

With respect to recommendation, I guess no. 3 and no. 4, we have implemented the structured decision-making tools into our Linkin system. The structured decision-making tools include the family reunification tool which compels the worker to enter the information with respect to what the plan is for the child, the rationale for that plan, that it does go to the supervisor for approval through the system. So there is now a more formal documentation of the child's case plan using those tools in the Linkin system.

With respect to recommendation no. 5 around the 120 days, again some of the key standards and policies are now being included in our annual file audit. So we will be paying close attention to this particular standard and measuring our compliance. Again we will be establishing a baseline. Our target is for continual improvement and, in this case, given the importance of having children registered for adoption, wanting to strive for 100 per cent completion of that.

With respect to recommendation no. 6, this is a recommendation around collecting and analyzing the information. So I've previously indicated that we now are doing that through our quality assurance audit. So the key standards and policies related to permanent wards and their permanent plans are now included in our quality assurance audit, and we will be gathering that information both for our ministry staff as well as for the 17 First Nations agencies.

With respect to recommendation no. 7 around a formal complaint and appeal mechanism, that is included in the policy, the adoption policy that I referenced with respect to recommendation no. 1. And so we are pleased to say that that is included, and we have yet to share this information with the Provincial Auditor's office, but that's the progress that we've made to date.

**The Chair:** — Thank you, Ms. Brittin. Questions from the committee? Mr. Wotherspoon.

**Mr. Wotherspoon:** — Maybe just on the first one, the new policy. And it's going to be posted to the website, it's good that

that's in place. Is there any further support required or that's going to be provided to ensure that the manual's understood? Is there training, or what sort of processes will the Ministry engage in to make sure that this policy manual's understood?

**Ms. Brittin:** — Thank you. So any time a policy is changed we would have the engagement of the service areas and the First Nations agencies where applicable. The ministry really is the one that does adoptions and so, in this case, it would be specific to the ministry. But we would engage with the directors and service managers and staff on both the development of it, as well as of course the implementation of it and make sure that there's clear communication around it and training where required.

**The Chair:** — Could you talk a little bit about the quality assurance audit? I want to understand that a little bit better.

**Ms. Brittin:** — So in the past we hadn't included adoption policies and standards in our annual audits. And so once the recommendations came to us from the Provincial Auditor, we have identified those key policies and standards related to adoption, most of the ones highlighted through this report, and built those into our review of the files. So we are now selecting those files and measuring them against the policies and standards on an annual basis. So we started that in this fiscal.

**The Chair:** — In 2014-15 fiscal. Okay, thank you. Are there any further questions? Seeing none, okay. So with respect to . . . We have some decisions to make with respect to these seven recommendations. So for the 2013 report volume 1, chapter 14, I'm wondering what the wishes of the committee are.

**Mr. Merriman:** — I concur with the recommendation and note compliance.

**The Chair:** — For no. 1?

**Mr. Merriman:** — Yes.

**The Chair:** — Mr. Merriman has moved that, for the 2013 report volume 1, chapter 14, recommendation 1, that this committee concur with the recommendation and note compliance. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. No. 2.

**Mr. Merriman:** — No. 2, I concur with the recommendation and note progress towards compliance.

**The Chair:** — Mr. Merriman has moved that, for the 2013 report volume 1, chapter 14, recommendation no. 2, that this committee concur with the recommendation and note progress. Is that agreed?

**Some Hon. Members:** — Agreed.

[14:45]

**The Chair:** — Carried. No. 3.

**Mr. Merriman:** — No. 3, that I concur with the recommendation and note compliance.

**The Chair:** — Mr. Merriman has moved that, for the 2013 report volume 1, chapter 14, recommendation no. 3, that this committee concur with the recommendation and note compliance. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. No. 4.

**Mr. Merriman:** — I concur with the recommendation and note compliance.

**The Chair:** — Thank you. For the 2013 report volume 1, chapter 14, recommendation no. 4, Mr. Merriman has moved that this committee concur with the recommendation and note compliance. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. No. 5.

**Mr. Merriman:** — I concur with the recommendation and note progress towards compliance.

**The Chair:** — For the 2013 report volume 2, chapter 14, recommendation no. 5, Mr. Merriman has moved that this committee concur with the recommendation and note progress. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. No. 6.

**Mr. Merriman:** — I concur with the recommendation and note compliance.

**The Chair:** — Mr. Merriman has moved that, for the 2013 report volume 1, chapter 14, recommendation no. 6, that this committee concur with the recommendation and note compliance. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. No. 7.

**Mr. Merriman:** — Again I concur with the recommendation and note compliance.

**The Chair:** — Thank you, Mr. Merriman. For the 2013 report volume 1, chapter 14, recommendation no. 7, Mr. Merriman has moved that this committee concur with the recommendation and note compliance. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. All right. I think this might be a good time for a five-minute recess. Does the committee agree?

**Some Hon. Members:** — Agreed.



**The Chair:** — Okay.

[The committee recessed for a period of time.]

**The Chair:** — We are back. Welcome back following that brief recess here. We are going to be now looking at some of the Provincial Auditor's reports around the Sask Housing Corporation. We will be looking . . . Well actually, you know what? I will just pass it over the auditor to let us know what we'll be discussing here shortly.

### Saskatchewan Housing Corporation

**Ms. Ferguson:** — Thank you, Madam Chair. On the agenda we actually have six chapters relating to Sask Housing, so we're going to make our presentation in two parts here. The first part, we're going to present the chapters, three chapters reporting the results of our annual audits for the year ending December 31st, 2011, 2012, and 2013. Those are chapters 23 of our 2012 report volume 1, chapter 3 of our 2013 report volume 1, chapter 2 of our 2014 report volume 1. And then, included in that package, we're going to talk about chapter 25 of our 2012 report volume 1. That is the results of a follow-up. So the first part won't have any new recommendations for the committee's consideration.

For the second part we're going to talk about the work that we've done on housing maintenance. There's two chapters related to that. It's chapter 24 of our 2012 report volume 1, which is the original audit. And we've done one follow-up, which is in chapter 26 of our 2014 report volume 1.

So I'm just going to launch into part one here. So chapter 23 of our 2012 report volume 1, chapter 3 of our 2013 report volume 1, and chapter 2 of our 2014 report volume 1 contain the results of our annual integrated audits for the three years December 31st, 2011, 2012, and 2013.

In these chapters we report that Sask Housing had reliable financial statements, complied with legislative authorities, and had effective rules and procedures to safeguard and control public resources, except for Sask Housing needs a better agreement for a disaster recovery.

[15:00]

Since 2011 we have recommended that Sask Housing sign an agreement with the information technology office, currently now the information technology division of the Ministry of Central Services, and for that agreement to include the testing of disaster recovery procedures. Your committee had earlier considered and agreed with this recommendation. Although at December 31st, 2013, they had not done so. Effective January of 2014 we are aware that they have revised their agreement with the organization to require disaster recovery procedures to be tested annually.

In our 2012 report volume 1, chapter 25, we report that by March 31st, 2012, Housing had not yet fully implemented one recommendation we made in 2004 related to long-term capital planning. At that time it had not yet set measures, baselines, or targets specifically related to the condition of the over 18,000 housing units it owns. So that concludes our presentation for that part.

**The Chair:** — Thank you. Mr. Acton, perhaps since none of these are new recommendations, do you have some comments or remarks, or do you just want to open it up to the floor for questions?

**Mr. Acton:** — Yes, I'll just ask Don to make a couple comments.

**Mr. Allen:** — Thank you. Don Allen, president and chief executive officer of Saskatchewan Housing Corporation, and the assistant deputy minister for housing and finance in the Ministry of Social Services.

With respect to the two points outstanding, disaster recovery, as the auditor indicated, we have signed an amended agreement with the information technology division. And the first disaster recovery test occurred in May of this past year, so just this past month. It was a successful simulation. So we would consider that recommendation implemented.

The second item with respect to capital maintenance planning, there's significant conversation about that in part 2 of the auditor's recommendation. We have made great strides in terms of capital planning. We've entered into an agreement with an adviser who is providing us with tools and expertise on that front. Standards have been set. We're not yet at the point of targets, but we know a great deal about our portfolio that we didn't know a year ago, and we'll know much more to the point that we're able to comply with this recommendation in short order.

**The Chair:** — Thank you very much, Mr. Allen. Now to open up the floor to questions. No burning questions? All right. And we'll appreciate perhaps next time you're here hearing about the progress that you've talked about, the progress you hope to report in due time on that recommendation. So we look forward to hearing about that.

So I would recommend that . . . I just want to make sure I've got everything in front of me that I need in front of me. Since these recommendations have already been before this committee and we have made motions in the past, I would recommend that we conclude considerations for these reports: the 2012 report volume 1, chapter 23; the 2013 report volume 1, chapter 3; the 2014 report volume 1, chapter 2; the 2013 report volume 1, chapter 3; and the 2012 report volume 1, chapter 25. Is that . . . No. Sorry, no. The first three. So I was overzealous there, everyone. So I'm going to step back here.

**Mr. Wotherspoon:** — Did we go through the first three or first two?

**The Chair:** — First three.

**A Member:** — First three — 23 and 3 and 2.

**The Chair:** — Yes. Okay. So my apologies here. So I am going to suggest that we conclude considerations for the 2012 report volume 1, chapter 23; the 2013 report volume 1, chapter 3; and the 2014 report volume 1, chapter 2; and the 2012 report volume 1, chapter 25. So is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. Okay, so we've concluded those considerations.

I will pass this on to the auditor for the second part of our discussions on Sask Housing here today I believe on 2013 report volume 1, chapter 3 and the 2012 report volume 1, chapter 26. All right. I will just pass it off to the auditor is what I shall do.

**Mr. Ahmad:** — Thank you, Madam Chair. Chapter 24 of our 2012 report volume 1 begins on page 203. The chapter reports the result of our audit on Sask Housing's processes to maintain housing units it owns. In my presentation, I will include the results of our follow-up work on this audit as well. That's chapter 26.

All housing units require timely repair and maintenance to keep them in good condition. Doing the right maintenance at the right time helps keep housing units in a suitable condition for tenants. We concluded that from January 1, 2011 to January 31, 2012, Sask Housing did not have effective processes to maintain the 18,300 housing units it owns.

We made four recommendations. Our first recommendation on page 207 asks Sask Housing to better document key information about the condition and risks of all its housing units to facilitate corporate-wide maintenance decision making and planning. We made this recommendation because information about the housing conditions and related risks related to the 18,300 housing units were not aggregated or summarized and were not readily accessible for decision making.

In chapter 26 of our 2014 report volume 1, we report that by March 2014 Sask Housing has contracted a capital asset consultant for consulting services and use of financial management systems. With the help of the consultant, it has begun to collect and capture information on housing units such as the age, type, size, and components of the units. It expects to complete this work by the end of 2014. Current and readily accessible condition information would help Sask Housing to effectively plan for maintenance or replacement of key components on a corporate-wide basis and over the long run.

Our second recommendation on page 208 of 2012 report volume 1 asks Sask Housing to set long-term corporate-wide service objectives for its housing projects and use them to guide maintenance planning and priorities. We made this recommendation because Sask Housing did not have documented service objectives for its housing projects, that is the intended use and expected service lifespan of each housing project. Documented service objectives are the starting points for corporate-wide maintenance planning.

Our third recommendation on page 209 asks Sask Housing to develop a corporate maintenance plan for the medium- to long-term time frame. We made this recommendation again because at the time of audit Sask Housing did not have a corporate maintenance plan. Also it had not selected performance measures related to maintenance. The use of maintenance performance measures would help Sask Housing to monitor the effectiveness of maintenance strategies and progress toward its short-term and long-term maintenance objectives.

Lastly our fourth recommendation on page 211 asks Sask Housing to regularly give senior management and the board appropriate written reports on planned and completed maintenance activities and the overall condition and key risks to the housing units it owns. We made this recommendation because Sask Housing did not give written information to senior management about delayed or incomplete maintenance, nor did it give the board information on the overall condition of housing, significant changes, key risks, or the impact of deferred maintenance. Written information is essential for decisions that have a long-term impact on the condition of housing units.

As described in chapter 26 of our 2014 report volume 1, once Sask Housing has captured the data about its housing units, it expects to begin addressing the above recommendations. And that concludes my overview. Thank you.

**The Chair:** — Thank you very much. Mr. Acton, again I think with only four recommendations before us we maybe will do the same thing if you've got any just general remarks, but if you could comment on where you're at with respect to the ministry and these recommendations.

**Mr. Acton:** — Certainly, and again I'll turn it over to Mr. Allen.

**Mr. Allen:** — Thank you. So with respect to recommendation no. 1, significant progress has been completed. In the 30 largest communities, the condition of the portfolio has been loaded into the software application, the data's been validated with local housing authority input and with the input from our inspectors. So we know that the roof is in such-and-such condition in this unit. So we already have more than half of our units loaded into this system. And as the auditor indicated, we expect to, by the end of this year and striving for sooner, to have the entire 18,300 units loaded into the system. So we'll know the condition of every unit in every community that we're involved in. That will help us to move forward with the recommendations that follow with respect to setting standards. Understanding where your portfolio is at is the first step in setting targets and objectives.

We will be moving forward with what we call the facility . . . not what we call but what is called the facility condition index, an industry standard that measures how well a building is being, well, how well it's being maintained isn't precisely the best term, but what state it's in. We'll be setting a standard target for our facility condition index. It will depend . . . It'll be province-wide, but it'll also be community to community. And in some buildings we may find that have an FCI, or facility condition index, that's not very good. It may be better to replace those buildings than it is to continue to put money into their maintenance. But that's what this tool set will allow us to do.

It will also allow us to work with the housing authorities individually and collectively to develop a better maintenance plan. We currently develop one on an annual basis. This will allow us to look not just one year out, not just five years out, but 30 years out on what the work that needs to be done on a building, on a type of building, in an entire community across the whole province. We'll know how many rooms we need to replace this year, next year, and the year after, boilers and so on.

And so we can plan our work, do tenders that make sense on a collective basis.

There's been a tremendous amount of activity already. There will be more activity as time goes by. The housing authorities have been involved and engaged. We've engaged our board with this, made presentations to them. Management receives regular presentations on the state of affairs as well as how this particular tool set will work for us. It is just a tool; it's not a solution. It will mean that we will need to behave differently as officials.

The housing authorities will need to behave differently. The budgets will shift and move based upon evidence, and that's going to be necessary. It's not necessarily the culture that we've had. Budgets have been sometimes set and based upon, you know, \$200 per unit as . . . make that number up. That may have been an appropriate budget and may have been totally inadequate and we need to increase it, but to do so we will have to decide where we take the money from. It will also give us better information to take to the board and other decision makers about the level of deferred maintenance, should it exist at any given point in time. We're not seeing any evidence of significant deferred maintenance to date.

And I say we have a lot of data loaded, which is not to say that we don't have buildings that are challenged or communities that are challenged or building components that are challenged. So we've made significant progress. More work to be done, and we're looking forward to getting on with it.

**The Chair:** — Thank you very much, Mr. Allen. I'd like to open up the floor for questions. Do any members have any questions? Mr. Wotherspoon.

**Mr. Wotherspoon:** — So the first step, the important one is of course creating this inventory that you're working towards. It's certainly an important piece for guiding the investments that'll be made into the housing stock. What sort of timelines . . . You've spoken about, I believe, concluding that activity by the end of this year if I heard correctly, and then some of these other activities will flow from that, or recommendations that have been put forward. Do you have a timeline in place as to when all of these recommendations would be implemented?

**Mr. Allen:** — A timeline . . . We have two timelines. There's the timeline my staff is talking about, and there's the timeline that I think we will achieve. They're both the same. My staff are saying that we will have this fully implemented by the end of 2015. I believe we're much sooner than that, perhaps very early in 2015, January perhaps. Now January 2015 is before the end of 2015, so technically they're correct. I just think they're hedging their bets a little bit. I think we're about six months away from full implementation.

**Mr. Wotherspoon:** — Thank you very much.

**The Chair:** — Any further questions? No? No. All right, I think you've done a fine job of explaining things, apparently. Thank you very much. You've left little to be desired. So what is the will of the committee with respect to these four recommendations?

**Mr. Merriman:** — Madam Chair, I think we could group probably all four together, and I would recommend that we concur with the recommendations and note progress towards compliance.

[15:15]

**The Chair:** — Mr. Merriman has moved that for the 2012 report volume 1, chapter 24, four recommendations, that this committee concur with the recommendations and note progress. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. That so concludes our work here this afternoon. So thank you, Mr. Allen and . . . Oh, sorry. Mr. Wotherspoon.

**Mr. Wotherspoon:** — Sorry, I just wouldn't mind getting just an understanding of how your . . . I know there's been some housing units that are being sold, sold by the housing authority, and then others that are, I suspect, being built. I'm just wondering where, if you're able to, how you're keeping track of those that are sold, if you're able to provide an update as to how many have been sold to date, how many are planned to be sold, and what timelines are behind those, and then timelines behind construction of new units and where we're at on those.

**Mr. Allen:** — So I will go from memory, and my memory is not infallible on this front. So the plan is to build 300 new social housing units in the cities of Regina, Prince Albert, and Moose Jaw. There is construction under way in all three of those centres. Regina, we have 48 units under construction already. In Prince Albert, 36, I believe is the number, that order of magnitude. It might be 30, 36. And in Moose Jaw, there are 91 under construction in three different projects in three different parts of the city.

The stated plan by us at the outset was that we would build first and sell second. Regina was the exception to that because we had rejuvenated a vacant housing project of 72 units and we were able to open it about the same time as we announced this particular initiative. So in Regina we've already sold 42 single family homes. There have been none sold in the other communities to my knowledge, and we will be not putting any up for sale until very close to the time that the new buildings are ready for occupancy.

In Moose Jaw, while there are three projects under way, they won't all come on to the market at the same time. We've intentionally staged them to come into play over the course of 12 or 15 months. We thought it might take four years, but when we went to the market for proposals, we got five very good proposals, three excellent proposals, so we were able to basically fulfill our entire plan for Moose Jaw in one proposal call.

**Mr. Wotherspoon:** — Thanks for the update.

**The Chair:** — Thank you. Apparently I was overzealous. Oh, Mr. Michelson.

**Mr. Michelson:** — I just want to say thank you. Being a

member from Moose Jaw, I think, I think the whole idea of building those and giving the option to the tenants to buy the existing units, and if they so desire or they move into the new premises, I think it's a great plan. I commend you on it. I think it's moving forward very, very well. So thank you for that.

**The Chair:** — Thank you. Again, back to my overzealousness, we have one more piece of business here, the 2014 report volume 1, chapter 26, which were all previous recommendations which we just dealt with. So I would suggest that we conclude considerations of the 2014 report volume 1, chapter 26. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. Okay, with that, that concludes our work for the day. Thank you to the officials here for all your time and your willingness to answer our questions and the comptroller's office as always, and the auditor's office, and to the fellow members of the committee here. And is there a motion to adjourn? Mr. Norris has moved adjournment.

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. All right. Well, thank you.

[The committee adjourned at 15:19.]