



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Mr. Randy Weekes
Biggar

Mr. Trent Wotherspoon
Regina Rosemont

[The committee met at 10:04.]

The Chair: — Good morning everyone. Happy New Year and welcome to Public Accounts, both to the members and to the officials here today from the University of Regina and Advanced Education.

Our members here with us today are Mr. Hart, Mr. Doke, Mr. Weekes, Mr. Michelson, Mr. Norris, and Mr. Merriman and Mr. Wotherspoon. We have the Acting Provincial Auditor with us here, Ms. Judy Ferguson. And from the Provincial Comptroller's office, we have Terry Paton, the Provincial Comptroller and Jane Borland with the financial management branch. Welcome today.

I would like to advise the committee that pursuant . . . Oh, pardon me. I always forget — I am Danielle Chartier, the Chair of PAC [Public Accounts Committee]. And I would like to advise the committee that pursuant to rule 142(2), the following report was deemed referred to the committee: the Provincial Auditor of Saskatchewan *Business and Financial Plan for the year ended March 31st, 2016*. And it was deemed referred on December 17th, 2014.

Our first agenda item today, we are looking at consideration of Provincial Auditor's reports. We will be starting with the 2013 Provincial Auditor Report volume 2, chapter 32 which deals with the University of Regina. So I will pass it off to the Provincial Auditor to make her remarks, and then we will pass it off to you, the University of Regina and President Vianne Timmons for your remarks as well. So thank you.

University of Regina

Ms. Ferguson: — Thank you, Madam Chair. And Happy New Year to all, to committee members, officials. With me today I've got Kelly Deis. Kelly's a deputy with our office; he's responsible for the University of Regina audit. And behind him is Ms. Charlene Drotar. Charlene worked directly on this audit and on the other university audits. And beside Charlene is Ms. Kim Lowe. Kim is our liaison with this committee here.

So before we make our presentation this morning, we do want to thank actually the university: yourself, Vianne, and your staff for the excellent co-operation we received in the course the audits that are before us this morning.

Both the university and our office recognize the need for the audit in the area of procurement of goods and services and in the area of the disposal of surplus assets. This is consistent with the university's commitment to continuously improving its transparency, its operations, and its business processes.

Chapter 32 of this report actually contains the results of two audits within the one report: one on its processes to buy goods and services, and the second's on its processes to dispose of surplus assets. I'm going to turn it over to Kelly to provide an overview of the chapter. He will highlight the recommendation from each audit and explain why we made each recommendation. And then actually what we'll do is we'll pause after each audit within the chapter to allow the consideration of the committee and management's comments,

and then proceed with the second piece there. So we'll break it into two parts there. So at this point I'll turn it over to Kelly.

Mr. Deis: — Thank you, Ms. Ferguson. Chapter 32 of our 2013 report volume 2 starts on page 249. I'll start with our audit of the university's processes for the procurement of goods and services, and that starts on page 251.

The university's purchasing process involves many departments and individuals, increasing the risk of inappropriate and unsupported purchases. To manage its risks, the university requires effective processes to ensure that goods and services are procured with due regard for obtaining best value for the university.

We concluded that for the 12-month period ended June 30th, 2013 that the University of Regina had effective processes for the procurement of goods and services except for those areas related to 13 recommendations that we made.

In our first recommendation on page 253, we recommend that the board of governors of the University of Regina approve the university's policies related to the procurement of goods and services. We found that while the university had numerous policies pertaining to the procurement of goods and services, its board of governors did not approve these policies, all of these policies. If the board of governors does not approve policies of significant importance to the university, there is increased probability that the university could face significant financial, legal, and reputational risks.

In our second recommendation on page 255, we recommend that the board of governors of the University of Regina comply with its policy framework by regularly reviewing and updating the university's procurement policies.

We found that the university did not follow its policy that requires it to update its policies at least every five years to confirm their validity and relevance. We found some procurement policies were not updated for as long as six or 11 years.

Also we found several examples where policies had not been updated to reflect changes, for example, impact of the New West Trade Agreement. If policies are not complete and up to date, staff may not know the current procurement requirements so they can comply with these requirements.

In our third recommendation on page 256, we recommend that the University of Regina implement policies and procedures to identify and address non-compliance with procurement policies.

We found that while the university had various controls to help identify non-compliance with the policy, it had not adequately documented the process for responding to identified non-compliance of procurement policies, including when to report these to the executive and the board of governors.

For 10 per cent of the transactions that we tested, contrary to its policy, the university paid vendors directly for invoices related to staff expense accounts. Nearly all of the related invoices we tested were not properly approved by a staff supervisor.

Contrary to its policy for the types of purchases staff were able to make using purchasing cards, 13 per cent of the monthly statements that we tested contained at least one payment for contracted goods and services, for example for web design. Without a well-defined process, staff may not have adequate guidance regarding the steps they should take to address non-compliance in a timely manner.

In our fourth recommendation on page 257, we recommend that the board of governors of the University of Regina define its reporting needs regarding procurement activities, including non-compliance with procurement policies. As required by policy, we found the university regularly reports to the board of governors regarding the status of capital projects. However the board did not require and did not receive regular reporting regarding other procurement matters such as items that were single- or sole-sourced, were about vendor performance issues, or about compliance with policies. Well-defined, regular reporting of all key operational areas of the university is essential for proper stewardship and management of its financial, legal, and reputational risks.

In our fifth recommendation on page 259, we recommend that the University of Regina follow its policy requiring appropriate approval for the issuance of all purchasing cards. The university allows staff to use purchasing cards to make small-dollar purchases, that is, individual purchases below \$3,500. At the time of the audit, university staff held just over 400 purchasing cards with monthly limits ranging from \$4,000 to \$40,000 per card.

Before university staff receive a purchasing card, cardholders, the department head or dean, and a purchasing card administrator each sign an approval form that documents the purchasing card limits for the cardholder. During our audit, we found that 6 per cent of the approval forms we tested were not signed by all the required individuals. If the purchasing card approval form is not appropriately signed, the limits for the purchasing card may not be appropriate. This increases the risk of inappropriate purchases occurring.

In our sixth recommendation on page 260, we recommend that the University of Regina update its purchasing card program policy to prohibit the payment by purchasing card for legal or other professional services. Also, while not prohibited by the university's purchasing card policy, we found several instances where university staff used purchasing cards to pay for legal or other professional services. As these types of services can be significant and sensitive, prohibiting the payment of legal or other professional services using purchasing cards would allow the university to better control the services that it obtains.

Our seventh and eighth recommendations on page 262 and 263 are related. In no. 7, we recommend that the University of Regina follow its procurement policies to tender or obtain quotes for procurement of goods and services where required.

In 8, we recommend that the University of Regina require, as part of its procurement policies for its single- or sole-sourcing procurement of purchase of goods and services, adequate documentation to justify the decision to single- or sole-source and appropriate authority to approve the decision to single- or sole-source, with identification and mitigation of conflicts of

interest and conflicts of commitment. The university allows in specific circumstances the untendered purchase of goods and services that would otherwise be tendered, that is through single- or sole-sourcing.

During our audit period we estimated that the university used single- or sole-sourcing for about 20 per cent of its purchases. Each year the university makes over \$40 million of purchases. For 28 per cent of the single- or sole-source items we examined, the university did not document reasonable justification for the use of this method of procurement. Also we found that it did not require a supervisor to approve single- or sole-source decisions or require documentation of possible conflicts of interest between the vendor selected as a single or a sole source and the university staff making that request. Without adequate documentation to justify the use of single- or sole-sourcing, rather than tendering an item along with independent review of this justification, it is difficult to determine if single- or sole-sourcing is necessary and whether the university is receiving the best value possible.

[10:15]

Our ninth and tenth recommendations on page 263 are related. In our ninth recommendation, we recommend that the University of Regina make procurement decisions based on consideration of the entire project, including the impact of using multiple contracts to manage the same vendor for the same project. In 10, we recommend that the University of Regina implement a process to coordinate the departments that procure goods and services, including construction, to efficiently manage procurement in accordance with the university's policies.

During our audit we identified one \$180,000 single-source project that involved several smaller single-source contracts with the same vendor. The decision to convert the project into several stages with smaller contracts without justification provides the opportunity to circumvent the university's procurement process. Also we found two separate university departments each manage some of the components of the smaller contracts of this project with no coordination between the departments. Not considering or documenting the implications for the entire project increases the risk that the contracting process may be unfair and may not result in the best value for the university. Also allowing contracts relating to a single project to be managed by multiple departments without coordination increases the risk of not properly managing that project.

Our 11th recommendation on page 264, we recommend that the University of Regina establish sufficient contract documentation requirements for the procurement of goods and services. When reviewing written contracts between the university and spenders, we found the level of detail included within contracts varied significantly. For example, we found instances where contracts did not include all of the items and conditions that we expected. Establishing standard contract documentation requirements addressing areas such as termination, privacy, confidentiality, and severability would add certainty and protection to the university.

Our 12th recommendation on page 266, we recommend that the

board of governors of the University of Regina establish and document an appropriate signing authority policy for use when approving contracts, invoices, and payments to ensure the proper separation of duties. The university has a signing authority authorization policy that documents the delegations of authority for the approval of contracts, payments, and other financial matters. However, the policy was not approved by the board of governors and is not current.

The university uses its computerized financial system to operationalize its signing authorities. While the university has restricted staff's spending to the departmental budget, the university has allowed virtually unlimited spending authority in its financial system. This increases the risk of inappropriate payments that may occur intentionally or in error before they are detected.

Also we found that supply management services, the department of the university, relied upon its knowledge of the university structure and staff's title to check the appropriateness of authority to make a purchase instead of using the financial system. The board of governors needs to approve an appropriate signing authority that is complete and accurate. To appropriately mitigate the risk of inappropriate purchases, the university needs to use its financial system as the definitive source for determining the appropriateness of approvals.

In our 13th recommendation on page 267, we recommend that the University of Regina document in writing its analysis and decisions for awarding of all tenders and retain this documentation in accordance with its documentation retention policies.

In our testing we noted one exception. When reviewing the various tenders for several project requests for proposals relating to a capital project over \$70 million, we found the university did not maintain documentation of its analysis for the selection of the vendors. If documentation is not maintained to support the analysis and selection of vendors, it is not possible to verify that the vendors were appropriately evaluated and selected. Madam Chair, that concludes our comments on this part of the report.

The Chair: — Thank you, Mr. Deis. I'll pass it off to you, President Timmons, to introduce your officials. And again welcome to Public Accounts today. Just when you're speaking to the recommendations — so we'll deal with the first 13 recommendations — if you could let us know on each recommendation where you're at, actions taken, future actions, and timelines, that would be very helpful for our questioning. So I will pass it off to you to introduce your officials.

Ms. Timmons: — Thank you, Madam Chair. Just before I introduce officials, I just want to let you know that we dropped off for you our new strategic plan, called *peyak aski kikawinaw*, and it means we are stronger together. And it just was launched yesterday so it's hot off the press for you. So I hope you enjoy it.

Madam Chair, I am pleased to introduce officials from the University of Regina that are here today. My name's Vianne Timmons and I am the president and vice-chancellor of the University of Regina. And I also want to thank you for the

direction of how you want us to proceed. I did learn from the last one. That was my first time in front of Public Accounts, so I think, I hope I perform better than I did last time. One of the things we are is a learning institution, and I hope I can display that for you.

At this meeting I'll be assisted by Mr. Dave Button, my vice-president, administration and which these areas report up to. We've been joined by a number of guests from the University of Regina: Dale Schoffer, our associate vice-president, finance; Maureen Voss, our director, financial reporting; Nelson Wagner, associate vice-president, facilities management; Jim Woytuik, the director of supply management services; and Dale Eisler, our senior adviser in government relations.

As you can see, it looks simple, the procurement, but it crosses a number of boundaries on our university so that's why we have the experts that supposedly, I hope, have our back here.

Madam Chair, and members of the Standing Committee on Public Accounts, my colleagues and I are pleased to be here today to answer any questions that you may have regarding the 2013 Provincial Auditor's report volume 2, chapter 32. And as mentioned, it's the audit of the University of Regina's processing for procurement of goods and services and disposing of surplus assets. This audit, just like the research-related one we discussed in December 2014, was an unusual one for us at the university because it's one that we welcomed and actually specifically requested of the Provincial Auditor. And we engaged the Provincial Auditor because, as a public funded institution, we do believe that transparency and accountability to the people of Saskatchewan must guide our actions. And that's why we're here today. And we're here also in front of your committee to discuss the findings and hopefully you'll be pleased with the progress we have made.

Essentially we asked the Provincial Auditor to review our processes because, as a university, we knew we could do better. And as I mentioned in the last time I was here, we've grown pretty quickly and we . . . I think the controls and the pieces we need to put in place, we were not as attuned to as we are now.

For the 2011-2012 and 2012-2013 fiscal years, the University of Regina received clean, unqualified audit reports and they had no management points from the Provincial Auditor regarding procurement matters. And we could have simply maybe left it at that but we knew — we knew — there were areas we needed to take a good look at improving. To have an objective third party come in and assist us with that is a wonderful opportunity. So I want to thank the provincial auditors for being such a great partner in it.

Now we don't love the Provincial Auditor coming in and doing these audits. But we know as an institution that they're going to come in and give us a very deep scrutiny and they're going to tell us, you need to improve in these areas. And we welcome that focus. And they did provide us with objective, transparent, accountable assessment that is in the best interests of the public and our institution, and we're pleased with that.

So in short, the auditor — and I'm going to quote from section 104 — said, "for the 12-month period ended June 30, 2013, the

University of Regina had effective processes for procurement of goods and services and disposal of surplus assets except it needs to . . ." And that phrase, "except it needs to," provided us with that detailed listing of the 18 specific recommendations, things like policy approval and review, reporting, documentation, coordination. That's what we hoped to get from the audit, and we got it.

So by definition, all of the matters identified in the procurement and disposal audit, one by one maybe were not significant but when you dig deep and you go deep, which the Provincial Auditor did — they dove deep; it was designed and set up to go into great detail — I think part of the thing is to identify areas that we might be at risk also by that deep diving. And so they're significant to us, not just for efficiency, but also for transparency and accountability. And we've been working hard on implementing them and I think you'll be pleased with the progress we made.

So a lot of work, a lot of people involved to implement them. Again I'm going to mention that we are an institution with 2,500 employees, over 14,000 students, a large budget. So you know, to try to make change sometimes is a challenge. And as I've said, we've been growing pretty quickly and needed to make sure that all our processes are in place.

So I'll give you an idea of the progress we've made. Employees from five areas across the university have been involved in these, addressing these recommendations: financial services, supply management services, facilities management, information services, and the office of the executive director of university governance. They've all been working on this audit for us. And it gives you an idea of the complexity and how serious we take these recommendations.

By late November 2013, just a month after receiving the report, we were able to provide the audit and risk committee of our board of governors with a response to the Provincial Auditor for the committee's consideration, and a work plan in how we were going to deal with it. When we got the committee's approval, we moved very quickly, sending our response to the Provincial Auditor by early December, outlining the work that we'd already done by then and some of the recommendations and the plan for addressing the others. And I think you'll see some were very straightforward, easy to address, and we were able to do that quickly. And there's others that will take time.

So some that we were able to implement quickly, and again I'll go through each one with you, but I'll give you a general overview. We're ensuring that we implement policies to identify and address non-compliance with existing procurement policies. And this is a bit of a challenge, you know, when you have so many faculty, staff. And I think I mentioned last time I was here that some of my faculty do see themselves as entrepreneurs, self-employed, and that we host them on the campus. And we want them to be entrepreneurs and we want them to be out there. Now they are not self-employed, and it's a message we remind them all the time. So we have to address and find out and identify the non-compliance.

Changing the way that we dispose of old computers and also documenting and writing our analysis and decision for the awarding of tenders. And I'll talk in a little more detail. As we

expected from the start, other of the recommendations are longer term in nature. They're going to take more time, and we are still in the process of completing them. And some of these are establishing and documenting a signing authority policy for approving contracts, invoices, and payments. And that may sound simple, but with all the variety of contracts, research grants that we work on, it is taking a lot of consultation so that people are aware of a new signing policy and how we're going to implement that.

Implementing a process to coordinate the departments that procure goods and services. And you remember the story I mentioned, the professor that came to see me last time who said, I used to be able to phone procurement and say, I want this company to give me this piece of equipment. Could you make it happen? And there was not anything signed; they just did that. Now of course it's all changed, and we need to make sure that those processes are well documented and adhered to by our people. And updating the disposal policy and procedures to define criteria for disposals. So it's taking a little more time to address these than the other Provincial Auditor recommendations, and I hope you'll see there's good reason as we go through them.

An example is that the university's in the midst of a major comprehensive policy renewal project, and we have about 80 per cent of the policies renewed right now. And I will say that the Provincial Auditor's work, both on research and on procurement and disposal of assets, helped us push that project forward. I've been astounded at how significant it is. So every single policy's been rewritten, revisited, the education process been put in place and reapproved. So it's been a huge project. And some of those are still ongoing and some that relate to this one, but it is every single policy on our campus that's going through this process.

At the same time our supply management services is leading a review of all procurement practices on the university, including not those on supply management services but also other units and faculties — the university bookstore, for example, the university library, the science stores, all of those areas. And it's to identify how the university can implement the most effective and cost-efficient campus-wide procurement policies and procedures. So we do have a unit that does it, but a number of other units have their own procurement processes that we have to do.

[10:30]

We brought in McNair Business Development through a fully competitive tendered process — and according to our policies, I might add — to assist in this review, and they're drafting the report for us to look at. And once that's finalized, we will rewrite all our procurement policies and update them and be able then to deal with some of the few recommendations that we still have outstanding in the Provincial Auditor's report.

So the campus-wide procurement review, the updating of all procurement policies, and the responses to the procurement disposal audit are three interrelated initiatives that will be completed at the same time, and by June 2015 it will be taken to consideration to the board. And I'd like to note that throughout this process we've provided regular updates to our board. Our

audit and risk committee gets, at every meeting, an update on where we are with this audit, and a very thorough one. And they are aware of, provide input, and monitor what's taking place on the campus. So I hope you can see that we take this seriously. There's not one recommendation that we don't support. So that's really important for you to know and a great deal effort.

I'm not going to talk about all 18. I'm just going to give you the big overview. So there's 18 recommendations, and we have 11 completed and 7 partial, and I'll go through each one with you. Overall we're working hard on governance and accountability, and it's been underscored by the clean and unqualified audit we have gotten on our finances. But these areas we need to work on.

And we've had a macro level Brown Governance review on our governance also that was initiated by the Ministry of Advanced Education, I think during your time, Mr. Norris, which was . . . That review was a very positive one for the university, did not have as many recommendations as these audits have had, but there were 41 of 148 benchmark governance and accountability practices that we received acknowledgement on. And so we had a few that we had to work on, seven that we've already done.

The Chair: — President Timmons, can I just interrupt for a moment. I know you said you're going to speak to all 18 and . . .

Ms. Timmons: — No, not right away. Just these ones.

The Chair: — Just the 13. We'll let the auditor's office give some remarks on the last . . . yes, 13.

Ms. Timmons: — I will keep to the 13.

The Chair: — That would be great. Thank you.

Ms. Timmons: — Okay. So let me move to them right now. And so as mentioned and as the Chair tried to get me to do last time, which I did not do as well, which I will this time, I will say the recommendation no. 1, the recommendation that the board of governors approve the university's policy regarding to procurement of goods and services, it's partially complete.

And we have the process in place to ensure that all the procurement policies will be approved by the board. And we will have this completed by July 2015 because we want to have that big study done, the supply chain management, and we want to ensure that the procurement policies we take are campus-wide, right, not just to supply management services. So it is partially done and we're working on it. Okay.

The next recommendation, no. 2, "that the Board of Governors of the University . . . comply with its policy framework by regularly reviewing and updating the University's procurement policies," I would say that this is complete. This item is complete.

The policy renewal project was approved by the board of governors, and the governance and nominations committee receives regular reports on the progress of this project. And it requires that all policies be reviewed and updated no less than once every five years. And as I mentioned, we're 80 per cent

complete on actually doing the reviews of the policies, but the policy on the renewal is approved by the board. And so this, I would say, recommendation is complete.

Do you want me to stop after each one, Madam Chair?

The Chair: — You know what? We'll leave . . . You go ahead and go through each one and then we'll open up the floor for questions because I know some of them are interrelated.

Ms. Timmons: — Okay. The next one, recommendation 3, "that the University of Regina implement policies and procedures to identify . . . non-compliance with procurement policies." And we consider this item complete.

I'll mention that I did send an email, a president's message out to the campus that we would have zero tolerance for non-compliance of our policies, and I've been surprised at how many people on campus took that to heart and are really paying attention to it.

As part of the policy renewal project also, a safe disclosure policy was approved by the board in December 2013, and that was to encourage people to identify non-compliance in terms of policy and procedures. And we've had maybe about four, Dave, that have come forward that have been in the safe disclosure policies?

Mr. Button: — Yes.

Ms. Timmons: — We've investigated all of them even if they're anonymous, and we followed through very quickly. And so I think this is an area we're really pleased with.

Some of the non-compliance may result in a letter on an employee's file, and some may result in someone being let go from the university. So there's a variety of consequences depending on the situation. So there's a wide variety, okay?

The recommendation that the board of governors define its reporting needs regarding procurement activities including non-compliance, and we consider this also complete.

We have a specific new report on single- and sole-sourcing that was provided to the board in May 2014, and an analysis of that report is being undertaken to make sure that we are providing more valuable recommendations and inclusions for the board. So that's a regular reporting process for the board. And we'll keep discussing with the board what they want to make sure that they're getting enough information, particularly around the non-compliance disclosure.

All of the allegations that come out in the safe disclosure are reported to our board. So we're very . . . And they're reported not . . . We don't wait for a board meeting. We immediately contact the Chair of our board and the Chair of our audit and risk, and tell them that we've had this allegation and what we're doing to investigate, and then report back to them, you know, on every time so that we're really keeping them close and understanding. Anything you want to add?

Mr. Button: — And the Provincial Auditor as well.

Ms. Timmons: — Oh yes. Yes. We don't always want to tell you everything, but we do. We do. We do do that.

After discussion with our board, for example, we've increased the level amount of detail on all major capital projects. So we're trying to make sure that they have all of the detail that they need in many, many areas.

Recommendation 5, that the university follow its policy requiring appropriate purchase for the issuing of all purchasing cards, and we consider this complete. We've established processes for future applications and made sure that our supervisors are aware of all of the processes that have to be put in place and that they be properly approved before the cards are provided to the applicant. And existing procurement cardholders are being required to have their cards reapproved, so that we're on top of that. And I would just want to make a note that the actual expenditures are still approved by the supervisor every month. So even if you have a procurement card, you still need supervisor's approval on expenditures.

And that the university, no. 6, ". . . update its Purchasing Card Program Policy to prohibit the payment by purchasing card for legal or other professional services," and we consider this complete. And we agree with the auditors that legal and professional services should not be allowed to be paid by a purchasing card. And there was one unit that was using this process on the campus that you were able to identify — I think one unit — and they were immediately just directed to cease as soon as we got the auditor's report. So I think that was one of the easy ones to fix and implement.

Any other questions?

The Chair: — If you want to carry on with 7, that would be great.

Ms. Timmons: — No. 7 was, "We recommend that the University of Regina follow its procurement policies to tender or to obtain quotes for procurement of goods and services where required." This is complete. So we've done this.

No. 8, ". . . that the University of Regina require, as part of its procurement policies for single or sole sourcing the procurement of goods and services, adequate documentation to justify the decision to single or sole source."

I'm going to just talk a little bit about the one incident in particular that the auditors found. So it was for a new residence. So when the tenders came in, the team sat. They used white boards and they went through each of the tenders. They identified the strengths and weaknesses. And they had it all up on white boards and flip charts and then made their decision and then erased the white boards. So what happened is once the auditors identified you need to maintain that documentation, what they did is reconstruct — because it wasn't hard to do — all that data. So we now have it for that one item. And it's an easy fix to say now, as you review the tenders, and you can still use white boards and flip, but document it after and keep on it on file.

So again an easy one to complete. I think it was the one incident that the auditors highlighted, and it was an important one

because it was such a large initiative in terms of the tendering.

On the appropriate authority to approve a decision to sole- or single-source, and one of the observations that I want to just talk about that the auditors noted that the university used sole-sourcing for 20 per cent of its purchases and that for 28 per cent, there was not sufficient documentation. I just will make a note that that means nine items, right? There were nine items, and they were a variety: security contracts for athletic events, parking lot sweeping, research equipment, and engineering services.

So I want to just give you those examples to show the breadth of the kind of procurement work we do. It's from sweeping the parking lot to getting, you know, to getting a big research engineering piece of equipment. So we have on that one, we've completed that. So it's done.

And the identification and mitigation of conflict of interest and conflicts of commitment, January 2015, every employee has to sign. And so that's one again, as I mentioned last time, it's one that we're going . . . we anticipate and know already, we're getting some pushback. And we do a lot of education, and the Provincial Auditor's direction and report assists us greatly in ensuring that our campus complies with this one.

The Chair: — Any questions? Mr. Merriman, did you have a question?

Mr. Merriman: — I just wanted to confirm that you said recommendation No. 8 was complete?

Ms. Timmons: — Yes.

Mr. Merriman: — Okay, thank you.

Ms. Timmons: — I think, Madam Chair, can you tell we learned from the last time?

The Chair: — You were wonderful last time, but this is great and very helpful. Thank you.

Ms. Timmons: — I'll give the benefit to the team that watched the video, your video, and learned everything we needed to do better. So no. 9, ". . . recommend that the University of Regina make procurement decisions based on consideration of the entire project including the impact of using multiple contracts . . ." And we consider this one partially complete. We have not completed it.

Those awarded in procurement decisions have been made aware of the need to consider the entire project, when making initial procurement decisions, as part of good procurement practice. And formal amendments to the policy will include direction on this and that policy is to be taken to the board for July 2015.

And this is when, you know, I'll give you an example. We have enough funding to refit, do the electrical refit on one of our buildings. And so we do the first and second floor, and then we find we have enough funds to do the third floor. And what happens is that they build it on the other contract, so you have the same electrical company, which makes common sense. But we need to do a better job when we put out the procurement that

we put in there the potential for those extended opportunities, and we hadn't been always doing that. Dave, do you want to mention . . . and give an example?

Mr. Button: — Sure, I'll give you another example. And perhaps I'll use, if I could, the \$180,000 shows up a number of times in this document. So maybe I'll give a little bit of background on that particular project, and then we can delve into some of the questions, if you have it on it.

Much like the president had mentioned, often the projects grow. So that is a good example of a project that we knew we needed, but didn't know exactly where the funding was going to come. The project was a fibre optic connection from our main campus to our College Avenue campus, which then grew in recognition, knowing just the nature of our business and things being very intense with things like the Internet, etc. Also recognized that very close at hand was the, I'll call it the international hub for the entire city, which is on Saskatchewan Drive right at the railway crossing.

So we had an interest of course to upgrade our College Avenue campus connections, started to do some work on that. At the same time, on the approval side of things, the KIP project came up, the federal government knowledge infrastructure program, which we had submitted that project as one of twelve from the university. We had four at the university funded, a fifth one at Luther College. Unfortunately it wasn't funded at that point. So we had started off trying to get a little bit smarter, and this \$180,000 deals with the consultant engaged in doing that. So it started off small, didn't get the money at that particular time. But fortunately in a one-time allocation from the ministry, there was \$1 million allocated especially at two targeted projects, one of which was that fibre optic. So again, on-again, off-again.

[10:45]

We also, at that same point as it's sort of sequentially fitting together, recognized now is the opportunity to connect to the international hub. Linked in with that, in terms of the complexity of the project itself, if you can imagine stringing a fibre optic line all the way, a physical action all the way from the university to these two different connection points, it involved numerous government agencies for approval. Believe it or not, the navigable water Acts came into place, as well as many other environmental things because we had to go underneath both the swamp and the actual water of Wascana Creek, then had to go through many, many, many, backyards on SaskPower hydro poles. So basically up and down all the way through the city for underground and above ground, each adding a significant amount of complexity. And at the beginning, didn't know the exact scope of the project and, much like the president said, one of those things that just logically builds.

And I was very pleased to see in the Provincial Auditor's report that when they looked through it and heard our storytelling, much like I'm trying to compress a little bit today, were happy that there is justification. One of our fallbacks is always trying to look far enough in advance to predict that, to make sure that it's a fair and a good procurement process and then also at the same time doing documentation. I think that's where some of the biggest recommendations from the audit and our learnings

in terms of, yes, it's all good, but let's try and think and let's try and document to make sure, make it even better.

The Chair: — Thank you, Mr. Button.

Ms. Timmons: — Was that helpful?

The Chair: — Yes.

Ms. Timmons: — Recommendation 10, the university implement a process to coordinate departments that procure goods and services, including construction to efficiently manage procurement in accordance with our policies. And it's partially completed, as I mentioned that we agree totally with the auditor's comments and will create the protocol and policy. And current processes have been changed to coordinate procurement across departments, but we want that university-wide supply-chain management study completed — which as I said, I think it's draft now, draft completed — before, then we put the new structure, templates, processes in place so that we haven't missed anything and we've thought broadly on the campus. And so we're waiting for that from McNair. When we get that, this will then flow very quickly and go to the board July 2015.

No. 11, the university establish sufficient contract documentations and requirements for procurement of goods and services. And this again is partially complete, and the unit involved has been instructed to use the standard procurement documentation available for consultant services, but coordination between our units that do tendering, that's a major part of the supply-chain management study. And so once we get that, this will be easy then to implement. Again looking to July 2015 to take to our board.

The next one, no. 12 — almost done, almost, so we're getting close — that we recommend that the board establish and document appropriate signing authority policy for approving contracts, invoices, and payments. Again partially complete, a comprehensive signing authority policy document actually is drafted. It says here being developed, but I've seen the first draft, and we're anticipating taking it to the July board meeting. It's circulating for comments. And you know what? I thought this would be so easy to do, the signing authority one, but every single professor has signing authority on the research grants and where do you put the limit? You know, both when you want to purchase something or when you want to do anything, it has become, it's actually quite complex.

The signing authority is on many aspects, and we wanted one that was comprehensive that covered procurement of something or getting a research grant or doing a contract for industry or hiring a consultant to come in and do a workshop. So it's a very comprehensive one. And when does a dean have authority to sign? When does it have to bump up to associate VP [vice-president]? When does it have to bump up to the VP? And when can the VP not sign and have authority? And when can the president not? When does it have to go to the board? So there are so many layers, both in depth and in breadth, that it ended up it's quite complex.

And so that consultation is important to make sure we don't miss anything, that's what we want to make sure. And that all

the limits are really clear and appropriate because at each level we're setting limits on signing authority, so both on who can sign and for what amount and how to bump when it bumps up and in what areas. So research will be different possibly than the VP academics portfolio because the research grants, we have many of them that are multi-year and in the millions. And when does it come to the president versus the vice-president of research?

And we have not typically taken our research grants to the board for approval. They tended to be an individual investigator's contract. Well it's a university contract with a funding agency, but really executed through that professor. And we're revisiting that and saying, if we have a \$20 million research contract, looking at the liability or the risk, all that, should that not . . . board not be aware of that and should they not actually be doing the final sign-off? So where is that threshold, because we have many in the million dollar ranges, but you know, where do we get into real risks? So that's why it's such a comprehensive overview on that policy.

So I'm hoping number 13 is the last one: ". . . the University of Regina document, in writing, its analysis and decisions for the awarding of tenders and retain this documentation . . ." I think that was the story I've told about the residence one, where everything was documented but erased and not saved. And now, you know, we can do it. I've been doing more of taking pictures of all of the flip charts and keeping note of that collection. So now it's so much easier, not just to get the final decision and the final analysis, but the whole process documented.

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

Mr. Wotherspoon: — Well thanks so much for joining us again here today. This is a really big undertaking that you've engaged in. And thank you so much to the Provincial Auditor as well for their constructive role in this process.

And I appreciate some of the background that you've provided as well, just as far as some of the complexity of the university as an organization and the difficulty of bringing about some of these policies, and certainly your desire to make sure that they're as comprehensive as they can be. And it seems that you've, you know, really gone at things in a real reasonable way here with some deadlines that are coming as well with, I guess, some of the plans around July 2015. So thanks for all the work that's gone on in this front. Certainly it's really important to have these kind of controls in place and strengthen those controls and reduce risks and make sure that systems are strong. And I think this will serve, you know, this institution, as you've cited, really well into the future.

Just as you've gone back and done some of the reflection on what's gone on, and you've invited folks to come forward, and I think it's really important that you've put structures in place where you've put sort of a safe reporting mechanism in place, have you found through your investigation or through those structures, I guess, inappropriate or potentially illegal activities, and then — or transactions — and then how did you deal with those? How did you ensure some accountability?

Ms. Timmons: — We found some of them totally unfounded,

so we found some that there was nothing. We found some that were probably poor judgment, you know, that should have maybe brought some stuff forward.

I'll mention one wherein we had a staff member that ended up hiring a contractor to do some work for them personally, which is the same contractor they dealt with at the university, right, and just didn't think to mention it. And so when we looked into it, everything was fair market price. There was no . . . everything was above board except the fact that it wasn't declared. So that was just lack of awareness of that, that we have to build into our whole university system, right? I don't know of . . . I don't think we found anything illegal. Have we maybe?

Mr. Button: — We've got one under way right now that there might be some illegal activity. It's actually not . . .

Ms. Timmons: — Is that the one that . . . [inaudible].

Mr. Button: — Yes, it's not a direct university employee, but it is something that deals with one of our benefit programs that might be a fraudulent activity. Definitely no losses to the university and things; it's the kind of thing that as soon as it's brought to our attention, in this particular case, a control system picked up on it and a control system within our benefit providers and . . .

Ms. Timmons: — And I think the employee's suspended.

Mr. Button: — Suspended.

Ms. Timmons: — Until the investigation.

Mr. Button: — There's some other examples, as the president mentioned. They're small. I can think of, including the most recent one, five in total. Some as simple as . . . And I think the good news in this is that people are coming forward and bringing just . . . it doesn't feel right to them.

So an internal employee felt that it didn't feel right that somewhere in our accounting system a disposal of a vehicle didn't show up in the books — \$10,000 for a security vehicle — when in fact upon investigation, in fact this is something that we asked the Provincial Auditor to have a look at. And they made a . . . presented us with a special letter on it saying, you know, everything is totally appropriate. The money didn't show up in the ledger at all because it shows up on the purchase order. Much like anyone who's trading in a car, you buy a \$30,000 car, get a \$10,000 trade-in, and you pay . . . So the invoice only showed \$20,000, but we didn't have \$10,000. So it's good that the employee brought it up, and it allowed us to take and test the system and give them comfort in safe disclosure as well.

Mr. Wotherspoon: — Those are good examples. And those are some of the ones that have come in through you that you, sort of what you've invited through the safe disclosure system. And through some of your own review and analysis, have you found other inappropriate transactions or any of these other items?

Ms. Timmons: — Maybe mention the cheques.

Mr. Button: — Yes. Nothing internal but, yes, a good one and potentially big as many of the international scams that are going on. And I call this international because it's definitely not a Regina situation. But we, through our control mechanism as well, found that someone was fraudulently producing cheques and trying to process them through our account. Well they were picked up immediately in a variety of different places and turned over to the Regina Police Service in terms of them mainly trying to help other people. Like, I think a sophisticated institution like the university is able to pick up on these, but a small-business person may not be able to.

So to bring that to the attention of the RPS [Regina Police Service], and of course the university's not out anything, it takes us . . . gives us some good wake-up calls to perhaps make sure and harden our controls even more. But yes, that was one that happened over the past year or so. Not necessarily safe disclosure, but just internal identification.

The Chair: — Mr. Merriman.

Mr. Merriman: — Thank you, Madam Chair. Again I just want to reiterate what my colleague said, that it's always nice to see when a ministry or an arms-length government organization comes in here and is working with the auditor and accepting all of the recommendations that the auditor . . . and implementing them. I think it's very admirable that the U of R [University of Regina] requested some areas, that you recognize that you could have an outset, another set of eyes on the books and all of the processes that are going on.

So I just wanted to again thank you as I did last time. You guys are doing a fabulous job in working with the auditor, and certainly because of this process, the university's reputation's going to be enhanced even further. So that's all I had to say. But thank you again for your co-operation with the auditor's office.

Ms. Timmons: — And thank you so much. And I will mention that, you know, we are becoming much more aware of the risk and the importance of transparency and accountability, and that's why we've now brought an internal audit function to our university. Again I think it's a sign of growth and with, you know, very difficult fiscal situations this is an area we've invested in and will continue to build that function so that we're better prepared.

And we're going to have incidents. You know, with the size of our budget, the number of employees, we are going to have incidents with non-compliance, and we're going to have incidents even, you know, criminal of nature at times. And what we want to do is make sure we can pick them up quickly and we have all the policies and processes in place to deal with them very quickly. And that's where the auditor is helping us greatly.

So even though I say there's only nine items, there's nine items that we might've had better compliance on in terms of following all the process and policy. So you know, I want to see, my goal is see 100 per cent compliance of policy and keep getting that message out to campus.

And I want to compliment my faculty and staff, I have had no pushback on compliance. I've had pushback on frustration with

new processes and policies put in place and, you know, pushback about worrying about the university becoming big brotherish — you know, overseeing everything the staff do, you know, in particular around signing and documenting everything you're involved in. And the conflict of interest thing rubs some people the wrong way, and they worry about, are you looking over my shoulder at everything I do? But the majority of the campus . . . And I think that that's legitimate, by the way, that those people are feeling that way, because we are getting much more rigorous and, you know, saying conflict of interest declaration is to protect you, you know?

[11:00]

You can have conflict of interest, and what our job is to manage it and mitigate it, and trying to get the message that it's not a punitive approach but a supportive approach we're attempting to take. But I would say overall the campus has been phenomenal in terms of . . . You know, over the last three years in particular, we've been so rigorous on process, policies, and education. And I think they're getting tired of it, but they recognize the importance of it.

The Chair: — Thank you. Mr. Norris.

Mr. Norris: — Great. Madam Chair, thanks very much. And, Madam President, thank you for your presentation this morning. I applaud the work of the University of Regina, as has already been mentioned, as well as the office of the Provincial Auditor. I think it's very prudent, and I really appreciate that lens of the analysis of risk, that is risk identification and ultimately mitigation that you're putting on core functions, not simply of leadership, but also making it more ubiquitous across the university culture.

I'm impressed with the safe disclosure policy. I think it's an important initiative. Can you tell us a little bit about the genesis of that, where that may have come, and maybe some best practices that you may be sharing with others or refining it as you're going?

Ms. Timmons: — Well I mean when I came, I would get anonymous allegations about stuff anyway . . . would come to my office not signed. So people would do it anyway, but what we wanted to do is . . . And it came out of, I would say, some of the issues the university's faced publicly that we recognized we needed earlier warnings that things were going wrong. And how best to get them was from our own campus community, you know, and so how could we provide a process and something that encouraged people to feel safe being able to come forward? And that's why we accept even anonymous. No matter what we get, we move on it. So that was about three years ago?

Mr. Button: — No, we actually approved it December 10th, 2013.

Ms. Timmons: — Yes, but about three years ago . . .

Mr. Button: — We started working on it.

Ms. Timmons: — We started working on it and started to look at other . . . many organizations call the whistle-blower policies, right? And in big business it tends to be more common practice,

I think, after some of the large issues that businesses faced internationally.

And we wanted something that was not so . . . the whistle-blower implied . . . Something that was more encouraging, and so that's why we went with safe disclosure. And in that policy we explicitly protect the person who comes forward, and that was really important to us.

And we've had, when we've done an investigation, even though that nothing may be found, people will say, well who told you that? Right? Who brought that to your attention? Like is it someone who is after me? And so that's the most important thing was to say, that's irrelevant. This is about safe disclosure and keeping the person who comes forward protected. You know, even . . . Now we also have at the same time, policies to prevent people from doing it in a harassment way. So you know, there's a balance here that we watch carefully.

Mr. Norris: — That's great. Thank you.

Mr. Wotherspoon: — Thanks again for that information as well. Just with respect to recommendation no. 6 about the legal services and professional services, and it speaks about one administrative unit. Is it possible to be specific as to, or provide a bit of an example of what occurred and what the consequences were with this specific administrative unit?

Ms. Timmons: — I will begin and then you can fill it in. So it is around legal services around patents. And we had a unit that was in charge of the ILO unit, that sort of relationship with industry, in bringing things to commercialization, and you need legal counsel to get your patents done. And they were doing it, they had so many that they were working on that they were doing it through procurement cards instead of done following the processes. And it was like, one easy to cease. But you want to elaborate on that?

Mr. Button: — Sure. That's the main gist of it. Patents, of course, is a special capability and even a capability that in Saskatchewan here was hard to find. So we have our normal core solicitor and firm that does most of the work for us. They didn't have expertise in that at the time and so the university liaison officer position, or industry liaison officers, went and found another source and, since it was being paid outside of the traditional billing and things, and typically small amounts under the \$3,500 limit, thought the most expedient way was through purchasing card, which indeed from one context it was. But because it is something rightfully, as the Provincial Auditor identified, shouldn't really be covered that way. It didn't say in policy that it shouldn't be covered, and that's one of the observations, that we should be clearer in the policy. So we will add that, that that's an exception even though it might be under \$3,500. But something that they thought was appropriate and had been going on for quite a long time, it had all been approved, just found that probably not the right process. And we agree.

Ms. Timmons: — May I just elaborate a little bit on the purchasing card thing because I think it will be helpful to get a bigger context for it. It was in 1997 that we brought in the purchasing cards to manage mostly low-dollar transactions. And to process, paper-wise, a purchase, it can cost

approximately, the average, about \$120 per order by . . . go through all the . . . when you add up all the time and the people and the approval process. And when we brought in the purchasing card, it's about \$30. So we do 26,000 of these annually, 26,000 of those interactions. So you know, for the university it saved us \$2.3 million annually. So it was one about efficiency, and yet we needed to put better controls on it.

So the intent of doing, using purchase cards, especially for low . . . You know, my executive assistants, for example, will have them. And they might do two or three, four a month. And they have to do . . . And it's much easier than filling out a, you know, procurement form, and getting it processed through, and all of the approval processes. So the system actually works well with purchasing cards but we just have to be more vigilant on all of the, you know, the processes around it. Because it is a efficient way for us to do low-dollar transactions. Do you want to . . . Did I capture it?

Mr. Button: — No, absolutely right. Like it's actually an area that we're encouraging people to use, but it still needs good controls. So it has good controls. We need to be clearer, is what the . . . on some of the exceptions, some of the things that are higher risk, and legal was one of them.

The Chair: — Are there any further questions? No. Seeing none, what is the will of the committee with respect to these 13 recommendations? Mr. Merriman.

Mr. Merriman: — Thank you, Madam Chair. I think if I can, if it's okay with the committee, I can group some of the ones that are in compliance and in process, if that's okay . . . [inaudible interjection] . . . Okay. In reference to the auditor's report 2013 volume 2, chapter 32, I will concur with the recommendation and note compliance on the following recommendations: recommendation no. 2, 3, 4, 5, 6, 7, 8, and 13.

The Chair: — Thank you, Mr. Merriman. So you move that for the 2013 Provincial Auditor report volume 2, chapter 32, that for recommendation no. 2, 3, 4, 5, 6, 7, 8, and 13, that this committee concur with the recommendations and note compliance. Is there any further discussion on these recommendations? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Mr. Merriman.

Mr. Merriman: — Thank you again, Madam Chair. And again in the auditor's report 2013 volume 2, chapter 32, I will make the following recommendations: concur with the recommendation and note progress towards compliance in recommendation no. 1, 9, 10, 11, and 12.

The Chair: — Thank you, Mr. Merriman. So Mr. Merriman has moved that for the 2013 Provincial Auditor report volume 2, chapter 32, that this committee concur with recommendations no. 1, 9, 10, 11, and 12, and note progress. Is there any further discussion on these recommendations? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. Thank you for that. We'll pass it back off to the Acting Provincial Auditor for her comments on the next part of the audit.

Ms. Ferguson: — Thank you, Madam Chair. Actually if you look to page 270 of this report, I'm just going to turn it over to Kelly and he's going to present the audit report on the disposal of surplus assets.

Mr. Deis: — Thank you, Ms. Ferguson. The university's disposal process involves many departments and individuals, increasing the risk of inappropriate and unsupported disposals. To manage this risk, the university requires effective processes to ensure that surplus assets that it may have are disposed of with due regard for obtaining best value for the university.

We concluded that for the 12-month period ended June 30th, 2013, that the University of Regina had effective processes for the disposal of surplus assets except for the areas related to the five recommendations that we made.

In our first recommendation, no. 14 on page 272, we recommend that the University of Regina update its disposal policy and procedures to clearly define the criteria for identifying assets for disposal and authorizations required. We found that the university's policies did not set out criteria for staff to consider when identifying assets for disposal nor did it require authorization for disposal to verify that the assets have no further service potential to the university. Lack of disposal criteria or clear authorization processes could lead to the university disposing of items before it has received the maximum benefit from those assets.

Our second and third recommendations, no. 14 and 15 on pages 273, are related. In 15, we recommend that the University of Regina implement policies to identify and address non-compliance with the disposal policies.

In 16, we recommend that the University of Regina define requirements for regular reporting to the executive and the board of governors regarding disposal of assets, including non-compliance with policies.

We found that the university had limited processes to monitor, follow up, or impose disciplinary action when disposal policies were not complied with. We also found that there is no regular reporting to the executive and to the board of governors on performance of the disposal process or non-compliance with disposal policies. Regular reporting to the executive and to the board of governors helps to ensure informed decisions, effective oversight, and proper management of university risks and, as I discussed before, financial, legal, and reputational.

In our fourth recommendation, no. 17 on page 275, we recommend that the University of Regina ensure that its computers are properly decommissioned before their disposal to prevent unauthorized access to university data. We found that the university assets disposed of without the support of its information services department were not properly decommissioned before disposal. If the computers are not properly decommissioned, those who purchased the computers may be able to gain unauthorized access to university data, for example perhaps sensitive research information or financial

information. As well the university has a responsibility to ensure that software is removed from these computers so that it does not violate licensing agreements it has entered into.

In our last recommendation, no. 18 on page 276, we recommend that the University of Regina enter into written agreements with charitable organizations to which it regularly donate assets and implement a process to confirm donations are received. We found that the university provided certain charitable organizations with salvaged items without having any written agreements with these organizations. We noted one instance where the university entered into a verbal agreement with an individual purporting to be a representative of a charitable organization, provided this individual with preferential treatment by allowing circumvention of its public bidding process for the disposal of these surplus assets. The university subsequently did learn that this individual did not represent this charitable organization and then did immediately sever its relationship with that individual.

Having written agreements with charitable organizations where you do give surplus disposal assets to will help cover your risk, your reputational risk — and in this case specific to the university — and will make it much more efficient for making these donations. That concludes our comments on the chapter.

The Chair: — Thank you, Mr. Deis. If I could pass it off to President Timmons for your comments on those five recommendations.

Ms. Timmons: — Thank you so much. I will mention that two of them are not complete and three are complete, and I'll go through them carefully.

This was really fascinating for me, learning about our assets, disposal of assets. As the president, you will think that this might not be of interest to me. But I asked great detail of my staff and was amazed that every three years they do an asset count on a certain unit of the university. So every three years every asset is identified by the university.

[11:15]

So my office, there's a bar code on the hinge of my door. And someone from financial services comes up and scans the bar code and then has a list of the assets in my office and then goes in and checks every asset. And that's done . . . I mean this is amazing to me, with a comprehensive institution, how rigorous we are in looking at its assets. But if I have a bookcase and I don't need it anymore, I often would just put a note out to my unit and say, does somebody need a bookcase? Someone comes and gets it, moves to another office. And when I had a wide number of research assistants and graduate students, I might get money in one of my grants for new computer upgrades on my computers, and I would take my computer and give it to a grad student who might be in another department, another unit.

So to track these assets is unbelievably complex and very fascinating. And then which ones do you dispose of? So many people don't want to dispose of their old computers or maybe their equipment, and then they put it in a storage room, or some will give it to the university. So this is an area that was much more complex than I ever imagined, and fascinating to me how

we try, because it's difficult, as you can imagine with all the people we have, to manage this. So I learned a lot. So thank the auditors for having me understand more about assets and identification of them and disposal of them.

And this one on recommendation 14, the auditors recommended that we update disposal policy and procedures to define the criteria by identifying assets for disposal and authorization required. Again I thought a very simple one to do. We should be able to do it just like that. When I was educated by my colleagues sitting behind me, I found that it was much more complex than that. This one is partially completed. It is not completed.

We actually were able to move very quickly when we got that recommendation from the auditor. We updated the old disposal policy into a new format, but what we had to do a little more work on is to provide clear and comprehension direction to clearly define the criteria for identifying assets for disposal. So when is it time to dispose it? And how do you get authorization for that? So we found the lack of such criteria is causing some challenges for us.

So what has happened is that items that should be disposed of are being kept and stored, taking up valuable space. So we need to really not just look at the assets that are, I guess, in the university but the ones in storage, and we have a lot of work to do in terms of that criteria. So our intent is to take the board . . . Is that part of the supply chain management review we're doing? One of the things we asked them is to assist us in identifying that criteria carefully. And our plan is to take that to the board in July '15. So we have the new format but that identifying thing . . . So a little more complex than we thought. But we're hoping July to the board.

May I move on, Madam Chair?

The Chair: — You bet.

Ms. Timmons: — Okay. So the next recommendation 15, “that the university implement policies to identify and address non-compliance with disposal policies” — done. This is completed. The policy renewal project implemented a new policy format and structure for all policies that included a consequences component for non-compliance. And this was done for this policy. The board approval is not yet done but it is created. So I want to be sure that . . . We implemented the policies. We just need to get approved by the board.

No. 16, “that the University . . . define requirements for regular reporting to Executive and the Board of Governors regarding disposal of assets, including non-compliance . . .” And this is partially completed. And the management has been discussing a variety of reporting processes but again planned that in March 2015 that we will have an item with the board regarding the board's requirements for reporting on disposal and non-compliance. So we want to work with our board on that. It's looking at what type of . . . all the assets we have and how often we dispose of them. The board doesn't want the minutiae. So how are we going to keep them informed and educated and aware and meet this recommendation? And so we want to have that discussion with the board. Okay?

The next one, recommendation 17, “. . . that the University of Regina ensure that the computers are properly decommissioned before their disposal . . .” So this item is complete. We no longer sell privately or donate old university computers. All disposed computers are sent to salvage and they have the hard drives removed and shredded to ensure no breach of data security.

And all computers that are sold to employees . . . So we have an Evergreen. We replace our computers every five years now. They get quite old now. When I came, it was three years; now it's five. But some employees want to take their computers home. They want the old computers, and so we look at fair market value. But we still remove the data and the university-owned software, so that's removed. I want to continue that practice for our staff and our faculty, that they can take their computer — buy, purchase, not take — the computer when they get evergreened. So we feel this item is complete and that we have now complied. Okay?

And no. 18, “We recommend that the University of Regina enter into written agreements with charitable organizations . . .” This is complete, and I'll give you an example. The example that was given by the auditor was, our computers we thought were going to the food bank. And once we found out . . . And it was through an employee bringing it forward, by the way. We found out there might be something happening: the person representing the food bank may not be representing the food bank. We found that out. And so effective December 1st, 2013, we stopped that relationship. We're very cautious now in donations to charities, and we will not provide any donations without formal, signed agreements. We will not be donating used computers.

We prepare a formal agreement if it determines that we want to donate surplus assets to other organizations. And I want to give you a recent example. We recently donated seven used refrigerators to Habitat for Humanity through the ReStore operation, and the proceeds were going to the habitat for homes program. We did not do that until we secured a signed letter from Habitat for Humanity stating that the donation was to support their not-profit program and that no private and no personal gain would be achieved through the donation from the university.

And we think this is important. We really feel that if our assets can be better utilized by our community, we want to make sure we give it to them. You know, I guess once burnt, you learn, and so we're very cautious of how we do that. We want it to be very formalized, and we will continue to do that practice now.

The Chair: — Thank you, President Timmons. If I could open up the floor for questions. Mr. Wotherspoon.

Mr. Wotherspoon: — Thanks again for the work on these policies here and on the recommendations that have come forward, the actions that have been taken. Certainly it's an important area of work. And certainly as well, that redeployment of those assets back into the community is something that I think is common sense and really valued by individuals and the community at large. So I think that just having some formalization of policies and systems to make sure you're not exposed to any risks through that process is good,

but I'm glad to see that continuation of being able to redeploy those types of assets to the communities going on.

I'm just interested a little bit in this, where this individual presented potentially in a false way. Was there any recourse for this individual that had presented in this manner?

Ms. Timmons: — We reported it to the police. So the police followed up on it. I don't know the outcome.

Mr. Button: — I haven't heard the outcome. But jointly with the food bank and ourselves, we were concerned, provided all of the information to them, and the Regina Police Service did follow up. We tend to not know the results on things like that till it actually appears in the court. So we haven't been fed back the detailed information, but we do know they pursued it.

Mr. Wotherspoon: — Well that's good. I mean nothing frustrates me or angers me more at times than an individual or a person who tries to take advantage of the goodwill that's established by a charitable organization or the vulnerable people that they serve. So thanks for dealing with it in that sort of a fashion.

The Chair: — Mr. Merriman.

Mr. Merriman: — Thank you, Madam Chair. Just to follow up from my colleague, you said that you'd severed ties with the individual but not with the Regina Food Bank. They're still in association with the food bank.

Ms. Timmons: — Absolutely.

Mr. Merriman: — Okay.

Ms. Timmons: — We still do food drives for them, and we work closely with them. This was a middle person that represented them, misrepresented them himself.

Mr. Merriman: — Okay. Absolutely. I just wanted to clarify that.

Ms. Timmons: — Yes, I should've . . .

Mr. Merriman: — That's fine. Thank you, Madam Chair. That's all I have.

The Chair: — Are there any further questions on the five recommendations on disposal of asset processes? Seeing none, what is the will of the committee with respect to these five recommendations? Mr. Merriman.

Mr. Merriman: — Thank you, Madam Chair. Again I'll group these up. As far as the auditor's report 2013 volume 2, chapter 32, I would concur with the recommendation and note compliance on the following recommendations: recommendation 15, 17, and 18.

The Chair: — Mr. Merriman, thank you. Mr. Merriman has moved that for the 2013 Provincial Auditor report volume 2, chapter 32, that this committee concur with recommendations 15, 17, and 18 and note compliance. Is there any further discussion about these recommendations? Seeing none, is that

agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Mr. Merriman.

Mr. Merriman: — Thank you again, Madam Chair. Again, auditor's report 2013 volume 2, chapter 32, I would concur with the following recommendations and note progress towards compliance in recommendation no. 14 and 16.

The Chair: — Thank you. Mr. Merriman has moved that for the 2013 Provincial Auditor report volume 2, chapter 32, that this committee concur with recommendations 14 and 16 and note progress to compliance. Is there any further questions about these? No? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Well that concludes our business today with the University of Regina. Would you like to make any closing comments, President Timmons?

Ms. Timmons: — I would like to. Thank you, Madam Chair. I want to just acknowledge my colleagues, who have my back, behind me, for all their hard work in following up on the recommendations from the auditors. Your university — and we are your university — is working hard to be the best university in Canada regarding openness, transparency, and accountability, and the work with the auditors is helping us do that.

I have many presidents who say to me, why would you have ever invited the auditors in because there is and we did get some negative press publicly from the results of these audits. But they provided what we wanted and what we asked for, and we'll be a better institution. Your institution will be better because of it.

And I hope you, today in particular, found out a little more about the complexity of the university. Our main job is of course educating students and doing research and service, but we have to pay attention to sweeping parking lots, disposing of refrigerators, and all of those very detailed things that make a comprehensive, really a village within a city, you know, of close to now 20,000 employees, students that come and go on our campus every day.

So I want to thank the auditors. I want to thank your committee. I hope I don't have to come here very often, but if I do, I hope it's to show you and demonstrate to you that we're working hard to be even better at what we do as an institution. And accountability and transparency is critical for us, and your committee is a committee that is working to ensure that that happens with both third parties and ministries. And I want to thank you for your hard work on that.

And I hope you do enjoy the strategic plan that we have and see the refined direction that we are going in over the next five years. And I also will just ask you to keep tuned. We have a big announcement on Friday. I hope you'll listen for it and enjoy the results of our announcement on Friday.

But thank you very much, Madam Chair. My second time here.

This time I hope you saw that I did learn. We did learn as a group to be able to be sharper for you and more crisp in our responses and to be able to give you the ones we completed and partially completed with clear rationale. Thank you.

The Chair: — We appreciate, speaking for my committee members, we appreciate the thorough and detailed information on each recommendation. Examples were very helpful too. So thank you for that, and enjoy the rest of your day.

Ms. Timmons: — Thank you very much.

[11:30]

The Chair: — And to my fellow committee members here, at the end of the day we were to consider the . . . consideration of the Office of the Provincial Auditor's *Business and Financial Plan for the Year Ended March 31st, 2016* and the annual report for the year ended March 31st, 2014. Since things have moved along quite smoothly here today, I'm wondering if you would agree to amend the agenda to bump it up to right now.

Some Hon. Members: — Agreed.

The Chair: — That would be great. Well we'll recess for 10 minutes to stretch and let the officials leave. So with that, we'll have a quick recess.

[The committee recessed for a period of time.]

***Business and Financial Plan
for the Year Ended March 31, 2016
and
Annual Report on Operations
for the Year Ended March 31, 2014***

The Chair: — Welcome back everyone to provincial, to the . . . Where are we today? PAC. It is Wednesday, is it not? Yes, thank you for that. Still Wednesday. We're back to look at the consideration of the Provincial Auditor's *Business and Financial Plan for the Year Ended March 31, 2016* which you have in front of you right now, and we had all received the *Annual Report on Operations for the Year Ended March 31, 2014*. So I would like to pass it off to our Acting Provincial Auditor, Judy Ferguson, to make some introductory remarks, and then we'll have some opportunity for questions.

Ms. Ferguson: — Thank you very much, Madam Chair and officials. First off I want to introduce my colleagues that are with me here today. On my right is Ms. Angèle Borys. Angèle is our chief operating officer and then the Deputy Provincial Auditor within our office — a dual role. Behind her is Ms. Heather Tomlin. Heather is our office manager and had a lot of her fingers into the information that's before you today. And behind us is Ms. Lowe, who we're all familiar with, who is our committee's liaison.

This morning here we're going to talk about two reports. Actually I'd like to talk about the annual report on operations first. The old news first, before we go into the plan, in that I really do think it provides the committee with a good context to have to consider the business and financial plan that is before us today. So the reports look amazingly similar, but they do have

different labels here.

So starting with the 2014 annual report on operations. I'm very pleased to report that . . . to present this report, particularly since the last time that the committee specifically discussed an annual report on our operations was in February of 2011. So it's been a bit of time since the committee has focused on our reports on operations, and as auditors we regard them as key accountability documents.

We use our annual report on operations to explain both our operational and financial performance, and you'll find that both our operational and financial performance is audited. We provide you with that audited information so that you have the assurance that the information that is in those reports is reliable, accurate, and complete. Pages 14 to 37 sets out our operational performance, that is, what are our actual results as compared to our 2013-14 annual business and financial plan. And pages 40 and 41 provide the office's financial discussion and analysis, and this section actually sets out the reasons for differences between our 2014 financial result as compared to the plan and to the prior year. Because we have unqualified audit reports on our financial statements and on our financial-related controls and compliance with authorities, I plan to focus my comments on our operational performance.

Our office groups its related goals, measures, and targets using the five perspectives of the balanced scorecard approach. Exhibit 3 on page 15 provides a visual summary of those five perspectives and actually sets out our related goals and measures there.

So I'm going to highlight our performance from March 31st of 2014 for each of these perspectives. For the first perspective, which is stakeholders or clients, the office's primary clients are members of the Assembly and the people of Saskatchewan, along with the management and staff of the agencies that we audit. Through our work, our goal is to strengthen and advance the government's ability to achieve its intended results and accountabilities. For the three related measures under stakeholders or clients, and you'll find those on pages 16 to 18, we indicate that we've exceeded our target of 80 per cent and that the government has acted on 92 per cent of our type 1 recommendations and 97 per cent of our type 2 recommendations. That's on page 16.

[11:45]

We have met our target in that agencies that responded to our survey expressed satisfaction with our work. That's on page 17.

We have generally met our target in that we have provided 87 per cent of our reports to agencies within the agreed upon time frame. From our office's view, 87 per cent sounds good, but it's an area that I think we need to just continue to work on a bit further. I'd like to see that higher, so it's a focus area in our office.

The second area or second perspective is organization. The office must continually improve its overall effectiveness of the office itself. And for the five related measures under organizations, and you'll find those on pages 18 to 21, we indicate that our results weren't measurable for two measures:

the results of the CCOLA [Canadian Council of Legislative Auditors] peer reviews and the provincial practice inspections. That's because those aren't annualized activities; they occur on a periodic basis.

For the CCOLA peer reviews, we're hoping to . . . we've asked for a peer review to occur in the 2015 calendar year. And for the practice inspections, the inspectors are actually coming out next month to our office to do that inspection. So we'll have the results from the practice inspection in our next report. The peer review will probably be in the report after that.

For the remaining three measures, we have met each of our targets in that the actual working hours were generally used as planned. We completed the majority of our work as set out in our business and financial plan, and we tabled our reports within the expected time frames. Also our external auditor, which is Virtus Group who is independent of our office, provided to the Assembly — and these are included within the report — five unqualified opinions. The Virtus Group reports that for our key non-financial indicators, the schedule of actual time spent on tasks is reliable. The office's schedule of performance information for key performance measures is reliable. The office's financial statements are reliable, and the office's financial controls that relate to financial-related controls, they're effective and that we've complied with legislative authorities that affect our office.

For the third perspective, which is people, learning, and development, in common with any of the audit firms or any audit services offices, our people are our most valuable resource. So it's important that we treat them well. It's important actually that our people have the right knowledge skills and expertise necessary to carry out that work that we do. And also our goal is to be an employer of choice; that means that our staff must view our office as a good place to work. We have to have a good, strong, and respectful training and development program and our staff must have skill sets beyond those traditional financial statement and audit skill sets that people traditionally associate with auditors.

For the four measures under people, learning, and development, and those are on pages 21 to 23, we indicate that we've met three out of the four targets in that the surveys of our staff show a positive level of satisfaction with our office, the majority of our students passed the necessary education and experience requirements to obtain their professional designations, and the extent of staff with non-accounting skills exceeds our target of at least 15 per cent.

There is one area that we're working on and that we're a bit behind our target of 8 per cent, and that is with respect to training, the time that we've spent on training. We're a little bit low. This has occurred actually as a result of rejigging of responsibilities that in essence I have done with the departure of the former provincial auditor in the period that we're currently within. So unfortunately that's caused really us to spend less time on training, you know, is the ramification of that.

The fourth perspective is resources, and our goal is to provide relevant, reliable, and timely products and services at a reasonable cost for our three measures which are on pages 23 to 24. We indicate that we've met our targets in this area.

As you know, our 2015 business and financial plan, this committee did recommend it for approval and it went forward. We've completed the report as planned. Your committee has approved 100 per cent of our recommendations that we've provided to you.

I do want to pause on this, that last measure though. Our office uses your report to the Assembly to do our evaluation and to track that measurement. And because your last report to the Assembly was the third report of the twenty-sixth legislature, that measure is a bit dated. So we're really looking forward to your next report. We need it to update our measurement as to, in terms of how we're doing on that. So as an office, we'll continue to encourage you to, you know, make timely reports to the Assembly because in essence we gauge our performance on that too.

For the last perspective, it's public and social. And our goal is to raise the awareness of the office as an accessible and independent office serving the Assembly and the people of Saskatchewan.

For our four related measures, and those are on pages 25, 26, we indicate that we've met our target for the three areas with respect to our use of the office's website. We indicate that we'll be using our 2014 results as the baseline for future trends and analysis. And the reason for that is that's a new measure for us, and so we needed time actually to develop our website and to develop the capability to capture the necessary information.

So that concludes my comments on the annual report and operations, and we'd be pleased to respond to any questions.

The Chair: — I'd like to open up the floor for questions? Mr. Norris.

Mr. Norris: — Thanks very much. I just . . . On your comments on the training piece, I'm just wondering what does that look like with reference to maybe other entities within Saskatchewan or perhaps other peers of yours from across the country? I'm just trying to understand what some thresholds may be or where some expectations may kind of be situated as far as getting an assessment of training levels.

Ms. Ferguson: — I'm going to let her do the . . . [inaudible] . . . because we do have some stats across Canada.

Mr. Norris: — Sure.

Ms. Ferguson: — But basically when we're setting our percentage that we're aiming towards, that's exactly what we're doing, is we're looking to our colleagues across Canada in terms of how much time should a legislative office spend on training, you know, and when we're setting our targets for doing that.

So if I can actually direct you, I'm going to have you jump to the business and financial plan if you would. So if you could go to page 30 of the business and financial plan, it'll show that we've got our long-term trends on training in terms of what we do, is we've provided to you not just the out-of-pocket but really the number of hours our staff are actually expending on training and what that staff costs and what it looks like.

And really what you'll find is that, you know, over time the last few years we have been a bit under budget on that training because of trade-offs that have been occurring. In terms of stacking up across Canada, you'll see in the survey that the little box on the type of training, we do a comparison as to how, where we stack up relative to others. And those are straight averages. And so what we find is actually our benchmark is really we're similar to the other ones at the end of the day. For us that training is really key.

What we are also finding though is that — and you'll see it when we get to our business and financial planning; I'm going to jump ahead a little bit again — we are reducing our training budget a little bit because we are looking at, we recognize there's different ways we can deliver training now. We're using a lot more web-based training and e-learning training. So that means we don't have to do as much out-of-pocket costs, you know. So the time that staff spend will be similar, but we're looking at ways to reduce out-of-pocket costs to achieve that training experience.

Mr. Norris: — Judy, thanks very much.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — Obviously it's really important, as you have within your office the technical capacity and professional accountants, and these are obviously in-demand professions within Saskatchewan. Have you experienced over the past few years a significant challenge to retain the important professionals within your own office, and have you had challenges by way of attraction? And how are you dealing with these important pieces to ensure you have the capacity and retain that capacity moving forward?

Ms. Ferguson: — I'll deal with the attraction piece first. And that's why, you know, our goal of being an employer of choice, we think that's pivotal because we're a very small community. And to have an excellent reputation as an employer, for us, is absolutely pivotal to be able to attract staff to our office. And on that front, we do well. We do really well both in terms of the students that we hire from both campuses, both the University of Saskatchewan and the University of Regina. And we are getting calibre students that are applying to our office and accepting our job offers. The students, as you can see in our performance, they're being very successful in the professional programs.

On our non-financial side, we are actually being able to hire, you know, non-financial people and attract them into our office. What we are finding though is that we are sought after. You know, to some degree we're fine with that because it keeps our cost structure down from a student perspective, but it's a delicate balance. You know, the key is to keep the students and the individuals that we see will be fabulous auditors over the longer haul and ones that will be able to operate in a number of different types of audit environments. And that one there, this last year we've done okay but, you know, it's a continual pressure.

I'd be kidding, you know, if ... Our staff are sought after continually. We do have people that come and say well, jeepers, you know, I've been offered a job here. And sometimes they

haven't even applied, you know. So it's a continual challenge for us to manage that in terms of that we're getting the right level of turnover that we're expecting and getting the turnover in the right places. But you know, being able to keep, so far we're doing okay, you know.

This is, I guess, you know, just to do a bit of a plug: it's better to have a permanent Provincial Auditor in my view, you know, because people can see the stability because we're in a bit, frankly we're in a bit of a hold pattern, you know. And it's nice to be able to move forward on that regard and for the staff to be able to see that we are moving forward too. So, so far we're doing okay. That hasn't hurt us but, you know, I view it as a risk.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — Thanks for identifying the last piece there too about the importance of establishing the auditor on a permanent role, and certainly I recognize the value in that. I know it's a challenging time as well to maintain capacity in an office like yours, and just thank you to all of those that work within the office and yourself for doing that and maintaining that reputation.

As far as some of the actual ... where your work is concentrated. I think I saw referenced in this report that you're working towards the goal that had been established around performance audits to a certain threshold that had been a target awhile back. So I guess my question, and maybe if you could just comment on how you're doing towards meeting that goal of a certain percentage of work being performance audit, and then from your perspective where does your office go on that front moving forward? I think the goal was to hit around the 20 per cent mark and I'm wondering if that, if that's an appropriate percentage?

I certainly recognize the significant value that come out of those performance audits, and it seems that there's more of that, more performance auditing going on in jurisdictions across Canada, now more than ever, and people and the public are recognizing the value in it. So just wondering what ... You know, commenting on your activity to date and where you'd like to see that at?

Ms. Ferguson: — You're quite correct in that our target on that, which is set out in our strategic planning, is at 20 per cent, you know, is moving to that 20 per cent of our available working hours would be spent on non-financial work.

Where we're at right now, we've been gradually moving towards that. We're not quite at the 20 per cent in this. We're close, getting close. We're around the 19-ish. We're getting close to 19-ish. You know, but we're not quite at the 20.

Where we stack up, this is one where I think it's interesting to look across Canada to see where other jurisdictions are at. You'll find that the percentage that where we're at, our company is Alberta and New Brunswick. You know, they're around the 75/25 split, you know, give or take a few percentages on either side there.

[12:00]

Other jurisdictions, some of them are very much higher in terms of the percentage of performance work that they do. And they range actually, let me see, who would be the highest . . . [inaudible interjection] . . . Yes, actually Nova Scotia is the highest, you know. And probably in that regard, it's probably because they have not as many entities to audit from a financial point of view. So the number of entities that you have within a particular government does impact how much financial.

Saskatchewan, we have, right now, I think it was 256 different agencies that we're responsible to audit. You'll see in the business and financial plan, that's trending down slightly, but not significantly trending down. So Saskatchewan has a lot of different agencies. So that does — Alberta, I understand, is in the same boat where there's a lot of different agencies too — so you know, it does impact the numbers. So you know, I think as an office, I agree with you: it's a very important work that we do.

For us, in our financial numbers though, we do the control and compliance work in those numbers. Other jurisdictions don't call that . . . They call that work value-for-money auditing. So our numbers are a little bit skewed in that regard. I think that foundational work is bread-and-butter stuff. You know, people have problems in those integrated audits then, you know, then they don't have the basics down. Right? So I think that type of work is important, but the performance work is very important too. So I think it's, as an office, you can't go fast. You have to build capacity.

You also have to build comfort within the organizations that we're auditing too. We have 256 organizations in Saskatchewan, and a lot of them are very, very small. And so what we're always balancing on the performance work is that, you know, I think we've got to spread our work around. We can't always be at the Ministry of Health every year. They get tired of us. And also I think they only have so much capacity to address our recommendations. So we need 20 per cent and maybe up to the 25 is where we need to work to, but I don't think we'll ever get to where Nova Scotia's at. We've got a totally different environment here.

Mr. Hart: — What level is Nova Scotia at?

Ms. Ferguson: — The last time round that we looked at, I think it's 61 per cent.

The Chair: — It's kind of a flip almost.

Ms. Ferguson: — Yes.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — So your auditing environment, you talk about the complexity with all the different organizations that you're auditing here in Saskatchewan. Like how do you . . . So you can't break down . . . I'm trying to get a bit of an assessment of how your office is funded in relation to other jurisdictions. And of course it can't be sort of just compared, I don't think, per capita or something like that because there's other complexities to the audit environment that each jurisdiction faces. And certainly there's some very unique ones here to Saskatchewan with Crowns and all the different

organizations.

But I guess my question is, are you able to do a bit of a comparison as to the funding levels for auditors' offices across Canada and how Saskatchewan fits into the mix? And then I guess if you've done that, of course you can't . . . You can compare the number of us against Ontario, but I would suspect we're quite a bit less than Ontario. Are you able to break down, I guess as I say, like it can't be done probably quite per capita, but sort of reflective of the environment that you audit here in Saskatchewan?

Ms. Ferguson: — That's an excellent question, and it's something that the legislative audit community has talked about lots and struggled at and looked at, you know. And we do find it's hard to do those comparisons because the environments are quite different. Like in some environments, like when you start looking at performance measures, some environments the audit offices are very . . . I think they're frustrated in that they make recommendations and the take-up's very, very low.

And so the environments in which we're operating are so different that we've struggled as a legislative audit community to try to make an apple-to-apple comparison that's meaningful, you know, on that front. And so I think what we've done is, as offices, we've moved away from the dollars in trying to, you know, figure out what makes sense in terms of mix of work that we're doing, where we're focusing our resources in terms of the types of work that we're doing. And we actually work together in terms of trying to identify areas that we should be focusing in on across Canada and leveraging off of each other to do that. But to do the straight dollar piece, as a community we haven't been successful on that front.

Mr. Wotherspoon: — Sure. Thanks for answering that the way you did as well. I mean, I know the environment is very different in how these reports are handled. And you know, it's nice to see the good, earnest effort around this table that typically occurs for Public Accounts. I think we've had a pretty good record in Saskatchewan, in a joint environment with the Public Accounts Committee along with the auditor and ministries themselves and organizations. And I hear some other examples from time to time from other jurisdictions where some of those considerations of reports really don't even occur. So fair enough that it's a very different environment.

The Chair: — Mr. Hart?

Mr. Hart: — You mentioned that your office is audited by other auditors as part of the CCOLA peer review. On page 4 of the 2014 report, there's a subsection there, auditor independence, and the first sentence under that is, "The auditor independence is critical for a successful legislative audit regime." And I certainly concur with that. And I guess the question that I've had and I've actually had some people ask me, so who audits the auditor? Well, now we've got the answer that, I mean, not only that under CCOLA, that you have other auditors from other jurisdictions audit your office, but also I see that the Institute of Chartered Accountants of Saskatchewan also plays a role in this. And you know, I think that is critical.

Now could you just explain how often this happens and how long this has been taking place?

Ms. Ferguson: — Most definitely. So another group that you've missed actually is Virtus Group. And Virtus Group is the auditor that actually is appointed under the Act, not by us, you know, actually by you folks to audit our office too. So really we're subject to audit from three different directions. Virtus Group does every . . . They come in every year, you know, and what they do is they provide audit assurance that's in our annual report on operations. But you'll see that there's assurance that they're providing in our business and financial plan in addition to that. And so that activity occurs every year, okay?

And then what happens on a periodic basis for the legislative audit community that we refer to as CCOLA, what we do is, one year our office volunteers to go and look at somebody else's files, you know. We recently were in Manitoba looking at files in Manitoba and doing a review of their office. And then we ask for people, offices to come in. And other offices, we don't say, you know, we want so-and-so to come in. We say, you know, we'd like actually performance work to be looked at or financial work to be looked at or both, you know, and offices volunteer to come in and look at our office. And that's the one that we're trying to make arrangements to happen within the 2015 calendar year.

So because it's volunteer on that aspect, sometimes frankly there's a bit of scheduling stuff that has to occur in terms of windows of opportunity for the office that's volunteering. The protocol is, is we pay for the expenses of the office that volunteers. And when we volunteer, they pay for our expenses, you know, in that activity. I find it's, in addition to the benchmarking against professional standards, it's an excellent opportunity to share best practices between offices, and it makes it a lot more real when you're looking actually at audit files and talking about audit files. So it's been a great opportunity.

Then what we do is, as a legislative audit community, we actually summarize the results across Canada, you know. And we've got a subcommittee that does that, and then we share the learnings across Canada. So it's not that we just learn from activity within our office, but we learn from what's happening across Canada, like if there's areas that we're doing well across Canada or if there's areas that we need to pay more attention to, and that again links into that training component.

Mr. Hart: — Thank you.

The Chair: — Any further questions on the annual report? No. Would you like to move on to the business and financial plan?

Ms. Ferguson: — I certainly would like to. Okay, so the Speaker tabled our 2016 *Business and Financial Plan* on December the 17th, 2014. As with our annual report on operations, we make our business and financial plans available on our website as soon as they are tabled.

The 2016 plan contains the information that's required by *The Provincial Auditor Act*, along with supporting information to assist you as members in understanding our budget request and the work that we're planning to do. But this plan sets out the work required to discharge our responsibility under *The Provincial Auditor Act*. It includes our request for resources for

the year ended March 31st of 2016 for the committee's consideration and for approval for submission and, in turn, for inclusion in the estimates to be tabled in the Legislative Assembly.

We prepared the business and financial plan using the Public Sector Accounting Board's statement of recommended practice, referred to as SORP-2, *Public Performance Reporting* as published by the CPA [Chartered Professional Accountants] Canada. That's formerly the CICA [Canadian Institute of Chartered Accountants]. The use of this statement helps ensure our office provides you as members with relevant information to assess our request for resources.

You will find that the plan contains three main sections, and I'm going to provide a very brief overview of each section, focusing on section 2.0 which is our 2015-16 funding request. Section 1, the Office of the Provincial Auditor, which starts on page 3, the section briefly describes the purpose about the office, including who we serve and what we do. *The Provincial Auditor Act* establishes the office and sets out its key responsibilities. It highlights our responsibilities to the Assembly and it really sets out the relationship between our office and this committee.

You will find that the 2015-16 plan is essentially a status quo plan. As I mentioned before we're . . . Right now we're in a bit of a holding pattern because we don't have a permanent provincial auditor. So this means that the goals, the objectives, the services, and the planned organization structure that's in this plan is really the same as what was presented last year.

Currently we're in year 4 of our five-year strategic plan, and that was developed in 2012 under the leadership of the former provincial auditor, Ms. Lysyk. The full 2012 to '17 strategic plan is reproduced in the back of this document for your reference. It's in section 5.

So in section 2 which starts on page 9, it sets out our request for resources for our year ended March 31st of 2016. This request is based on the revenue amount reflected in our audited financial forecast contained in section 3. Section 3, starting on page 15, sets out that audited financial forecast along with the key supporting schedules such as our 2015-16 work plan. And you'll find that starts on page 17.

The office has provided the Public Accounts Committee with an audited financial schedule each year since the 1999 request to the Board of Internal Economy. So actually it started at that point. And so we've been doing this for the last 17 years. The audit report on the financial forecast provides you as members with assurance that's independent of our office that the information that you're receiving is reliable.

Section 3.2 which is on page 17 contains Virtus Group's unqualified audit report on our financial forecast for the year ended March 31st of 2016. And it indicates that this forecast is consistent with and reasonable in relation to our annual work plan and strategic plan. The financial forecast details our planned 2015-16 revenue and planned expenses — and you'll find that on page 18 — and expenditures, which is in note 7 on page 21. Expenditures is what you'll see actually is reflected in the estimates. It's on an expenditure basis.

[12:15]

So we use our Act, our strategic plan, and a risk-based model to set our priorities and allocate resources to develop our annual work plan and in turn our annual financial forecast. A number of external factors affect our expenses. This includes changes in the number of government agencies, the quality of their management, their use of appointed auditors, changes to accounting and assurance standards, the employment market for auditors, cost of living adjustments provided to the Saskatchewan public servants, and the impact of changes in operating costs. For example, for us our leasing costs tend to be a big factor.

So if you turn to page 10 of our report, that's our funding request. So consistent with *The Provincial Auditor Act*, it includes two separate appropriations. The first one's our main appropriation and it's at (PA01). For '15-16 we're requesting 8.292 million. And this reflects actually a modest increase of \$87,000 from the previous year. And that's 1.06 per cent. The request of 1.06 per cent is actually lower than the government's mid-year report budget update increase in CPI [consumer price index] of 2.1 per cent for 2015 and 2.3 per cent of 2016. So we're well below the CPI. So I think what we've done is provided you with a very conservative budget there.

So as set out in section 2.2, appropriation, which is also on that page 10, our funding request reflects increases for four items offset by decreases in two items. They are as follows: an increase of 105,000 for cost of living affecting salaries and benefits. And as I just mentioned a little bit earlier, you know, for us our employees are our valuable resources, so we want to make sure that they're remunerated fairly. So our salary costs include general salary increases of 1.7 per cent effective April 1 of 2015. And that matches those authorized by the government in June of 2013 for the public service, that is for the ministry staff. It also includes an increase of \$9,000, and that reflects increases in CPP [Canada Pension Plan], EI [employment insurance], and WCB [Workers' Compensation Board] employer premium rates that came into effect on January 1st of 2015.

This is offset by a decrease of \$36,000, and that's related to the net impact of agencies that were wound up during this, that we are anticipating will be wound up in this upcoming year. So as previously noted, changes in the number of government agencies affect our work plan, and you'll see on section 4.1 it provides details of those changes in government agencies that, you know, that we knew either had wound up or will be winding up.

Also the following three items reflect the effect of certain government decisions that were made in 2014 on our finances. The government made these decisions after we prepared our 2014-15 business and financial plan and after the committee considered that plan, so we're always dealing with this bit of a time lag thing happening. So as a result, our last request didn't capture those. So the impact of those is an increase of \$18,000 for employer disability premiums and a decrease of \$16,000 for employer dental plan premiums. And this reflects the government's decision to increase those disability plan premiums by 0.348 per cent and a decrease of dental premiums by 0.3 per cent effective April 1 of 2014.

Then there's also a statutory increase of \$7,000 to the provincial audit salary. And as a committee, you know that that salary's based on the formula that's set out in the legislation, so in essence it just reflects the changes that the government has made in those related salaries.

Also as noted in our plan, we plan to absorb the costs of the impact of changes in the audit methodologies — there's a few things coming down the pipes over this upcoming year — and the inflationary changes other than the general salary and benefit increases that I had just mentioned here.

The second appropriation, which is the appropriation for unforeseen expenses, which is (PA02), *The Provincial Auditor Act* requires the inclusion of the second appropriation with the estimates each year. Its purpose is to provide the office's resources in order to respond to unforeseen circumstances such as unplanned work, and that could include requests from this committee here. It also is to enable us to respond to pressure to improve the timeliness of our work, and unplanned salary and benefit increases. When the office uses its appropriation, it reports the amount used and why in our annual report on operations. All amounts not used are returned to the General Revenue Fund. For 2015-16, we're requesting \$555,000 for unforeseen expenses, consistent with prior years. This request reflects one month of salary and benefits of the office, so we calculate it on a consistent basis.

So our office asks that your committee approve our 2015-16 estimates for each of those appropriations as mentioned, and you'll find that those actually are summarized in section 2.6 which is page 14. You'll see that that page is in the format of the estimates so, you know, so it should look quite similar. So that concludes my presentation, and again we'd be pleased to respond to any questions.

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

Mr. Wotherspoon: — I think what you've laid out sounds eminently reasonable as far as a request. You have laid out that this is a status quo environment right now which is, you know, possibly reasonable, but it's not the best-case environment either if that's a . . . You know, a status quo environment is good if that's the right mandate and choice as arrived at through a strategic decision of an office. But your points around permanency to the role of auditor and making sure that those strategic plans set, you know, sort of the next steps out are important as to establishing what the appropriate mandate and scope and whatnot are.

So as a status quo budget in a province that's consistently having lots of change within it, I think that that's a very reasonable request. And I do note just that the significant increases of what you're auditing, by way of the graph that you have on page 33, the gross revenue and expense and the per cent changes that you've identified there, even in 2014, as an example, with a 5 per cent change to \$42 billion and then as well the gross assets and liabilities that you're measuring there with a seven and a half per cent increase to \$57 billion . . . And so a seven and a half per cent increase and a 5 per cent change and all the other changes that occur within a government through accounting, things like P3s [public-private partnership]

and everything else that are a new way of doing things require a different type of response, I suspect, as well from your office. So I think that a status quo budgetary ask is more than reasonable. My hope is simply that you have the resources you need to fulfill the very important mandate that you do to Saskatchewan people.

Ms. Ferguson: — What we're presenting, I think, we think it'll fit within the existing strategic plan. As you correctly note, you know, the strategic plan process is very important. We are on year 4 of a five-year plan so, you know, that helps in that we're not at the very end of the plan but we're getting close. You should never leave your plan right to the very end, you know, so really we should be starting to plan next year so that our new plan is ready for, you know, as we roll things forward.

The Chair: — Mr. Merriman.

Mr. Merriman: — Thank you, Madam Chair. I just want a couple of questions on the unforeseen expenses appropriation of the contingency of 555,000. You had mentioned that that's a month. Now I guess my first question is, is that consistent with previous years that's it's always been one month contingency that you request?

Ms. Ferguson: — Our office has used that formula I think ever since this provision was in place within the legislation so yes, it is consistent.

Mr. Merriman: — Okay. And if this committee or the legislative body asked you to do something outside of your normal scope throughout the year, that's when this contingency would kick in.

Ms. Ferguson: — It depends, actually. If we find that we have sufficient resources otherwise within our regular appropriation, we will try to fit it within that appropriation first. It's situations where, you know, there isn't room in that regular appropriation that we would dip into the contingency appropriation. And as I indicated in my opening comments, you know, our office would very clearly indicate to the committee what it used the money for and how much it was, you know, and that would occur in the annual report on operations.

Mr. Merriman: — So that would be after the fact. It would be more this is what we did with the money, not coming to the committee and updating us on what exactly is happening. It would be more after in the annual report.

Ms. Ferguson: — Most often it probably would because, you know, in reality is that we really do try to fit things within existing appropriations and it's not until you reach the end of your fiscal year as to you can make those final determinations as to whether or not you can fit it within the appropriation. So you wouldn't want to be caught kind of crying wolf that you're going to be using the contingency when, you know, when all's said and done you can fit it within.

Mr. Merriman: — I mean just looking at the bigger perspective of government, there's not too many other offices that have a one-month contingency to cover all of their salaries. It certainly doesn't happen within Health. And if it was, I would think that that might be a recommendation from the auditor to

say, we have this money sitting there. And I'm not saying that it doesn't need to be there. It seems like a one-month contingency, it does seem like a lot from my perspective. But I would think outside the normal budget, if there's something that the auditor's office . . . They could come back to the committee and we can approve it at that time.

If this is the existing process, and it's been going on for a while, I'm fine with that. It just seems like a pot of money is just sitting there and could be accessed for other things within government services. If the auditor needed to come back and get some money from us for an unforeseen thing, that we would approve it at that time. But I guess I just needed to probe into it a little bit more.

Ms. Ferguson: — The genesis of it really is really to make sure that the office can operate independently, you know, and so that the office doesn't have to do the cap in hand, to go to the government and to go to cabinet, in essence, is what the other process would be, you know, to do really what in the office's view would need to be done. But I think your point is very valid in terms of the accountability on it, and that's why from our perspective it's very important that we set out how we use it and why we use it.

Mr. Merriman: — And so out of the appropriations that were done for last year, was that returned back to the General Revenue Fund in the full amount and there wasn't anything that was unforeseen that you had to use that?

Ms. Ferguson: — That's correct. We actually haven't dipped into the contingency appropriation for several years. I think the last point in time that we did that it was really, I think . . . Sorry? Oh yes, that's right. It was actually fraud investigations that we were asked to do and that we couldn't fit within, you know, the normal scope of the work. So it was additional work that we had to do in terms of investigations of frauds.

Mr. Merriman: — Thank you.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — I appreciate your question and also that there was the response that's in place. But I think just it's really important to note that like the Provincial Auditor and the role and the independence of that role is very different than any line ministry that's directed by government in reporting back to the Assembly. The whole purpose of your office is there to ensure the accountability and to be that check and balance and to ensure you have that independence.

So I think that it's a very important measure to have in place to provide that independence and autonomy to the auditor's office because some of these issues at times are pretty, could be pretty delicate and sensitive. And it's important that you're able to act as was referenced, not in a cap-in-hand type environment, but one where you have strength and independence. So I support it being there.

And I think it was an important note that you referenced that, you know, for several years the contingency hasn't been utilized. It's been returned back to the people of Saskatchewan. So your practice is to manage within the resources you have and

actually to take on additional work as well typically.

And I'm not trying to set that as your standard, but typically you also take on additional projects, if I think of each of the last few years, and you've done that within your resources without dipping into the contingency. So I think the contingency is an important fund for the independence of this office, for trust for the public at large, an important check and balance. And I'd be, you know, adamantly opposed any change to it.

The Chair: — I think it's important to point out that that's actually part of the legislation as well, that it says, lays out that this should be part of this. Unforeseen expenses are a part of the business and financial plan so that is required in the legislation. Mr. Michelson.

[12:30]

Mr. Michelson: — It is required in the legislation. Does it say how much?

The Chair: — It does not say how much, but the need for unforeseen expenses is laid out.

Mr. Michelson: — If we were to consider say half of that, would that still be . . . Again my comment would be that, you know, even this proposal was in December before oil was less than \$50 a barrel, so the budgeting process for the province is going to be very strategic; it's going to be very careful. I guess that would be one thing that we would want to look at.

The other thing I would just ask, of what in your office are places where we might be able to, for lack of a better phrase, do more with less or do the same with more efficiently? And I'm not saying that you're not efficient, you don't do great work because you do, and we need you there. It's just at this point in time in the province, we have to look at every corner of how we can or are better able to manage the fiscal responsibility that we have to the people of Saskatchewan.

Ms. Ferguson: — As an office, I think you know, as I said in my opening comments, when we prepared this, we thought we were very modest in terms of what we were looking at, and we are below, you know, the CPI. Yes, we did prepare it before, you know, the oil went right down. But the reality is is that as an office, I think we're pretty conservative in terms of what we're doing and are spending. As I indicated on the training, we are looking for ways so that we can reduce our out-of-pocket costs, you know.

Our biggest expenditure, frankly, is the salaries, you know. And if we can't employ people at a reasonable rate, we won't keep them. We won't attract them. And the quality of your audit work will go down very quickly, you know. So by far for us it is the salary piece on that.

You'll find even when you look through that our average salaries have gone down in this plan, okay, and that's because what we've done is we've had some people that have left, senior people that have left in this last year, you know. And have we gone out and recruited, you know, expensive people to backfill them? No. We've taken a very practical approach to try to bring people up, you know, within the organization as

opposed to try to do the direct backfill out.

So I think as an office we are frugal in a lot of respects. I think you'll find that our staff think we're cheap sometimes. But you know, we recognize, you know, we recognize we're using public money.

In terms of exchanging the amount of the contingency from less than a month, the reality is is that a project, you know, some of them can take quite a bit of time and resources, you know, and you can use up a month's worth of salary relatively quickly if it's a significant project. You know, and I think really what we're trying to do as an office is look to our appropriation first, try to work within that appropriation first, even when we do assume additional work. This last fiscal year we assumed additional work at the Conseil, and we are working hard to try to make sure that we do that within our appropriation and we think we will be able to do that. So I think we are trying to really be fiscally prudent as things roll through.

The Chair: — Mr. Weekes.

Mr. Weekes: — Thank you, Madam Chair. Just a comment. I think you're right on the mark in what you're doing, being fiscally prudent. I mean as my colleague just said, we're in a tight budget era now, and we always need to be concerned about budgets even if there is additional money. My concern is . . . And you've answered it. I don't even know if you need to make a, answer the . . . It's not really a question but a comment.

You had said that the last time you dipped into the contingency fund was 2008, but it was because you were asked to do additional work. My concern is — and you haven't, you said — if you're dipping into the contingency fund because you miscalculated on operations that you're expected to do, well then that'd be a much bigger concern. But if you're asked to do more than what you budgeted for, you've been asked for, well that's a totally different issue. But just my comment.

The Chair: — Mr. Merriman.

Mr. Merriman: — Again yes, we just wanted . . . It's our responsibility as a committee just to ask the questions and dig into a little bit. I don't think this committee at any time should be a rubber stamp committee. We want to make sure that we ask the questions of the auditor and as well as the ministries when they come. So I fully accept your answer and I appreciate that, and hopefully we won't keep you overly busy this year.

The Chair: — Are there any further questions? Seeing no further questions, if I could have a motion:

That the 2015-16 estimates of the Office of the Provincial Auditor, vote 28, Provincial Auditor (PA01) be approved as submitted in the amount of \$8,063,000.

Do I have that motion? Mr. Merriman.

Mr. Merriman: — Thank you, Madam Chair. I make a motion:

That the 2015-16 estimates of the Provincial Auditor, vote 28, Provincial Auditor (PA01) be approved as submitted in the amount of 8,063,000.

I so move.

The Chair: — Mr. Merriman has moved:

That the 2015-2016 estimates of the Office of the Provincial Auditor, vote 28, Provincial Auditor (PA01) be approved as submitted in the amount of \$8,063,000.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I need another motion:

That the 2015-16 estimates of the Office of the Provincial Auditor, vote 28, unforeseen expenses (PA02) be approved as submitted in the amount of \$555,000.

Could I have that motion? Mr. Merriman.

Mr. Merriman: — Thank you again, Madam Chair. I move a motion:

That the 2015-16 estimates of the Office of the Provincial Auditor, vote 28, unforeseen expenses (PA02) be approved as submitted in the amount of \$555,000.

I so move.

The Chair: — Mr. Merriman has moved:

That the 2015-2016 estimates of the Office of the Provincial Auditor, vote 28, unforeseen expenses (PA02) be approved as submitted in the amount of \$555,000.

All in favour?

Some Hon. Members: — Agreed.

The Chair: — Carried. And I need another motion:

That the 2015-16 estimates of the Office of the Provincial Auditor as approved be forwarded to the Speaker as Chair of the Board of Internal Economy pursuant to section 10.1(4) of *The Provincial Auditor Act*.

Could I have that motion? Mr. Merriman.

Mr. Merriman: — Thank you again, Madam Chair. I so move:

That the 2015-16 estimates of the Office of the Provincial Auditor as approved be forwarded to the Speaker and the Chair of the Board of Internal Economy pursuant to section 10.1(4) of *The Provincial Auditor Act*.

The Chair: — Thank you, Mr. Merriman. Mr. Merriman has moved:

That the 2015-2016 estimates of the Office of the Provincial Auditor as approved be forwarded to the Speaker as Chair of the Board of Internal Economy pursuant to section 10.1(4) of *The Provincial Auditor Act*.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. And that concludes our business, our discussion of the Provincial Auditor's annual report and the business and financial plan for 2016. So thank you very much for your time and for your explanation of both the report and the plans. And this committee now stands recessed until 2 p.m.

[The committee recessed from 12:40 until 14:01.]

The Chair: — Good afternoon everyone. Welcome to Public Accounts. This afternoon we will be looking at several chapters from the Provincial Auditor's reports pertaining to Education. Welcome to the officials from Education here today. The auditor will make a presentation, then we'll give you an opportunity to make a presentation and introduce your officials.

I would just ask anybody who is at the table who is responding, if you could just let us know your name, and if anyone new comes to sit down, if you could do the same thing for Hansard. That would be greatly appreciated. But with that we've got lots to cover this afternoon, so I will just pass it off to our Acting Provincial Auditor to make her remarks.

Education

Ms. Ferguson: — Thank you, Madam Chair. First off, I'm going to introduce my colleagues that I have with me this afternoon. And it's Mr. Kelly Deis; Kelly is the Deputy Provincial Auditor responsible for the Education portfolio. Behind him is Ms. Linda Klassen; Linda led a number of the work that is presented before you this afternoon. And beside her is Ms. Kim Lowe; Kim's our office liaison with this committee.

Before we launch into our presentations, I just want to pause and thank the acting deputy minister and his staff for the co-operation, not just only from the ministry but from the various school divisions that are on the agenda this afternoon. We greatly appreciate the level of co-operation that has been extended to our office here.

So this afternoon we're discussing the results of audits on three subjects. The first is grade 12 graduation rates. The second is transporting students safely. And the third is capital asset planning for schools. And we'll be discussing the related follow-ups to those audits that have been completed, if any. We're going to break our presentations into two parts, and we'll kind of pause after each part.

The first presentation, we're going to focus on the results of our 2012 audit of processes to increase graduation rates and the follow-up, that's at 2014, follow-up to those recommendations. We're also going to include chapter 2 from our 2012 report volume 1 and chapter 19 from our 2014 report volume 1 too.

The second presentation is going to focus on our 2012 audit of processes to transport students safely and the follow-up, the related follow-up to those recommendations. And that's chapter 36 from our 2012 report volume 2 and chapter 44 from our 2014 report volume 2.

So, if you recall, this committee previously discussed chapter 8, capital asset planning for schools, of our 2013 report volume 1 on June 17th. So today's actually a continuation of that meeting there. And on that date your committee adjourned the consideration, the finalization of the consideration of that chapter after presentations by our office and actually by the government officials. As a result, our office doesn't plan to re-present the results to that. So without further ado, I'm going to turn it over to Mr. Deis to present, to focus on the grade 12 graduation rates audit and related follow-up.

Mr. Deis: — Thank you, Ms. Ferguson. Chapter 2 of our 2012 report volume 1 reports the results of the 2012 audit of processes to increase grade 12 graduation rates. And chapter 19 from our 2014 report volume 1 reports the results of our first follow-up of the 10 related recommendations. Over the long term, grade 12 graduation rates affect the size of the skilled workforce and the provincial economy.

I'll describe the findings in both of these chapters with the focus on the more recent chapter, as it contains the most recent status of the recommendations. 2004-05 was the first year the ministry began reporting graduation rates from all types of provincially publicly funded schools. As shown on page 33 in figure 2, between 2004-05 and 2008-09 the overall provincial grade 12 graduation rate, within three years of entering grade 10, decreased 3.3 per cent. During the same time period, the grade 12 graduation rate for self-declared First Nations and Métis students only increased 1.3 per cent.

The objective of our audit was to assess whether the Ministry of Education had effective processes to increase grade 12 graduation rates above the 2004-05 baseline year. We concluded that the ministry's processes used from February 1st, 2011 to January 31st, 2012 were not effective. We make 10 recommendations to help strengthen the ministry's planning processes, analyze its effective strategies, and the direction it gives to school divisions to enhance student achievement and improve grade 12 graduation rates.

By January 31st, 2014, as reported in chapter 19 in our 2014 report volume 1, the Ministry of Education had partially implemented three of these recommendations and was still working on the remaining seven.

In our first recommendation, on page 36 of our 2012 report, we recommended that the Ministry of Education use its legislative authority to direct school divisions towards improved grade 12 graduation rates. We made this recommendation because in Canada education is a provincial matter. *The Education Act, 1995* gives full authority to the Minister of Education to direct elementary and secondary education. We felt that the strong relationship of the government and the ministry is necessary for the education sector to be successful.

By March 2014, as noted in our 2014 report on page 165, the ministry had partially implemented this recommendation. It was developing a single multi-year, overall plan for the education sector — the education sector's strategic plan. It expected this plan to include specific outcomes. It also expected each school division and the ministry to develop detailed plans. It planned to hold school divisions and the ministry accountable for meeting targets throughout these plans.

In our second recommendation, on page 37 in our 2012 report, we recommended that the Ministry of Education clearly state what should be measured and how it should be measured to assess student progress and achievements that significantly contribute to successful grade 12 graduation. We made this recommendation because the ministry had not set targets for improved graduation rates and did not specify what improvements it expected in student achievement. We found one school division that had set its own targets for improvements in student achievement — for example, reading, mathematics, and daily attendance. We recognize that differing targets between school divisions could result in inconsistent and widely varied grade 12 graduation rates, that is, students not receiving equitable opportunities to graduate.

By March 2014, the Ministry of Education had partially implemented this recommendation. It had identified aspects of the student achievement initiative that are linked to successful graduation — for example, measuring readiness for school, early learning and number sense, mathematics and problem solving. It was measuring both readiness for school and grade 1 to 3 reading levels. At March 31, 2014, it placed the remainder of assessments on hold pending the outcome of the student-first consultations, the finalization of the education sector's strategic plan. This process was to include choosing metrics and measures used to report progress towards meeting targets.

In our third recommendation, on page 37 of our 2012 report, we recommended that the Ministry of Education set short- and long-term targets for increasing grade 12 graduation rates. We made this recommendation because specific targets for what the education system should achieve and by when would help the ministry communicate clear direction and a sense of urgency to school divisions. By March 2014, the ministry had partially implemented this recommendation as discussed on page 166 of our 2014 report. The government has set two related long-term goals, developing a standardized assessment model and increasing the number of grade 3 students reading at grade level by 20 per cent by 2015. As part of the development of the education sector strategic plan, the Ministry of Education was in the process of setting short-term and mid-term targets for increasing grade 12 graduation rates.

Our fourth and fifth recommendations of our 2012 report are related. In the fourth recommendation, on page 38, we recommended that the Ministry of Education identify practical key strategies that have proven effective in Saskatchewan and other jurisdictions to strengthen student achievement and increase grade 12 graduation rates. We made this recommendation because the ministry is well positioned to identify and specify which proven strategies that help students achieve success as critical points in learning.

Our fifth recommendation, on page 40 again in the 2012 report, we recommended that the Ministry of Education direct school divisions to use key effective strategies — that would be once they're identified by the ministry — that have proven practical overcoming the most significant risk to school divisions, affecting student achievement, and for increasing grade 12 graduation rates. We made this recommendation because the ministry sharing of such information could create efficiencies in the education sector, make student achievement consistent across our province, and ultimately will increase student grade

12 graduation rates.

By March 2014, as noted on page 166 and 167 in our 2014 report, the ministry had not yet implemented these recommendations. Rather, the ministry's focus was in developing a framework to be part of the education sector strategic plan. Also, the Ministry of Education indicated that it plans to use information from a province-wide survey tool, Tell Them From Me, to improve student engagement.

The sixth and seventh recommendations in the 2012 report are again related. In the sixth recommendation, on page 40, we recommended that the Ministry of Education review each school division's continuous improvement plan and assess its planned use of key effective strategies before approving the school division's budget for the related school year.

In the seventh recommendation, on page 41, we recommended that the Ministry of Education review each school division's continuous improvement report and assess if it's achieving its planned outcomes. We made these recommendations because we found the reports of very few school divisions contained details about their strategies, their targets, or the specific progress towards achieving improved student achievement. We also found the ministry approved division budgets without reviewing the division's planned objectives or their programs.

By March 2014, as we discuss on page 168 in our 2014 report, the ministry had not implemented these recommendations. It had initiated a new method of planning, deployment, and reporting which replaces the continuous improvement and accountability framework. As previously mentioned, the ministry was developing a single overall plan for the education sector to be supported by detailed plans from each of the school divisions and the ministry. They plan to review division progress through regular meetings with the divisions.

In our eighth recommendation, on page 42 of the 2012 report, we recommended that the Ministry of Education require school divisions to report critical risks limiting student achievement and that the ministry analyze provincial progress in reducing critical risks. We made this recommendation because identifying the factors and the risks that are limiting student achievement may help the education sector develop strategies to overcome them. For example, if poor attendance was a key risk factor to many school divisions, the ministry could identify the factors influencing student attendance and suggest actions that school divisions could use to improve school attendance. We found that the ministry did not require school divisions to report risks influencing student achievement. By March 2014, as indicated on page 169 of our 2014 report, the ministry had not implemented this recommendation.

[14:15]

In our ninth recommendation, on page 42 in the 2012 report, we recommended that the Ministry of Education analyze and report whether school divisions used key effective strategies that could influence grade 12 graduation rates. We made this recommendation because we found that while the ministry collects a fair bit of data related to grade 12 graduation rates, its analysis was quite limited. Analysis would help it identify and interpret major contributing factors to assist in the developing

of effective strategies to improve student achievement and graduation rates. By March 2014, as we indicate on page 169 of our 2014 report, the ministry had not implemented this recommendation. It plans to share strategies that work at prototype school divisions with other school divisions.

In our 10th recommendation on page 45 in the 2012 report, we recommended that the Ministry of Education publicly report the major reasons for differences in graduation rates of all school divisions and schools. We made this recommendation because school divisions, leaders in the education sector, and the public need to know the reasons for differences in graduation rates so that they can all do their part to support students, teachers, and communities to achieve higher grade 12 graduation rates. By March 2014, as indicated on page 170 in our 2014 report, the ministry had not implemented this recommendation. It was considering recommendations from a sector working group to ensure attribution of graduation rates to school divisions fairly represents time spent and progress accomplished when students transition between schools. It felt that this was needed to strengthen how it measures student progress before addressing this recommendation.

Madam Chair, that concludes my overview of this part.

The Chair: — Thank you, Mr. Deis. I would like to again welcome Greg Miller, the acting deputy minister for Education. If you'd like to introduce the officials with you here today.

And if I could ask you, particularly when we go through chapter 12, if you could speak to each recommendation and let us know where you're at with each recommendation: timelines, why or why not, what actions you've taken and that you plan to take. That would be incredibly helpful for us. But with that, I will pass this off to you for your introductions and any comments that you've got.

Mr. Miller: — Thank you. And good afternoon, everybody. We're pleased to be here this afternoon to speak to the Ministry of Education's and school divisions' progress on the recommendations provided by the Provincial Auditor. I would like to recognize our school division officials who are here today. This is the first time that school division officials have been with us at Public Accounts Committee and here to answer questions to the recommendation. I recognize their presence here today.

With me to help answer your questions are Donna Johnson, assistant deputy minister; Clint Repski, assistant deputy minister; Lynn Allan, acting assistant deputy minister; Gerry Craswell, executive director of information management and support branch; Angela Chobanik, executive director of education funding; Sheldon Ramstead, executive director of infrastructure; Rob Spelliscy, executive director of corporate services; Brett Waytuck, executive director of student achievement and support branch. As well we have Doug Schell, director of financial analysis and reporting unit and education funding.

And from the school divisions, we are joined today by Dwayne Reeve, director of education from Good Spirit School Division; from the Prince Albert Roman Catholic Separate School Division, Calvin Martin, chief financial officer. From Chinook

School Division, we have Rod Quintin, chief financial officer. From Prairie Valley School Division, we have Ben Grebinski, director of education; Naomi Mellor, chief financial officer; and Sharon Bender, supervisor of transportation. From St. Paul's Catholic School Division in Saskatoon, we have Joel Lloyd, chief financial officer; and Laurier Langlois, manager of corporate services.

So first of all I would like to say that we welcome the auditor's report and appreciate the effort and detail that the Office of the Provincial Auditor provide in this work. Our ministry and school divisions take the recommendations seriously. That being said, we believe progress has been made in addressing many of the recommendations.

With respect to the 2014 and 2012 reports concerning graduation rates, I can tell you that our ministry team, in partnership with the sector, has been working very hard to move those rates. There are still areas to improve, which is why the ministry is committed to working with school divisions and the broader education sector overall to identify and address those needs.

The auditor's 2014 and 2012 reports about transporting students safely included recommendations that are directed at the ministry and at school divisions, and both of those have made progress.

An action plan is currently being drafted to advance the work for any of the remaining recommendations, and we continue to work through consultations with the sector.

Lastly I'm happy to report progress has been made by the ministry regarding educational capital asset planning, as all of the recommendations brought forth have been partially implemented. We understand that there is still work to do. We're committed to working alongside our education sector partners to ensure that we can continue to address the recommendations made by the Provincial Auditor. This concludes my opening remarks and, Madam Chair, I would now invite questions.

The Chair: — Thank you. I'll open up the floor for questions, and I think there probably will be some direct questions from members just with respect to each recommendation, wondering which ones have been implemented. As a committee we have to vote, and so we will be looking for some answers and guidance on where you're at with each one. But with that, I'd like to open up the floor for questions on these, particularly these two chapters, chapter 2 and chapter 19, well chapter 2 of the 2012 auditor's report volume 1 and the 2014 auditor's report volume 1, chapter 19. Mr. Merriman.

Mr. Merriman: — Thank you very much, Madam Chair. I just wanted to . . . a quick opening statement and thank the ministry for inviting the school divisions. I think it's absolutely critical to be able to come down and see what this process is. We want to make sure that as a government and as a committee that we are looking down past the ministry to the school divisions to find out what's happening at that level.

I would invite you to let us know exactly what's going on in your area. Don't be scared. This is a good process. We will ask

some specific questions around the graduation rates and the transportation, but I think it's critical that you be here to be able to understand what the process is and why we do ask the questions and the ministry does ask the questions of your area. So I thank everybody who had to travel here for coming, and we very much appreciate you being here. So with that I'll turn it back over to the Chair.

The Chair: — Thank you, Mr. Merriman. Mr. Nilson. I should note that Mr. Nilson is substituting this afternoon for Mr. Wotherspoon. Mr. Nilson.

Mr. Nilson: — Thank you, Madam Chair. And welcome, everyone, this afternoon. I think at some point we will need a more detailed response to each of these recommendations, but I'm going to ask a general question first just so I can understand what it is that you do when you get recommendations like this in 2012 and in 2014. Who in the department and who in the school divisions responds to these particular recommendations?

Mr. Miller: — So in chapter 2, volume 1, these are ministry recommendations, so we respond via the ministry through the branches, the appropriate branches.

Mr. Nilson: — Okay. And so what kinds of people . . . Is it the deputy minister's office or is it in, you know, a certain part of the department or is it a policy area, or how does this work? Because it seems like there's some fairly specific things being asked, but we're not getting information that the auditor at least thinks is helpful.

Ms. Johnson: — Just to frame our approach, when we receive the recommendations as we have on the graduation rates, obviously the recommendations are quite broad and cover a lot of ground and some of it matters that the ministry would have significant control over, I guess. But when it comes right down to it, graduation rates involve students and whether or not the students are achieving that grade 12 certification in a certain period of time. So obviously when we get a performance audit such as this that is affecting the entire sector, not just some of the business of the ministry, we involve members from the entire sector.

So certainly the policy branch within the ministry would be involved. The student achievement and supports branch is the main lead in, you know, from the ministry perspective. But ultimately, and Mr. Deis referred to this when he was providing his remarks on the follow-up audit that was done in 2014, ultimately we expect to be able to achieve these recommendations by the work that we're doing through the education sector strategic plan and all of the work that the school divisions are doing with the group that we call the provincial leadership team, which is a group of people from each of the school divisions, from the ministry, and from other schools, federal schools, across the province knowing that it is going to take that kind of a concerted and collaborative effort in order to be able to achieve what we're expecting to achieve for the sake of clearing these recommendations.

Mr. Nilson: — Okay. So who chairs that type of a committee or that type of initiative? Is it the deputy minister or is it somebody else or is it one of the school division Chairs?

Ms. Johnson: — And I think as Greg and others get into each of the recommendations one by one, I'll just note that the sector strategic plan having been created by the provincial leadership team, the provincial leadership team does operate with Co-Chairs. So we have a Co-Chair from the ministry and a Co-Chair from among the 28 school divisions. But it is very much led by both the deputy minister's office in the ministry and strongly supported by all of the directors of education from the 28 school divisions.

Mr. Nilson: — Okay. Well thank you. That's what I was asking was, I was trying to understand how you respond to these things which are quite general by doing some specific things. So I'm sure my colleagues are interested in hearing about each recommendation as we go through and then I'll have some questions then. But perhaps you could go through the recommendations in the same way that Mr. Deis did.

Mr. Miller: — Yes, certainly. So in terms of chapter 2 and the 10 recommendations as has been indicated, the ministry has undertaken an education sector strategic plan, working in partnership with school divisions and directors of education for First Nations schools in the province.

Graduation rate is of course tied to the overall processes. With regards to the use of legislative authority to direct school divisions to improve graduation rates, the education sector strategic plan has a specific outcome tied to graduation rate and that is that the graduation rate will be, for the province by 2020, 85 per cent. So that's a specific target that's outlined in the education sector strategic plan.

In terms of stating clearly what measures should be used and how to measure to assess student progress that significantly contribute to graduation, to grade 12 graduation, there is a group of individuals within that education sector strategic plan, led by school division directors, to identify those strategies. So that's within this construct an outcome, and that outcome has specific ownership at the provincial leadership team level. So that group works together specifically to tie the work together across the province in provincial schools and federal schools to increase graduation rates.

In terms of setting short- and long-term targets for increasing grade 12 graduation rates, as I said, the specific outcome in the education sector plan identifies that target by 2020.

The Chair: — Mr. Miller, sorry to interrupt here. So just for everybody's clarification here, so we're looking at the 2012 report, and then obviously in the 2014 report it is a follow-up, so they're all exactly the same recommendations. And we do have in the 2014 report your status as of March 2014.

But if you could, as you're going through the recommendations, for example the first one you told us the target was set at 85 per cent. As of 2014 March, the auditor has considered that partially implemented. If you could let us know if you believe that each recommendation, if you've met each. You're telling us some actions, but if you're feeling, as the ministry, if you feel like you've achieved what the recommendation has set out, that would be very useful I think as well.

[14:30]

Mr. Miller: — With regard to chapter 2 and these 10 recommendations, the ministry's in the position that it feels partially implemented is appropriate to represent where we are on these 10 recommendations.

The Chair: — Very good. Okay. Mr. Nilson.

Mr. Nilson: — Then the question is, okay, leave chapter 2, go to chapter 19, which is all the same 10 recommendations, and tell us if there are any that are implemented since March of last year. Because maybe some of them can disappear.

Mr. Miller: — So the status with regards to chapter 19, volume 1 is again for those recommendations, all partially implemented.

The Chair: — They're all partially. You've done work towards every single one of them.

Mr. Miller: — Work towards everything, single one of them, through the education sector plan and as well student-first consultations in the province.

The Chair: — Are there any that you feel are fully implemented? For example the no. 1 in chapter 2, you had commented about the 85 per cent rate being, graduation rate being set. Do you feel like that that one is partially implemented?

Mr. Miller: — Yes, partially.

The Chair: — Yes, partially.

Mr. Miller: — Yes, partially.

The Chair: — Okay. So sorry, just making sure that . . . It's often difficult when you've got follow-up chapters to make sure that we're on the right track here. But you were on recommendation no. 3. If you want to carry on and let us know a little bit about the actions that have been taken to get to that point of being partially implemented, that would be very helpful.

Mr. Miller: — Thank you. So again back to chapter 2 and the short-term and long-term targets. As I said, that has been outlined as a specific outcome in the education sector strategic plan. It has ownership with that provincial leadership and there is work being done on that. That work is shared across the school division and it has been endorsed by boards of education.

No. 4 speaks to identified practical and key strategies that have proven effective in Saskatchewan and other jurisdictions. It is being addressed through the education sector strategic plan, specifically around two must-do priorities. So we have outcomes and we have must-do priorities. What has been identified is the need to identify and implement a high-impact reading strategy for the province. That work is being led between the ministry and school divisions. The second piece that addresses that specifically is, in partnership with First Nations and Métis stakeholders, working on a First Nation and Métis student achievement initiative. Those are two priorities that are in place to address recommendation 4.

In terms of recommendation 5, the ministry works through that conversation particularly around the idea of increasing graduation rates for those with the most significant risk, which in the province of Saskatchewan certainly frequently ties to the success of First Nations and Métis students. So having a must-do priority there at the provincial level and having a conversation about that and planning towards the support of students on a day-by-day basis to be successful will ultimately lead to increased graduation rates.

The Chair: — Mr. Nilson.

Mr. Nilson: — Yes. I'm trying to figure out, like basically we have 10 recommendations as of March last year. Two were partially implemented; eight not implemented. And so I think you need to go to all the ones where they say not implemented, and explain why. So you missed no. 3. No. 4, I'm not sure how what you've said is an implementation of this. And anyway, we need something to actually understand what you've done.

Mr. Miller: — So in terms of recommendation 3, that has been implemented. Recommendation 4, the key strategies are under way, so again this is partially implemented. In terms of the remaining recommendation, the work of the education sector strategic plan is ongoing, and so the status is partially complete. So with respect to chapter 2, that is the status.

The Chair: — Just to clarify, Mr. Miller, then with the timing here. As of the end of March of 2014, some of these weren't implemented but then the education sector plan was complete? I just want to clarify here for members. So the education sector . . . So this is I think maybe the confusion here, that as of the end of March 2014, according to the auditor, they weren't implemented. But then you have the education sector plan that is complete, so that changed everything in a very short amount of time, I think, is probably the answer to Mr. Nilson's question. But I will let you explain that.

Mr. Miller: — Thank you. So the education sector strategic plan is the method through which we are addressing all of these recommendations, and it's an ongoing process. So it has become sort of the primary focus of the ministry and the education sector. And that's the switch that has occurred in the intervening time.

The Chair: — Is it fair to say that between the auditor's report and then the release of the plan, that that is the rapid change between not being implemented and now being partially implemented? Is that a fair point?

Mr. Miller: — That's a fair point, yes.

The Chair: — Thank you.

Ms. Johnson: — Just for added clarity, the audit report is as of March 31st, 2014. The education sector plan was formally announced as approved by the 28 school division boards in mid-April of 2014, and that was the plan for the 2014-15 school division year. So the plan had been developed during the prior six months or so, approved in April, and then implementation of that plan began in September of 2014, and it is ongoing. So there is a fair bit of work that has been undertaken already. And certainly as the original plan, as the plan that's currently being

implemented was being developed, there were certain activities that we were engaging in, sort of getting ahead of ourselves and doing some pre-day-one work, if you will. So a number of activities in terms of identifying risks that are barriers to graduation, other identifying effective strategies to deal with those barriers, how to share successes better across school divisions, much of that work was already under way before the sector plan officially became implemented on September 1st of 2014.

The Chair: — Thank you for that. Mr. Nilson.

Mr. Nilson: — Okay, just to follow up on that then. It says that there's a need to report and analyze critical risks, also the use of key effective strategies. Has that started? Is there a report already or is there going to be a date when a report is given generally? Or is this something that happens on a monthly basis?

Ms. Johnson: — It's not a report per se. So it's not that we're going to be writing another document that we share widely within the sector. What we are doing is on an outcome-by-outcome basis or on an objective basis within the sector plan.

We have overarching implementation plans, so for instance, if we're talking about improving the graduation rates overall in the province, we take a look at what are some of the barriers to graduation. Do some of the students not have good career plans, for instance. What can we do to encourage career plans? What are school divisions doing? So school divisions will describe individually what each of them are doing. We talk about what seems to be the best practice. One of the things that has come out of that item in, as an example, is the adoption of the use of an online website called myBlueprint that students can use as they map out what kind of courses they need to get to graduation and move on to either being an entrepreneur or moving into post-secondary or what have you.

So that's an example of both that covers a number of recommendations, I think, because it identifies some of the risks to graduation, it identifies some of the strategies that are being used, and it will also describe how we're then taking those best practices and ensuring that the school divisions have the same access to those tools and practices so that the graduation rates can improve consistently across all school divisions.

The Chair: — Mr. Norris.

Mr. Norris: — Madam Chair, thank you very much. And to the deputy and your officials, including those from right across the province that have come in, I appreciate your time. You made brief mention about federal schools. I'm assuming those are specifically, if not exclusively, making reference to schools on reserve. Could you just help me understand as you're going forward here what the relationship is, either through dialogue co-operation or reporting on the work based on recommendations that we see here, and what's happening in those schools.

Mr. Miller: — Certainly. The students in federal schools, graduation success is captured in the provincial metric. So when we report as a province the graduation rate overall, the success

of kids from federal schools is captured there. The provincial leadership team is the deputy minister's office, directors of education for provincial schools, and a representation of directors of education from First Nations authorities. So it's a shared leadership piece there.

The student body moves between the two systems regularly. And with reference to these matters, the actual success and having the dialogue between the two systems goes to make sure that the shared work, the shared learnings from both the provincial and the federal successes can be brought to that table and shared and delivered across the province.

Mr. Norris: — Appreciate that. Thank you.

The Chair: — Are there any further questions? Mr. Nilson.

Mr. Nilson: — To accomplish the task here, and it sounds like it's a fairly interesting task with many moving parts, have you had to reassign people from other jobs to do this kind of work or hire new people? Or how does that work?

Mr. Miller: — The ministry has established a priority action team in the ministry to ensure that the work of the strategic plan, the provincial leadership team is supported in a thoughtful, active way at the ministry level. So there's good connection between the ministry and the provincial leadership and the back and forth there.

The Chair: — Are there any further questions with respect to these two chapters? No? Seeing none, what are the wishes of the committee with respect to the 2012 Provincial Auditor report volume 1, chapter 2? Mr. Merriman.

Mr. Merriman: — Thank you very much, Madam Chair. In regards to the 2012 report volume 1, chapter 2, I would make a note that we concur with the recommendations and note progress towards compliance in recommendations 1 through 10.

The Chair: — Thank you, Mr. Merriman. Mr. Merriman has moved that for the 2012 Provincial Auditor report volume 1, chapter 2, that this committee concur with the recommendations and note progress to compliance for recommendations 1 through 10. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. Now we have the 2014 Provincial Auditor report volume 1, chapter 19 which are already recommendations that we've discussed. But I'd like to . . . Could I have a motion to conclude consideration of chapter 19? Mr. Merriman.

Mr. Merriman: — Thank you very much, Madam Chair. As you've noted, these are repeat recommendations so on the official side of things, the 2014 report volume 1, chapter 19, recommendations 1 through 10, I concur with the recommendation and note progress towards compliance.

[14:45]

The Chair: — Mr. Merriman, I think procedurally I think we

just need to conclude consideration on those.

Mr. Merriman: — Absolutely. Then let's conclude with the considerations . . .

The Chair: — I will check with . . . Yes, we just need to conclude consideration. So could I have a motion to conclude consideration?

Mr. Merriman: — I make such a motion to conclude consideration.

The Chair: — Thank you, Mr. Merriman. For the 2014 Provincial Auditor report volume 1, chapter 19, Mr. Merriman has moved that we conclude consideration. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. I think we'll move on to chapter 8 of the 2013 Provincial Auditor report volume 1 since we have the ministry officials at the table right now. We left that last on June 17th, 2014 when Mr. Hart had moved that we adjourn consideration of these recommendations. I know the auditor doesn't have any further remarks on that particular chapter but, Mr. Miller, with respect to that particular chapter on capital asset planning, if you could walk us through those recommendations, that would be very helpful.

Mr. Miller: — I'll turn it over to ADM [assistant deputy minister] Johnson for that.

The Chair: — Okay, thanks.

Ms. Johnson: — Thank you, So with respect to chapter 8 of the 2013 report, the first recommendation identified a need to develop and use a capital asset strategy that coordinates overall needs for schools in the provincial pre-K to 12 [kindergarten to grade 12] system. The ministry agrees with the Provincial Auditor's recommendation and notes that that recommendation is partially implemented. We have been working to develop a framework for major capital prioritization that takes into consideration needs of the school divisions province wide.

Some of the improvements that we've made since the report was initially made public includes the improvement to the sort of data that we collect from school divisions so that we can assess the quality and the facility condition of the schools. The data that we collect from school divisions when they are asking for major capital projects has also been improved, and the analysis that the ministry undertakes in the assessment of those capital projects has also been improved.

We also in March of 2014 established an infrastructure advisory committee. On that committee, we have membership from Saskatchewan School Boards Association; from the Saskatchewan association of school business officers; from LEADS, that's the League of Educational Administrators, Directors and Superintendents; and we of course have ministry representation on that committee as well. We also have representation on that committee from the Saskatchewan Teachers' Federation.

At that committee, we have been reviewing the capital policies

that are in place or that were in place at the time. We've assessed those policies as to which of them need updating and which need to be updated in what priority, so essentially a risk management approach to our review of the policies. And we've begun to take action on certain of those policies in priority order.

So that committee does meet on a regular basis. We meet every three months, basically. We also are ensuring that the work done by the ministry and reported to that committee is shared with all of the school divisions across the province. So that work will continue, and ultimately it will ensure that we have an improved capital asset strategy for the education sector.

So that one I would say we certainly have partially implemented. I would suggest that it would be of course to the auditor in their follow-up work to determine whether or not we are fully implemented on that particular recommendation. But I certainly do see more work ahead of us in our future to get to a spot where we have a capital asset strategy that is logical and sustainable. So that is the first recommendation.

The second recommendation was to review, update, and communicate capital asset policies, including funding guidelines, on a timely basis. The infrastructure advisory committee is another tool that we're using in this regard. As I mentioned, that committee meets quarterly. We review policies and we undertake other work. The agendas and the minutes of that committee and the documents that come out of that committee are made available to all of the members of the committee. They're asked to share those materials with their fellow members of the associations that they represent.

We are also taking another step to ensure effective communication by getting those minutes posted on our Blackboard website, which is a website internal to the education sector that all of the school divisions can access. So that is available for everyone in the education sector.

The third recommendation — again it is our view that that is partially implemented — that is to review, update, communicate capital asset policies and communicate the process for prioritization of the pre-K to 12 system capital assets. So this recommendation speaks more so to that process that the ministry uses to prioritize all of the major capital requests that come in from school divisions.

As you can appreciate, with the more than 600 schools that we are responsible for, that the province and the school divisions are responsible for, and with a certain amount of financial resources every year, there is always a need to select which major capital projects can proceed and which ones may have to wait for another year. And so with respect to the prioritization framework and methodology, we have made changes to that prioritization methodology. We have held meetings with the school divisions to explain the new prioritization framework and take feedback on that framework. So again, I would suggest that that item has been partially implemented and leave it to the auditor in their follow-up review to confirm that.

Recommendation 4 is to use accurate and complete capital asset information for each school division to determine overall and long-term capital asset needs. This certainly speaks to the fact

that the ministry had a previous practice of accepting information from the school divisions that was highly variable, I guess. Some school divisions had very good information respecting their assets, and the state of their assets and their state of repair and, you know, how much additional work is required to keep those assets in good repair.

So what we are doing here is again working with the school divisions and working with the software program that we have to ensure that the school divisions are able to collect and keep in one place all of the information respecting the maintenance and the upkeep of their assets so that we have a good and comparable set of data on the more than 600 schools. So again, I would say that that is partially implemented. We have, over the course of the period since this report was written, we have made improvements to the software itself, and I believe that there are more improvements that we can make to make that software more user-friendly for the school divisions.

With respect to the fifth recommendation to assess both capital and non-capital alternatives to identify capital asset needs, this is again one of the recommendations that we're addressing by modifying how the ministry analyzes the major capital requests that come in. So oftentimes we will get major capital requests that say we need a renovation to this building, or we need a replacement of this building, or we need a new building. And historically — and I'm talking several years back — school divisions would tend to put in those requests on a one-off basis. They would be looking at their specific needs and say, this is what this school division needs.

What the auditor is asking us to do under this recommendation is to cast the net a little wider and to, in some cases, look across the boundaries or the borderlines for school divisions, or to look at other ways in which these infrastructure needs can be met. So for instance, if a school in the middle of the city is saying we need to have a renovation done, perhaps we should be taking a look at other neighbouring schools and see if there's capacity in other schools.

So we are again working with school divisions to sort out how we can better assess other alternatives to the initial or the historic request to just renovate or just replace existing buildings. So that work of course continues, but I would say that that one is also partially implemented.

Recommendation 6, I believe, is next. So in that one, the recommendation is to consistently prioritize all capital projects across the province and track all capital projects of school divisions. This one, again I would suggest that that one has been either implemented or partially implemented, again for the auditor to confirm in her follow-up work. But we do track all capital projects of school divisions now and we do prioritize capital projects.

We certainly will always continue to strive to improve how we communicate to school divisions the prioritization of these capital projects, because I think part of the auditor's recommendation stems from their asking the question of the school divisions, do you understand how the ministry prioritizes these? And not in all cases did school divisions say that they were confident in understanding how the ministry prioritizes these things. So we do have a methodology that we apply

consistently, but we can certainly do more work to communicate that methodology to school divisions and to improve understanding and awareness across the province. So again, I would say that that recommendation is partially implemented.

The next recommendation, to select a method of financing capital projects based on analysis of capital financing alternatives, is one that I would also say is partially implemented. Clearly, what we want to ensure we do is a level of analysis that allows us to report to the government decision makers on the options for addressing capital requirements and enabling them to make the correct decisions there. So again, we do analysis. We do make that information available when it comes to decision-making time. So from the ministry's perspective, that recommendation is also, I believe, implemented.

With recommendation no. 8, to develop and implement measures and targets to monitor the success of the capital asset strategy across the provincial pre-K to 12 system, that one is in earlier stages. I would say partially implemented, but yet we do need . . . and we will, with our infrastructure advisory committee, sort out what would be the best metrics for being able to say that the capital asset strategy is being successfully implemented.

The Chair: — Thank you, Ms. Johnson. Just to clarify then, looking at all the recommendations, there will be questions as well I'm sure. And you were quite conservative in your not saying that things are fully implemented, or pending the auditor's next review, but just from what I heard from you, I believe that I heard that no. 2, no. 6, and no. 7, you believe, are implemented.

[15:00]

Ms. Johnson: — Well you know, honestly I would say with no. 2 that there is additional work required there yet, so I would say that one is partially implemented. But I would say that with 6 and 7, again subject to the auditor's review, I'd say that's implemented.

The Chair: — Thank you for that. Mr. Nilson.

Mr. Nilson: — Yes, thank you. I have a question about no. 6. This self-funding option that's used as an example here is one that's a bit curious when we effectively run a pretty centralized system of education with all the money flowing through the ministry. Are there still examples of this kind of . . . Because it looks to me what they do is cut back a bit on the teaching side or the special needs side, save up some money, and then build the building. Is that what this is implying in this report?

Ms. Johnson: — And can I ask for a page reference on that recommendation?

Mr. Nilson: — Page 81.

Ms. Johnson: — Okay. So when the auditor speaks to self-funding on this page, what they're referring to is the school divisions' use of their reserves. Reserves accumulated prior to a certain date are flagged or tagged as being required for capital

use. So those reserves are required for capital, as opposed to any operating purposes.

Mr. Nilson: — And are there any of those reserves left because that's a few . . .

Ms. Johnson: — Yes there are.

Mr. Nilson: — Like, every division has that kind of money?

Ms. Johnson: — No, not every division has capital reserves remaining. It varies by school division.

Mr. Nilson: — So is this taken, you take this into account when you set up the system-wide report?

Ms. Johnson: — Yes.

Mr. Nilson: — And so that basically then a school that has some self-funding available might not get as much funding as another school division. Is that accurate?

Ms. Johnson: — That is correct.

Mr. Nilson: — So that part of the, I guess, transition as we move along is that these funds will be used up.

Ms. Johnson: — That's correct.

Mr. Nilson: — Okay.

The Chair: — Are there any further questions on this chapter? Oh sorry. Mr. Merriman had and then I'll go back to you, Mr. Nilson. Sorry.

Mr. Merriman: — Thank you very much, Madam Chair. Just a quick question on, I think it was no. 2, and that was the one that you said is pending a follow-up review from the auditor. And if I understood what you said correctly, that review is happening this year?

Ms. Johnson: — It is under way, I believe, as we speak or it will be shortly.

Mr. Merriman: — Okay. So we could wait for the auditor's next recommendation to make sure that that is in compliance according to the auditor's perspective.

Ms. Johnson: — Yes.

Mr. Merriman: — Okay. I just wanted to clarify that, that the review is happening now on all of these recommendations.

Ms. Johnson: — Yes, on the entire chapter.

Mr. Merriman: — Okay, perfect. Thank you very much.

The Chair: — I'll let the auditor step in just for a comment here.

Ms. Ferguson: — The results of that won't be available to our volume 2 report, which will be what we refer to as the fall report, okay?

Mr. Merriman: — Okay.

The Chair: — Mr. Nilson.

Mr. Nilson: — Yes. I have a question about recommendation no. 7 on page 82. And I think you've said that you're in the process of using a method of comparison on financing for all of the projects that go ahead. But I think it's interesting here that it's identified by the auditor that some methods of financing projects, where school divisions are required to borrow their money themselves, actually cost quite a bit more to the overall system. So has that been stopped so that the borrowing is basically happening through the ministry for all the school divisions, or what's the progress on this?

Ms. Johnson: — Well first of all I would comment that the information that the auditor has in the report here of course is accurate. It does identify an example or a few examples where the interest rate that the school division is getting for the money that they've borrowed is higher than the government borrowing rate.

I would also offer though that that is not correct in all cases. Our school divisions are able to borrow money at very competitive rates and so, depending on the loan and on the time, there have been some examples where the borrowing rate incurred by the school divisions has been on par and sometimes even slightly less than the government borrowing rate. It's unusual for it to be less, but it isn't unusual for their borrowing rates in some cases to be on par. Having said that, there certainly are cases where there is a gap and the borrowing rate for the school divisions is higher than the government borrowing rate.

So this is a policy matter that we have been reviewing and that we are considering. But as of today, or as of the current fiscal year, the school divisions that have major capital projects approved are required to borrow a portion of the funds to complete the capital project.

Mr. Nilson: — Okay. And they have to borrow a portion of the funds not using the provincial borrowing rate or getting the best rate that they can?

Ms. Johnson: — Getting the best rate that they can.

Mr. Nilson: — Can you . . . Like, in your provincial budget for education, do you have an amount that you can calculate that is that difference between what could have been borrowed at the government rate versus what the school divisions are actually borrowing it at? You'd obviously have to fund it through the ministry.

Ms. Johnson: — Right, yes. No, I mean certainly we are aware of what we pay out each year to school divisions or what we would need to pay out in future years to cover the cost of borrowing.

Mr. Nilson: — Is it possible for you to get that information for us? So, well basically, it would say . . .

Ms. Johnson: — So are you looking for the total amount or are you looking for the differential?

Mr. Nilson: — Yes. The 28 school divisions and some of them have borrowed money at higher than the provincial rate, so how much is the ministry paying extra because of that?

Ms. Johnson: — Yes, I can get that information.

Mr. Nilson: — Okay. Thank you. And you'd provide it to the committee?

Ms. Johnson: — Certainly. Yes.

Mr. Nilson: — Thank you.

The Chair: — Mr. Merriman.

Mr. Merriman: — Just a follow-up question to my colleague. Could we also get the other side of it of the ones that got an interest rate lower, so we could do a comparison and see the full spectrum?

Ms. Johnson: — Yes. So there is obviously going to be some calculation involved in that, and I wouldn't want to do anything in a speculative fashion. So if it is agreeable to the committee, what I will calculate would be the difference in a particular period of time. So if we're okay with covering just the current fiscal year, is that acceptable? The '14-15 fiscal year?

Mr. Nilson: — Yes. Is it possible also to do the '13-14 so there's a slight comparison? Because we're not finished '14-15.

Ms. Johnson: — Right. Okay. Okay. Yes, we can do the two fiscal years and then report that back to the committee.

Mr. Nilson: — Thank you.

The Chair: — Thank you for that. Any further questions on chapter 8? Seeing none, what are the wishes of the committee with respect to this particular chapter? Mr. Merriman.

Mr. Merriman: — Thank you very much, Madam Chair. For the 2013 auditor's report volume 1, chapter 8, I'd like to make the following recommendation: that we concur with the recommendation and note progress towards compliance in recommendations 1 through 5 and also recommendation 8.

The Chair: — Thank you, Mr. Merriman. Mr. Merriman has moved that for the 2013 Provincial Auditor report volume 1, chapter 8 that this committee concur with recommendations 1, 2, 3, 4, 5, and 8, and note progress to compliance. Are there any further questions on these recommendations? No. Seeing that, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Mr. Merriman.

Mr. Merriman: — I thank you again, Madam Chair. In regards to the 2013 volume 1, chapter 8, recommendations nos. 6 and 7, I would like to move the following motion: that we concur with the recommendation and note compliance.

The Chair: — Thank you. Mr. Merriman has moved that for the 2013 Provincial Auditor report volume 1, chapter 8 that this

committee concur with recommendations no. 6 and no. 7 and note compliance. Are there any further questions on these two recommendations? No. Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — All right. Carried. We will move on to now the 2012 Provincial Auditor report volume 2, chapter 36 and the 2014 Provincial Auditor report volume 2, chapter 44. But I will be leaving the chair for another commitment and Mr. Merriman will be stepping in. So thank you for your time today, and thank you to the officials from the school boards who are here today as well.

The Deputy Chair: — Thank you very much. We'll move into and we'll get the auditor to report on the 2012 report volume 2, chapter 36 regarding transportation of the students and safety.

Ms. Ferguson: — I'm going to turn it right over to Mr. Deis.

Mr. Deis: — Thank you, Ms. Ferguson. Our transporting students safety audit is described in chapter 36 for 2012 report volume 2, pages 313 to 328, and chapter 44 in our 2014 report volume 2, pages 347 to 360.

In here we report the results of our first follow-up of the eight ministry recommendations and the recommendations made for the six school divisions. I'll describe the findings in both of these chapters with a focus on the more recent chapter as it contains the most recent status of these recommendations.

The objective of our audit was to assess whether school divisions had effective processes to safely transport students during September 1st, 2011 to August 31st, 2012. We conducted this audit in six different school divisions, and we also assessed the ministry's related processes where applicable.

This audit had two conclusions. I'm going to begin by discussing the results for the ministry, as they provide a basis for the conclusion and recommendations we provided to the school divisions that we audited.

We concluded that during the period September 1st, 2011 to August 31st, 2012 that the Ministry of Education did not effectively oversee school divisions' processes to safely transport students, as it did not ensure school divisions complied with legislative requirements and it did not provide school divisions with guidance for managing key risks for safe student transportation. Because the ministry is responsible for leadership and oversight of all 28 school divisions and is in a position to provide better coordination of key areas related to transporting students safely, we made eight recommendations directed to the ministry.

By May 31st, 2014, as we reported in chapter 44 of our 2014 report volume 2, the ministry has implemented one recommendation, partially implemented a recommendation, and had not implemented the other six recommendations.

I'm going to discuss the partially implemented and implemented recommendation first. In our first recommendation, on page 318 of our 2012 report, we recommended that the Ministry of Education provide school

boards with a summary of current legislation related to transporting students, and request that each school board review reports showing that its school division complies with legislated transportation requirements. For the school divisions included in this audit, we found that knowledge and compliance with legislative transportation requirements varied. For example, *The Education Act* in section 196 requires school divisions to implement policies governing the supervision of drivers. However, we found that some school divisions did not have policies related to driver appraisals or to supervision.

By May 2014, as noted in the 2014 report on page 349, the ministry had partially implemented this recommendation. The ministry provided school divisions with a document titled, *Student Transportation Legislation and Best Practices*. This document outlines current legislation related to transportation of students, including pre-kindergarten children, and provides some information related to best practices for transportation of pre-kindergarten students.

However the ministry had not asked each school board to confirm that its division complied with legislative transportation requirements. If school boards do not receive information that allows them to monitor compliance with legislative transportation requirements, they cannot effectively fulfill their oversight role.

[15:15]

In our sixth recommendation, on page 323 in our 2012 report, we recommended that the Ministry of Education require school divisions that contract transportation services to obtain written reports from contractors outlining how the contractor complies with the legislative requirements for safe student transportation. Without this information the school divisions cannot determine if their students are being safely transported. Also school boards cannot carry out their legislative duty to supervise transportation services.

By May 2014, as noted in our 2014 report on page 349, the ministry had implemented this recommendation. The ministry instructed school divisions that contract transportation services that they should be obtaining written reports from the contractors that outline how the contractor complies with legislative requirements for safe student transportation.

For the remaining six recommendations, by May of 2014 the ministry had not made any progress. The ministry noted that this was due to other work that they were doing related to student transportation.

I'll now go over each of these six recommendations following the order that they're set out in our 2012 report. In our second report, on page 321 in the 2012 report, we recommended that the Ministry of Education work with school divisions to identify key risks to safe student transportation and cost-effective options for managing those risks. We found that each school division independently decides which risk to accept and which to reduce. This can result in students being transported more safely in one school division than another. Examples of some risks that are evaluated differently by school divisions include the use of the 15-passenger vans that are used by some school divisions and also the transportation of pre-kindergartners. We

also found that school divisions do not document the costs of alternative strategies when choosing how to reduce risk through safe student transportation.

In our third recommendation, on page 321 in our 2012 report, we recommended that the Ministry of Education require school divisions to report to the school boards the strategies they use to reduce risk related to vehicle condition, driver competence, student behaviour, and collisions. The ministry needs to know if students are consistently transported safely and that divisions use cost-effective strategies to reduce transportation risks. While the ministry collects some information that could be used to analyze safety risks, for example they use a bus survey, it does not request sufficient information to assess if the cost to manage transportation risks are reasonable and that its strategies are effective.

In our fourth recommendation, on page 321 in the 2012 report, we recommended that the Ministry of Education establish and provide guidance to school divisions about the distance for students in school divisions to be transported to school, including requesting school boards' approval of any exceptions to their school divisions' policies. We found that each school board makes policy decisions for its school division regarding the minimum distance requirements for transporting students. As a result, these policies between school divisions may vary. This results in students in some divisions having access to transportation services whereas others, who have the same distance from school, may not. Without ministry guidance regarding the minimum distance for students to be transported to school, some school divisions' transportation of students might not be cost effective.

In our fifth recommendation, on page 322 in the 2012 report, we recommended that the Ministry of Education work with school divisions to identify relevant student transportation performance information that should be reported to school boards quarterly and annually to help them supervise student transportation. We found inconsistencies in the type of information school boards received regarding student transportation. Only a few school boards received detailed comprehensive reports on student transportation, while others receive very little information beyond basic information about that school bus fleet. Information about transportation is essential to help school divisions assess whether transportation practices are safe.

In our seventh recommendation, on page 323 in the 2012 report, we recommended that the Ministry of Education provide guidance to school divisions for consistent written and timely processes to track and resolve complaints about safe student transportation. We found that all of the divisions we visited conducted investigations into complaints about student transportation; however, many of the school divisions' processes to track complaints were informal and complaints were not documented. If complaints are not documented, school divisions may be at risk of failing to investigate complaints and could be accused of a lack of attention to student safety.

In our eighth recommendation, on page 323 in the 2012 report, we recommended that the Ministry of Education require school divisions to provide school boards and the ministry with written reports about outstanding risks and unresolved complaints. We

found that only a few school divisions regularly explained to their school boards the risk they face regarding student transportation.

Now I'm going to discuss the results for the school divisions that we audited. As noted on page 317, we concluded that in general during the period September 1st, 2011 to August 31st, 2012, the school divisions we audited had effective processes to safely transport students, except for their processes to align transportation policies and practices with legislative requirements; manage transportation safety risks related to driver performance, for example, defensive driver training; and monitor the performance of contracted transportation services.

As we indicated at the beginning of the presentation, our findings for the ministry provided the basis for the recommendations we made to the individual school divisions. When considering the recommendations, it's important to understand that some school divisions own a bus fleet, others contract with private busing companies, and others use a combination of both.

In our 2012 audit we made recommendations to each of the six school divisions that we audited. Five of these recommendations included several areas for improvement. This resulted in a total of 25 areas for improvement across the six school divisions. These recommendations, which were numbered 9 to 14, are included on pages 324 and 325 of our 2012 report. We'll discuss each school division and the actions that it has taken on its recommendations by May 2014, as set out in the 2014 report that's before you today.

For Prairie Valley School Division, we recommended it document student participation and timely bus evacuation drills and driver-identified evacuation risks. By May 31st, 2014, as we note on page 351 in the 2014 report, Prairie Valley had implemented this recommendation. They developed a process requiring drivers to complete bus evacuation drills, which were documented, and required bus drivers to submit risk assessments for risks they identified specific to their routes.

For Northwest School Division, our recommendation included two areas. First, Northwest needs to reference all relevant legislation within its busing contracts to align its transportation requirements with legislation and regulations. By May 31st, 2014, Northwest, as noted on page 352 in the 2014 report, had not implemented this recommendation because it had not reviewed its contracts yet. If contracts do not reference all relevant legislation, then Northwest may have difficulty holding the contractor accountable for complying with this legislation.

Second, we recommended that it provide bus drivers annually with the legislative requirements to transport students safely. By May 31st, 2014, as noted on page 352 in our 2014 report, Northwest had implemented the recommendation by providing all bus drivers, both contracted and division-hired, with a copy of the bus driver handbook which includes copies of the applicable legislation. Northwest provides this information when a bus driver is hired, and annually during the bus driver in-service day.

For Chinook School Division, our recommendation included four areas. First, in common with Northwest, we recommended

Chinook reference all relevant legislation with its busing contracts to align its transportation requirements with legislation and requirements. By May 31st, 2014, as we note on page 352 in the 2014 report, Chinook had not implemented this recommendation because it had not renewed its contracts.

Second, we recommended Chinook define what is expected of contractors that provide student transportation services, including annual reports or required reports. By May 31st, 2014, as reported on page 353 in the 2014 report, Chinook had partially implemented this recommendation. Chinook requires contractors to report annually on certain information and also requires contractors to submit a monthly work order, a summary report, and a monthly log of days driven. However, Chinook was not receiving information from contractors about their periodic driver performance assessments. Without this information, there is a risk that drivers may not perform at the expected level, which can in turn impact student safety.

Third, we recommended Chinook implement a driver appraisal process. By May 31st, 2014 as we note on page 350 of our 2014 report, this recommendation was not implemented by Chinook. Chinook has indicated that it does not feel that implementation of a driver appraisal process will add significantly to the licensing and medical reporting procedures already required by SGI's [Saskatchewan Government Insurance] regulatory framework. Management has indicated that it does not plan any further action on this recommendation.

This review is not consistent with what we have found in other school divisions in our follow-up work. Chinook's sole reliance on SGI licensing and medical reporting processes means it will not monitor driver performance in the intervening five-year periods between SGI-required reporting. Having policies requiring supervision of drivers is a requirement of *The Education Act* in section 196(b). By not implementing a driver appraisal process, Chinook will not know how bus drivers are performing or if there are areas of concern or additional training needed. As a result, there is a risk that drivers may not perform at the expected levels, which can in turn impact student safety.

Fourth and last, we recommended that Chinook document complaints about student transportation and how complaints were resolved. By May 31st, 2014, we note on page 354 in our report, that Chinook had partially implemented this recommendation. Chinook implemented a complaint policy under which it documents and resolved complaints received. However at May 31st, Chinook indicated that it lacked the capacity, the capability to adequately track the progress of complaints and was considering adding a complaints or incident tracking module to its current software application to allow this capability. If the resolutions of complaints are not documented, Chinook may be at risk of not being able to demonstrate at a time of need that it had investigated complaints, and it runs the risk that it could be accused of exhibiting a lack of attention to student safety.

Now I'm going to turn to Good Spirit School Division, and here we have a recommendation that included four areas. First, in common with Northwest, we recommended that Good Spirit provide school bus drivers annually with legislative requirements to transport students safely. By May 31st, 2014, as noted on page 354 in the 2014 report, Good Spirit had not

implemented this recommendation. The legislative requirements are designed to help ensure students are transported safely. Not providing drivers with all legislation increases the risk that Good Spirit's drivers may not transport students safely.

Second, in common with Chinook, we recommended Good Spirit implement a driver appraisal process. By May 31st, 2014, as noted on page 355 in our follow-up in the 2014 report, Good Spirit had partially implemented this recommendation. During the fall of 2014, after our period of our follow-up, Good Spirit planned to start using a driver appraisal survey that it had designed.

Third, we recommended Good Spirit document student participation and timely bus evacuation drills and driver-identified evacuation risks. By May 31st, 2014 Good Spirit had partially implemented this recommendation, and we report that on page 355 in the 2014 report. Good Spirit requires an evacuation drill be conducted at least twice a year and a supervisor or school's principal monitors all drills. Good Spirit was planning to start requiring school bus drivers to submit forms that indicate that drills have been completed and to identify any risks or concerns identified by the drivers during these drills.

Fourth and last for Good Spirit, we recommended that Good Spirit document complaints about student transportation and how they're resolved. By May 31st, 2014 Good Spirit had partially implemented this recommendation, and we report this on page 355 in the 2014 report.

[15:30]

During the 2013-14 fiscal year Good Spirit received complaints via phone call, sometimes in writing, and forwarded these complaints to its transportation manager for follow up. It also developed a parent/community concerns form which allows parents to provide in writing the nature and the details of complaints. It plans to implement use of these forms in 2014-15 fiscal year.

For Prince Albert Roman Catholic School Division, our recommendation included seven areas. In the first area, in common with Northwest and Chinook, we recommended that Prince Albert Roman Catholic reference all relevant legislation within its busing contracts to align its transportation requirements with legislation and requirements. By May 31st, 2014, as noted on page 156 in our 2014 report, Prince Albert Roman Catholic had not implemented this recommendation because it had not yet renewed its contracts.

Second, we recommended that Prince Albert Roman Catholic implement processes to monitor its contractors' driver appraisal process. By May 31st, 2014, and as we note on page 356 of our 2014 report, Prince Albert implemented this recommendation, as it started receiving driver appraisal information from its contractors starting in May 2014.

Third, we recommended that Prince Albert Roman Catholic implement processes to monitor its contractor's vehicle maintenance processes. By May of 2014, as noted on page 356 in the 2014 report, Prince Albert Roman Catholic implemented

this recommendation. All buses used by the school division's contractor are subject to preventative maintenance inspections every 90 days, and the contractor provides the school division with three vehicle inspection reports per month and 12 90-day maintenance inspection reports.

Fourth, we recommended that Prince Albert Roman Catholic implement processes to monitor its contractor's bus evacuation processes. By May of 2014, as noted on page 356 of our 2014 report, the school division implemented this recommendation. It requires its contractor to conduct school bus evacuation drills twice annually, then provide the school division with the forms for review. The contractor communicates any issues identified with the school division.

Fifth, we recommended Prince Albert Roman Catholic define expectations and reporting requirements with contractors. By May 2014, as noted on page 357 of our 2014 report, the school division has implemented this recommendation. The school division implemented a review process which uses information reported by the contractor and on-site visits by the chief financial officer.

Sixth, we recommended that Prince Albert Roman Catholic periodically report to its board regarding the performance of student transportation. By May 2014, as noted on page 357 of our 2014 report, the school division implemented this recommendation by preparing a policy requiring its CFO [chief financial officer] to give an annual transportation report to the board which includes information about the contractors, driver appraisals, driver training, vehicle inspections and maintenance, and also the bus evacuation processes. The board received its first report under this policy in June 2014.

Seventh, in common with Chinook and Good Spirit, we recommended that Prince Albert Roman Catholic document complaints about student transportation and how the complaints were resolved. By May of 2014, as noted on page 358 in our 2014 report, the school division implemented this recommendation by receiving all complaints either by phone or email and then recording them on a complaint form which included the issue and the action on the resolution.

For St. Paul's Roman Catholic School Division, our recommendation included seven areas. First, in common with Northwest, Chinook, and Prince Albert Roman Catholic, we recommended St. Paul's reference all relevant legislation within its busing contracts to align its transportation requirements with legislation and regulations. By May 31st of 2014, as noted on page 258 in our 2014 report, St. Paul's had not implemented this recommendation because it had not renewed its contracts.

Second, we recommended that St. Paul's implement processes to monitor its contractor's driver appraisal processes. By May 31st, 2014, as we note on page 358 in our 2014 report, St. Paul's partially implemented this recommendation. It had verified its contractor's driver appraisal process and made arrangements to allow it to review contractor driver appraisals upon request; however, it had not required regular reports on driver appraisal results or appraisal information. St. Paul's does not receive driver appraisal information on a regular basis. There is a risk that it will not receive information to know that the contractor's appraisal process is operating as it's intended.

Third, we recommended that St. Paul's implement processes to monitor its contractor's vehicle maintenance processes. By May 2014, as noted on page 359 in the 2014 report, St. Paul's had partially implemented this recommendation. It receives a 90-day maintenance inspection report annually from its contractor that includes preventative maintenance and servicing worksheet detailing all services and inspections and maintenance conducted. It also receives upon request an equipment preventative maintenance report that summarizes when preventative maintenance is performed on each bus. Not receiving and reviewing information on the results of contractor's vehicles periodically throughout the school year increases the risk that school buses may not be sufficiently maintained.

Fourth, we recommended that St. Paul's implement processes to monitor its contractor's bus evacuation processes. By May 2014, as we note on page 359 in the 2014 report, this recommendation was implemented. St. Paul's started receiving a listing of evacuation drills twice annually from its contractors which provides a list of evacuation drills completed during the period and includes any issues or concerns the bus drivers identified during the drills.

Fifth, we recommended St. Paul's define expectations and reporting requirements with contractors. By May 2014, as we report on page 359 in the 2014 report, St. Paul's partially implemented this recommendation. St. Paul's defined expectations and reporting requirements including driver appraisals, vehicle maintenance, bus evacuation processes, and summary of complaints. However by May 31st it had not required the contractor to provide this information frequently enough to enable sufficient monitoring of the busing contractor.

Six, we recommended St. Paul's periodically report to its board regarding the performance of student transportation. By May 2014, as we note in page 360 in the 2014 report, St. Paul's implemented this recommendation by requiring a quarterly transportation report be submitted to the board, which provides information regarding risks and issues that the contractor has identified with transportation services for St. Paul's.

Seventh and final, we recommended St. Paul's document complaints about student transportation and how the complaints were resolved. By May of 2014, we note on page 360 in the 2014 report that St. Paul's had not implemented this recommendation. St. Paul's indicated that at May of 2014 its contractor was implementing a complaint reporting process which would provide reports to St. Paul's twice annually starting in 2014. That concludes our overview.

The Deputy Chair: — Thank you very much, Mr. Deis. If I could just for the committee's purposes, if this is okay, I think we'll break it into two sections. There is eight recommendations that are directly towards the ministry and then the remaining recommendations are more out into the school divisions. So if we could address the first eight and group those together, and then we'll continue on from there. So I'll turn it over to you, Mr. Miller.

Ms. Johnson: — All right. So to address the auditor's recommendations, as the auditor noted from the 2012 report, recommendation no. 6 has been implemented. So I won't speak

any further to that. Recommendation no. 1 has been partially implemented, and the remaining follow-up work, based on the auditor's 2014 review, is to communicate with the school divisions and to confirm the nature of the reports that school divisions will provide to the ministry to identify how they are in compliance with the legislation. So that piece of work will be undertaken in the next several months.

With respect to the remaining recommendations, I'll speak to each of them briefly. But as an overarching comment, what I would say is that with respect to all of the other recommendations — so that's recommendation no. 2, 3, 4, 5, 7, and 8 — we have developed an action plan that requires the involvement of all of the school divisions. So we are putting the final touches on this action plan prior to rolling it out to the school divisions to ask for school division comment on that plan.

It is essentially an engagement strategy or an engagement exercise where we'll be reviewing these recommendations, gathering additional data from the school divisions, and confirming what is the best route forward. Following that work, we will finalize our specific implementation plans related to the recommendations.

Now, as an overarching point, I would also like to comment specifically on in the 2012 report, the third recommendation, where we are asked to establish and provide guidance to school divisions about the distance for students to be transported to school, including requesting school boards approve any exceptions to school division policies. That in particular is one of the recommendations that the ministry really does have to have some in-depth conversations with the school divisions on prior to being able to establish any sort of guidance. It is not a purely straightforward matter.

I don't think that the ministry could, for instance, issue a guidance or a policy that says all children who are within 1 kilometre of the school will walk to school and the rest of them will be transported. There are many different factors at play that result in school divisions establishing safe and practical walking distance for students, and that can vary by grade. It can vary by school. It can vary by the geography surrounding the school.

So that's just an illustration of one of the recommendations where we will need to have some lengthy conversations with the school divisions in order to determine how best to respond to this particular recommendation. And as I said, the other recommendations all are in much the same category, where we do need to have detailed conversations with the school divisions in order to be able to develop the most suitable implementation plan.

The Deputy Chair: — Thank you very much, Ms. Johnson. I'd just like to open it up to the committee for any questions. Mr. Nilson.

Mr. Nilson: — Yes. Thank you, Mr. Chair. My question relates to the fact, I see you had 84 collisions on average per year involving some of the school transportation. And I'm assuming that there have been some lawsuits that have arisen out of this but, you know maybe 10 per cent of that, so eight or nine lawsuits.

It struck me when I was listening to the detailed report, that was effectively helping a lawyer draft a statement of claim against the ministry, against the school division, against its contract bus company, or the driver. I mean you've got all of these different pieces, and so then really what this is all about is having an appropriate accountability structure for the province. And quite helpfully in the chapter there's the legislation where it sets out who's responsible. So ultimately it is the minister and the Ministry of Education to make sure all these things work. So I guess given that, have there been any lawsuits that have driven some of this kind of work, or is that, is this a preventive exercise? Which I hope, I hope that's what it is.

[15:45]

Ms. Johnson: — Well I would say it is a preventive exercise. The Government of Saskatchewan is not, has not been party to a lawsuit. We are not a defendant in a lawsuit related to any kind of collision. Your review of the information in the report is a fair commentary. Yes, there have been . . . The information that the auditor includes in their report is coming from the SGI website, so that is the SGI report of accidents involving school buses.

I think it's also fair to reference the fact that school buses across the province travel approximately 300 000 kilometres every day. We have about 75,000 of our 170,000 students travelling on school buses every day. Those buses are travelling more than 50 million kilometres every year, and in all of that, yes, there are 84 collisions. And the target of course is zero collisions. We don't want there to be any accidents. And we want to ensure that the buses are well maintained and safe to drive, and that the drivers are aware of their responsibilities and following all of their responsibilities. The school divisions I think do a very good job of ensuring that their bus drivers are trained properly and that their vehicles are maintained. But obviously when it comes to the safety of children we want to ensure that we reach that target of zero collisions and no safety concerns.

Mr. Nilson: — Thank you for that explanation. I think we all agree with that, and it appears that the job is being done but we don't have the record for it so we need the defence if something happens.

I'm just curious about standards. Does the ministry try to set standards for across the province or do you let the school divisions? And what specifically I'm referencing is this 15-passenger bus issue which I know over the years has always been a contentious one and it doesn't seem like there is a standard in Saskatchewan. I think obviously New Brunswick, they have a complete ban on them after their really difficult accident there. But what happens in Saskatchewan?

Ms. Johnson: — In Saskatchewan the ministry has worked with the school divisions to identify best practices when it comes to transporting students and also pre-K students in particular. The use of vans is fairly limited throughout the province but the ultimate decision to operate vans of the 15-passenger size or any other size has been the decision of the school board. So they do individually make those decisions.

Mr. Nilson: — As a result of this audit report or these two audit reports, will that decision be looked at again to see if there

aren't some kinds of things that should be provincial standards?

Ms. Johnson: — When we undertake the remainder of our work in full force, one of the guiding principles, I guess, that we will follow in doing that work is that everything is open for review and everything is open for discussion. So if there is any aspect of legislation or regulations that our transportation experts from the school divisions are telling us are inadequate in any way, then we will bring that forward to have a discussion as to whether or not the regulations or the legislation ought to be amended accordingly.

Mr. Nilson: — Will this be a public discussion or mostly within the administrations?

Ms. Johnson: — Ultimately it would be public, but initially it would be within the administration. So as we undertake our work, we'll be talking with the school divisions and with their transportation managers in particular, and their transportation experts, and finding out from their point of view, knowing that they're dealing with all of the operational issues first-hand, finding out from their point of view what's working well, what would be even better if we made what kind of changes. What are those changes? Are they changes to policies? Are they changes to board policies? Are they changes to government policies? Are they changes to regulations? Are they changes to legislation? And if we find that we're talking about changes to regulations or to legislation, then clearly there would be a public aspect to that because it would follow the typical LLRC [legal and legislative review committee] process.

The Deputy Chair: — Thank you, Mr. Nilson. Mr. Norris?

Mr. Norris: — To our Vice-Chair, thanks very much and I appreciate the insight. We know how important this is. I think of events earlier today in Kerrobert, where we had two buses collide and apparently up to 20 students injured. Our thoughts and our prayers are with those students, with the teachers and the bus drivers and families, and we hope everyone is recovering. So I appreciate the significance of the deliberations today.

I'm just wondering. How would you say that . . . How would you characterize the discussion around an issue of this kind of significance? Is it pretty candid, open, iterative conversation that's back and forth? Some of these are quite technical and I'm just wondering if you can help us to understand kind of the characteristics or the tone involved. Is the focus on student safety and where it should be?

Ms. Johnson: — Absolutely. Student safety is always the number one priority in all things that the ministry does, whether we're talking about the sector strategic plan or whether we're talking about transportation policies. Putting the student first is our priority in ensuring that students are safe in the educational environment. Whether it's being transported to school or in the school itself, student safety is our utmost priority.

Mr. Norris: — I appreciate that.

The Deputy Chair: — Thank you, Mr. Norris. Any further questions? Mr. Hart.

Mr. Hart: — Yes. Thank you, Mr. Chair. I guess my question would be for the auditor with regards to recommendation no. 4 in the 2012 report, chapter 36, calling upon the Ministry of Education to establish guidance to school divisions as far as distance for which students will be bused. I don't understand the rationale behind making that recommendation. It would seem to me that that sort of decision should be left to the school divisions. I mean the school divisions operate across the province under varied conditions. Some are urban. Some are rural and so on. And so why would the auditor make that recommendation, insert themselves into that area? Perhaps you could provide some clarification on that recommendation.

Ms. Ferguson: — Yes, most definitely we can. I guess where we're at is like first of all I want to identify that what we're not looking for is a policy. What we're saying is that, you know, from a ministry point of view, we're looking that they can take a leadership and a coordination role in this area. And in terms of guidance, guidance could even be like a listing of criteria that school divisions should be thinking about when they are setting their policies. Like the policy should reside at the school division level, but what criteria should a school division be thinking about when it is making decisions about minimum busing distances?

And you're correct that those criteria may vary a bit between rural and urban, but there should probably be some common threads of that across the system in terms of what school divisions should be thinking about. Each of them have unique situations. You know, we're aware that even, you know, the nature of the schools, you know. In some cases we're dealing with a K to 8. Other cases it's high school. That again changes busing needs, you know, and in terms of how long a student can ride on the bus.

Being a farm kid, I rode an hour each way. You know, I realize what riding on the bus is like, you know. But I also realize that, you know, there has to be a bit of what people perceive as being fairness across the system, you know, that when they look across and if you are in rural Saskatchewan . . . And for myself I did. I rode an hour each way. But I also know people that were in a neighbouring school division that were, you know, some people were actually quite a bit closer and, you know, they had a different arrangement. They had a different busing arrangement. Their route was designed in a manner they didn't have to ride as long, you know.

So I think there is things that the ministry can do to take a leadership role to make sure it's fair across the system. And obviously there's a safety dimension in terms of students on the bus in terms of age, how long young people can be on a bus at any point in time.

And then secondly there is a cost aspect, cost dynamic on that. So we're not saying that the minister should set what the distances are but at least provide some leadership in terms of, you know, what are things that all school divisions should think through when they're making their policy decisions.

Mr. Hart: — Well thank you for that. I too rode the school bus many years ago, and my sons rode the school bus, and now we have grandchildren riding the school bus. And I over the years have seen some significant changes, and you know, most of the

changes I would say are positive changes. But it seems to me maybe perhaps in some circumstances we've perhaps maybe gone beyond some common sense in some areas. Back in the days when . . . Well I won't go as far back when I was riding the bus because it wasn't . . . It was actually a school bus. It wasn't a horse and van, although I remember those days.

When our children were riding the bus, there was families who lived — and I'm talking, we live in rural Saskatchewan, so my comments are pertaining to rural Saskatchewan — and you know, there was families that lived quite a ways, quite a distance from the municipal road. And the bus would come as far as their driveway, and these students had to walk, some cases, close to a half a mile in some pretty inclement weather. And then of course there was a big breakthrough where during the winter the board decided that the bus could go into the yard. Well now we've come full circle. Our granddaughters make about six steps to get to the bus, winter and summer. Winter's fine, but summer it seems to me it would do them some good to walk a little bit.

And so when I saw, you know, the auditor's office injecting themselves into this area, it just seemed to me that, you know, I think these are decisions best left to the boards of education and to the parents and schools within the school divisions and so on. But you know, having heard your explanation that you're looking at more or less something fairly broad as a bit of a minimum standard perhaps or at least some guidance that you're asking the Ministry of Education to provide, I guess my advice to the Ministry of Education, work very closely with the school divisions and, I would say, on a consultative manner more so than a, you know, a directional type of a manner and so on. So I would just like to put those comments on the public records. Thank you.

The Deputy Chair: — Thank you, Mr. Hart. Any further questions? Seeing none, if I can get a recommendation or a motion for the first eight of the 2012 auditor's report volume 2, chapter 36. Mr. Norris.

Mr. Norris: — Great, Mr. Vice-Chair. Thanks very much. What I would propose, just as I've gone through this, is that we would have 1 through 5 and then 7 and 8, and the motion would be that we would concur with the recommendation and note progress. And, sorry.

The Deputy Chair: — Thank you, Mr. Norris. We'll deal with those. We have a motion on the floor for the 2012 auditor's report volume 2, chapter 36, recommendations 1 through 5 inclusive as well as recommendations 7 and 8, to note progress towards compliance. Is that agreed?

Some Hon. Members: — Agreed.

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

Mr. Norris: — Great. Thank you, Vice-Chair. I would then look at recommendation 6 and concur with the recommendation and note compliance.

The Deputy Chair: — Thank you very much, Mr. Norris. Recommendation for the auditor's report 2012 volume 2, chapter 36, recommendation no. 6 to note compliance. Is that

agreed?

Some Hon. Members: — Agreed.

The Deputy Chair: — Agreed. Thank you. And I believe that the auditor has given us the information on the remaining recommendations from recommendation 9 through 14. So if we could get the ministry's response for those specific ones, and I'm not sure if the ministry wants to be able to bring up some of the officials from the specific school areas to address them. If you need a couple of minutes, just let us know . . . or if you're ready.

[16:00]

Ms. Johnson: — I think we're ready. Certainly to facilitate any questioning, we would be recommending that the individuals from the school division come forward to take the questions. The first one is Prairie Valley. The auditor has noted that that has been fully implemented, so we can now make room for Prairie Valley reps here if you want to ask any questions, or we can move on to the next school division.

The Deputy Chair: — I'm wondering if we could just go through the recommendations and note where they are at and then we can pull up the officials for any specific questions. If that works for you, that would be preferred.

Ms. Johnson: — Certainly.

The Deputy Chair: — Thank you.

Ms. Johnson: — So Prairie Valley had one recommendation and in the follow-up audit the auditor noted that it has been implemented. So I believe that one's been complied with.

The second school division, Northwest School Division. So in the Northwest School Division, two recommendations. One has been implemented and the second one has not yet been implemented and Clint will speak to that one.

Mr. Repski: — On behalf of Northwest School Division, two recommendations made, not inconsistent with other recommendations to school divisions. On the first issue — not implemented — is a timing issue, and that has to do with relevant legislation being given to their contractors. The fact is that if their contract is going to be opened and negotiated in June of 2015, at that point in time they will convey the existing legislation. So this is just a matter of timing. This isn't a compliance issue; it's just a timing issue.

On the second point about providing bus drivers annually with legislated requirements, that has been implemented. They do that annually in their, I believe it's in their August sessions with their bus drivers. So that has been implemented.

The Deputy Chair: — Thank you very much. If we could go on to the next school division and then go from there.

Ms. Johnson: — All right. The next school division is the Chinook School Division. There were four recommendations here and, of those four, we have one not implemented. Or sorry, two not implemented and two partially implemented.

So the two that are partially implemented include the recommendation that the school division define what is expected of contractors that provide student transportation services, and the second recommendation partially implemented is the recommendation to document complaints about student transportation and how the complaints were resolved.

At this point I think I would ask Rod Quintin to join us at the table if there any questions, and then he can speak to actions specifically taken by the school division.

The Deputy Chair: — We're ready now. Mr. Nilson.

Mr. Nilson: — Yes, I have a question for Mr. Quintin. Have you checked this position you're taking around your driver appraisal process with your insurance company?

Mr. Quintin: — No, we have not. I do have a bit of a statement here that I can provide to you around this. This was a record of a conversation that was with the board of education. And we did at that time review recommendations with the board, and the board asked me to provide comments on their behalf, specifically with respect to recommendation no. 3 concerning the driver appraisal process.

Firstly, the board believes the proposed appraised process is redundant to the processes already required by SGI through its licensing procedures. Secondly, it is the board's position that an addition of another process of bus driver appraisal has cost implications and may impair our ability to effectively recruit and retrain drivers.

Administration has advised the board approximately 40 person-days will be required annually to facilitate a mid-term driver appraisal process. The estimated cost for the activity will range from 10 to \$12,000 annually. The cost would have to be absorbed within the school division budget with no apparent offsetting revenue.

Amended measures were implemented several years ago by SGI to increase the length of the recertification cycle. This was intentional to reduce the certification demands on drivers and was a direct response to ongoing recruiting challenges being experienced by boards. The recommendation for additional driver appraisal is in conflict with these measures and unnecessary from the perspective of the board.

The successful recruitment and retention of bus drivers in Saskatchewan is increasingly challenging. Chinook is reluctant to enter into any new processes that may further impair our ability to recruit and retain bus driving staff. We know first-hand that unavailability of bus drivers halts our ability to provide student transportation services. We see this extra layer of compliance as another barrier to successful service provision.

We want you to be aware of these challenges, as you may be contacted by your constituents when bus service is not being provided to their satisfaction. We also believe you need to be aware of the ever-increasing costs related to compliance and that school divisions are facing. We're not opposed to implementation of reasonable measures that will enhance student safety on our buses; however, we do feel compelled to comment on measures that add limited value or create barriers

to service delivery.

So with respect to the insurance, there has not been a direct inquiry with our insurance provider. We do complete all of the necessary forms annually to get our insurance placed, and we have filled them in since, well since I've been with Chinook. Have never had a question related to that specific initiative.

Mr. Nilson: — Okay, I just raised that question because often the question becomes, well what's the standard for the province? And if you're a bit offside, the other question is, is insurance provided through the provincial ministry for the whole province or does each division on their own for insurance?

Ms. Johnson: — To answer that question specifically, the school divisions acquire their insurance through the SSBA [Saskatchewan School Boards Association]. They have an overall coordination of insurance through that package. And of course, the buses are all licensed through SGI, so there is also the insurance that comes with that licensing process.

One of the other points that I'd like to offer here too is going back to the second, I believe it's the second recommendation that was made and directed at the ministry, that we work with school divisions to identify key risks to safe student transportation and also work with school divisions to identify cost-effective options for managing those risks. So as we take that statement and apply it to this example, one of the things that we'll be doing as we are working with the school divisions is determining what level of risk is associated with the driving personnel and how do we best mitigate that risk at the appropriate cost level, again keeping in mind that the safety of students is the prime importance.

Mr. Nilson: — Yes. And I appreciate the comments because I was, sort of in the back of my mind, is that if you make it too hard for people to do the bus driving job, you won't get people to do it, and then that means they'll need more money out of the ministry to pay more to make the job more attractive. So it's these kinds of recommendations are all wrapped together with that compensation issue and recruiting issue.

And so I appreciate your comments, and I think it sounds like your board has taken a rather practical position about how do you want to spend the dollars, but I think that this is something that needs to be resolved because it leaves some questions outstanding if something bad happened.

Ms. Johnson: — Precisely. And again that's one of the outcomes that we're expecting to have from the discussions with the school divisions because there are some differences in the ways the school divisions address these same issues. And as we share that information across all school divisions, we should be able to harvest the best ideas and the most effective responses to all of our risk issues.

Mr. Nilson: — Yes. Thank you.

The Deputy Chair: — Thank you, Mr. Nilson. Any further questions? Mr. Michelson.

Mr. Michelson: — I would like to defer to the auditor in the

need for implementing a driver appraisal process, because I can understand that these drivers go through a testing process in order to be able to obtain a licence to transport children. Is there duplication here, or is there a need for that extra appraisal level?

Ms. Ferguson: — It's a timing thing. You know, as management has indicated, the SGI process is once every five years. So it's really when we looked across, you know, the different school divisions — actually if you go to page 319 of our chapter 36, you'll see a summary from the initial audit on the table in figure 2 — when we initially did the audit, three of them had a regular driver appraisal occurring in that intervening period. Since that point in time, two more of them have actually instituted or are in the process of instituting that. So you know, so basically even the school divisions themselves recognize that, you know, the bulk of the school divisions are recognizing that once every five years isn't enough, you know.

If you noticed the recommendation doesn't say every year, but what we're saying is that a five-year time frame may be too much. I would also suggest that you may take, as our office often does, we say take a risk-based approach when you're designing what your appraisal process is going to be. You may have a driver that just passed, barely passed that five-year appraisal, you know. You may have a driver that has accidents, you know, so you may want to do more follow-up.

So what we're saying for Chinook, you don't have an appraisal process other than you are relying totally on the SGI's five-year process. And what we're doing, what we are looking for is something over and above that for that intervening period, you know. And if you have drivers that are more at risk, what are you doing?

Mr. Michelson: — So what is the process now? Does Chinook look at this and make some kind of an assessment of that fact that the drivers . . . The SGI process is every five years. Do you see that there could be some kind of a risk involved if you are only going five years with some particular drivers?

Mr. Repski: — I guess it's always a matter of interpretation, and so to say that we are completely without supervision is really not accurate. I mean, we do a number of things around supervision. We have annual or semi-annual driver meetings. We have, if we need to move and assist with driver training or driver supervision, in specific cases we would do that.

What we do not have is a formal appraisal process which we believe would involve something like ride-alongs. And ride-alongs of course take time of personnel, whoever they may happen to be, and they need to have some sort of qualifications, in our mind, to do that. And so when we looked at that, in addition to the costs of the certification, for which we already pay, we already pay for the SGI certification for the same reason. If we didn't do it, we would not get drivers.

And it really gets to that place where we try and find a reasonable balance where we can provide this service without having an undue level of hardship related to the supervision or appraisal aspect and the amount of time we would spend dealing with, really, customer complaints when we can't provide service. And we have in the past gone lengthy periods in certain areas where we cannot recruit a driver and we cannot

provide the service. And we have a lot of customer-related issues that we have to deal with out of that.

Mr. Michelson: — Thank you.

The Deputy Chair: — Mr. Hart.

[16:15]

Mr. Hart: — It brings up a point: the driver appraisals, the school divisions that do this appraisal, how extensive is it? How onerous is it? What type of appraisal system do those school divisions that are doing it . . .

Ms. Johnson: — That's a good question, and maybe we can bring one of the other school divisions . . .

Mr. Hart: — Maybe bring out somebody else that is doing it. They could just tell us, you know, what . . .

Ms. Bender: — I'm Sharon Bender, the supervisor of transportation with Prairie Valley. We believe very strongly in this appraisal process. When a driver passes their test, they're alone in that bus. They don't have 40 kids on the bus, coming out of a very busy No. 1 Highway approach. There's a lot more to driving the bus than just physically driving the bus. We treat it more from, I would say, a mentorship approach. We cycle it every three years and more so with new drivers, more so with drivers who have identified as having a problem.

You know, if you get complaints, you've got a rammy bus driver, we can send out our mentor, our driver evaluator, and they will spend some time with them. They will coach them through various aspects of the job, including some of the student discipline issues that they may not realize they have.

Another part of it is yes, it does cost money to put people out there doing this work, but at the same time we do a route assessment. So every stop on those routes also gets a risk assessment, and we've made changes to routes based on that. Sometimes drivers just do it because they're good people and they do what they have to do. But another set of eyes explaining to them, you know what? This is a problem for you. We need to talk to the office and get this fixed. I have never found a driver who opposed us doing that because we do treat it from a we're trying to make you better and stronger point of view, not we want to shake our finger and get rid of you.

Mr. Hart: — So people that go out and appraise the driver and ride along, are they other senior drivers or are they people from your central office? Who are these people that are on the bus?

Ms. Bender: — Okay. We have two. They are senior drivers who are also our driver trainers, and they have received a program called Thinking Driver. That's the program that we use in working with drivers, and that's the basis they use to train and to evaluate and coach our drivers.

Mr. Hart: — Thank you.

The Deputy Chair: — Thank you, Ms. Bender. Any further questions? Mr. Hart.

Mr. Hart: — Thank you, Mr. Chair. So I'd have a question then for the Chinook School Division. Do you own your own buses or is it the contractor or a combination of it? And further to that, as far as turnover of your bus drivers, is it a fairly high rate of turnover or are you pretty static? You'd mentioned that you have some difficulty recruiting drivers for certain bus routes and so on. Just give us a bit of a picture as to, you know, your drivers and who they are and such.

Mr. Quintin: — We currently operate about 125 routes on which we own the buses. We have nine service providers, a few of the mom-and-pop types where they're running a single bus. We have one large service provider in the city of Swift Current that is new, just started in September.

We've had a number of instances lately where we have given long service awards to drivers in excess of 45 years. And so we've got a very experienced workforce out there. And you know, that in a way is good, in a way isn't good which means that our average age of our drivers is getting to be significant. And as these people leave our employment, there aren't anyone left out in the wings looking to take their place. Farms are much larger than they used to be. Family farm is 5,000 acres. It's not 1,500 acres. So you know, in those cases the wife or the spouse that we have normally been able to recruit to drive isn't available. They're busy working on the farm. The oil field has a significant impact in our part of the world. People can work full-time at a significantly higher salary in the oil field than they're going to be working part-time on a bus.

Mr. Hart: — Until now.

Mr. Quintin: — Until now, yes. And things may change. That's absolutely true. But we do have some parts of our school division, there's just no one left. There is no one left out there. And the routes don't get shorter. They have a lot less students on them, but the routes are probably the same, the number of miles, which means we have a whole lot less potential driver base to draw from.

Mr. Hart: — Thank you for that.

The Deputy Chair: — Thank you, Mr. Hart. Any further questions on this specific area? Okay. If I could, and as we've grouped it, I think we have recommendation 9 through 14. If I could get a motion on those recommendations. Mr. Norris.

Mr. Norris: — Great. Thank you very much, Mr. Vice-Chair. What I would do is offer two categories. I would offer that for recommendation 9, we would concur with the recommendation and note compliance.

The Deputy Chair: — Okay. We have a motion for 2012 auditor's report volume 2, chapter 36, recommendation no. 9, to note compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Deputy Chair: — Sorry, my mistake. Wrong verbiage. We concur and note compliance on that. Is that agreed?

Some Hon. Members: — Agreed.

The Deputy Chair: — Great. Thank you. Mr. Norris.

Mr. Norris: — Thanks very much, Vice-Chair. I'll work on my language. What I would then do is offer that for recommendations 10 through 14 inclusive, that we would see, we'd concur with the recommendation and note progress towards compliance.

The Deputy Chair: — Thank you very much, Mr. Norris. On the 2012 auditor's report volume 2, chapter 36 recommendations, it's been moved that recommendations 10 through 14, that to concur with the recommendation and note progress towards compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Deputy Chair: — Thank you very much. I believe that that is all we have. Just checking around us — this was my first time sitting in the Chair — making sure that everything is good. Just hang on for just one second here. I will ask for a recommendation if we can conclude the considerations on chapter 44. Mr. Norris.

Mr. Norris: — Great. Thank you again, Mr. Vice-Chair. Regarding the 2014 report volume 2, chapter 44, essentially I propose a motion that would conclude consideration.

The Deputy Chair: — Thank you, Mr. Norris. We have a motion for concluding consideration on chapter 44. Is that agreed?

Some Hon. Members: — Agreed.

The Deputy Chair: — Carried. I believe that brings our official to the end. Again I wanted to thank everybody for coming, the officials from the ministry as well as the school divisions. I hope this benefited you. It was certainly nice to be able to have you here to be able to ask the direct questions on what's happening in your specific school area as far as the transportation and other areas. So I very much appreciate all the work that you've done and the travelling and please, everybody, have a safe trip back home. And if there's nothing further, I get a motion to adjourn. Mr. Norris.

Mr. Norris: — Mr. Vice-Chair, happy to provide that motion.

The Deputy Chair: — Thank you very much, Mr. Norris. We will adjourn the Public Accounts until tomorrow morning at 9 a.m. Thank you very much, everybody.

[The committee adjourned at 16:24.]