



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

Ms. Danielle Chartier, Chair
Saskatoon Riversdale

Mr. Larry Doke, Deputy Chair
Cut Knife-Turtleford

Mr. Glen Hart
Last Mountain-Touchwood

Mr. Russ Marchuk
Regina Douglas Park

Mr. Warren Michelson
Moose Jaw North

Mr. Rob Norris
Saskatoon Greystone

Mr. Randy Weekes
Biggar

Mr. Trent Wotherspoon
Regina Rosemont

[The committee met at 09:32.]

Highways and Infrastructure

The Chair: — Good morning, everyone, and welcome to Public Accounts. We have a fairly full agenda today. It'll be a good day, I'm sure. I'd like to introduce our members here today. We have Mr. Marchuk, Mr. Hart, Mr. Weekes, Mr. Norris, Mr. Doke, and Mr. Wotherspoon, and I understand Mr. Michelson will be here very shortly.

Welcome to our officials from Highways this morning and to the Provincial Auditor. I'd like to welcome, we've got Chris Bayda, the executive director of financial management branch of the Provincial Comptroller, and Terry Paton, the Provincial Comptroller here today. So welcome.

We do have a couple or one item of business today. We have to discuss attendance of members at the Canadian Council of Public Accounts Committees, the annual conference in August 2015. It's the practice of PAC [Public Accounts Committee] to usually send two members. It's a very good conference, good for connecting with other jurisdictions, finding out best practices, what others are doing.

I'm wondering if there's ... I'd like a motion to send two members. Oh, Mr. Weekes.

Mr. Weekes: — Thank you, Madam Chair. I move:

That the Standing Committee of Public Accounts authorize the attendance of the Chair and Deputy Chair at the Canadian Council of Public Accounts Committees, and Canadian Council of Legislative Auditors annual conference to be held in Winnipeg, Manitoba on August 23 to 25th, 2015; and that if the Chair or Deputy Chair cannot attend, they be authorized to designate another committee member to attend in their place.

I so move.

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

That the Standing Committee on Public Accounts authorize the attendance of the Chair and Deputy Chair at the Canadian Council of Public Accounts Committees and Canadian Council of Legislative Auditors annual conference to be held in Winnipeg, Manitoba on August 23rd to 25th, 2015; and further, that if the Chair or Deputy Chair cannot attend, they be authorized to designate another committee member to attend in their place.

Is there any discussion on this particular motion? No? What is the will of the committee? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Our first agenda item, we have Highways and Infrastructure up first. I'd like to introduce Nithi Govindasamy, and he'll have an opportunity very soon to speak, but I will start with the Provincial Auditor here, Ms. Ferguson.

Ms. Ferguson: — Thank you very much, Madam Chair, Deputy Chair, officials, and members here this morning. We've got three chapters that relate to the Ministry of Highways on the agenda. Each of the chapters, we're going to present them individually, pausing after each chapter. None of the chapters contain new recommendations for the committee's consideration; so all of the chapters, the recommendations there have previously been considered by the committee.

What I'd like to do is introduce the officials that I have with me. Directly beside me is Mr. Victor Schwab. Victor has led the work that's before the committee. Behind him is Ms. Rosemarie Volk. Rosemarie is responsible for the portfolio that includes the Ministry of Highways. And Ms. Kim Lowe. Kim is the committee liaison with this committee here.

Just before we launch into presenting the chapters, I do like to take a moment and thank the ministry, the deputy minister and his staff for the co-operation extended to our office in the course of the work that's on the agenda this morning. So without further ado, I'm going to turn it over to Mr. Schwab.

Mr. Schwab: — Thank you, Ms. Ferguson. Chapter 12, beginning on page 81, reports the results of our annual integrated 2013-14 audits of the Ministry of Highways and Infrastructure and the Transportation Partnerships Fund. This audit included our assessment of the ministry's processes for selecting the preferred routes and types of interchanges for the city of Regina's south bypass.

The chapter highlights three previously reported concerns: two related to information technology, and one related to processing of timecards and the results of our assessment. As previously noted, it does not contain any new recommendations.

On page 83 we continue to report the need for Highways to have an adequate agreement with the Ministry of Central Services, formerly the ITO [information technology office], related to its disaster recovery and IT [information technology] security needs. At March 2014 it did not have enough information to know whether the ministry could restore highway systems and data in the event of a disaster.

And on page 84 we continue to report the need for the ministry to follow its procedures to remove unneeded user access promptly. Unneeded user access was not removed promptly for 7 of the 13 individuals we tested.

Also on page 84 we continue to report the need for the ministry to follow the established procedures for processing final timecards of employees who leave the employ of the ministry. During 2013-14 Highways overpaid 10 employees who left its employ because it did not process their final timecards appropriately. By March 31st, 2014 Highways had not collected approximately 114,000 of payroll overpayments.

On page 85 we note that the ministry's processes for selecting the preferred routes and types of interchanges for the city of Regina south bypass were reasonable. Figure 2 on page 85 sets out the criteria we used to make this assessment. That concludes

my presentation for this chapter.

The Chair: — Thank you, Mr. Schwab. Mr. Govindasamy, if you would like to introduce your officials and make any remarks with respect to that chapter, that would be great.

Mr. Govindasamy: — Thank you, Madam Chair, and committee members. My officials accompanying me this morning are Dave Smith on my right as acting ADM [assistant deputy minister] for design and innovation. On my left is Wayne Gienow, executive director of corporate services. Behind me is Len Frass who is acting ADM [associate deputy minister] for operations division of the Ministry of Highways and Infrastructure.

With your permission, Madam Chair, I'd like to say it's a pleasure to have this opportunity to update the committee on a response to both volumes of the Provincial Auditor's '13-14 reports. I'm pleased that the Provincial Auditor continues to find that we generally have good processes and controls in place to safeguard public assets and to build, operate, and maintain the provincial highway system. We value the input of the auditor in our continuing efforts to improve these processes and controls.

In '13-14, as stated, the auditor made some recommendations with respect to IT systems, deleting systems access and processing final timecards for employees who leave the ministry, our bridge inspections, and reporting on the outcomes of maintenance practices.

I'm pleased to report, Madam Chair, and to all committee members that all of these recommendations have now been implemented. We will continue to monitor and track our progress on the measures we have put into place, and my staff and I would now be quite pleased to answer any questions that committee members may have. Thank you.

The Chair: — Thank you for your remarks. And just with respect to the other officials here, if you have an opportunity to speak, your first time at the mike if you could just say your name for Hansard, that would be very good. I'd like to open up the floor for questions. Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you. As far as the actual recommendations that have been brought forward, thank you to the auditor's office for the focus on them. And it's really good to see the actions by the ministry, and I'm thankful to the officials that are here today but all the officials as well that have been working to ensure implementation of these recommendations. So, good work.

Just as a couple questions related to I guess this chapter as well. I know that the location of the bypass has been certainly part of a significant public debate for some time, and there's various groups and businesses and organizations and people that have engaged in putting together information and looking for alternative solutions and questioning some of the choices of the route that was chosen.

I know one of the concerns that I hear from many people in businesses is that the route as chosen may not effectively divert very much truck traffic from that actual bypass. Could the

ministry speak a little bit to what assessment you've done on this front and what sort of diversion of traffic will occur with the route that's been chosen?

Mr. Govindasamy: — Thank you, Mr. Wotherspoon. I have to say that the Regina bypass and the route that was chosen is probably the most studied of any major project in the country. We've done numerous assessments in terms of the technical design, the traffic flows, safety measures, etc.

And I would like to point out too that the Provincial Auditor has looked at the processes quite thoroughly that we used with respect to the Regina bypass route, and the Provincial Auditor has found that Highways' processes to select the preferred routes and types of interchanges were reasonable.

Our Provincial Auditor has also looked at the various processes we had in terms of public consultations, active engagement with those stakeholders who either live on the east side of Highway 1 and neighbouring communities, and the Provincial Auditor is determined that the ministry actively sought input from the public and stakeholders throughout the process.

We did set, as the Provincial Auditor has noted, evaluation criteria with respect to the choice of the route and we made them public. And the Provincial Auditor has also written that they did not find any evidence of undue influence of third parties during the selection process.

I think we have been on record as saying that route selection is always an issue when we are building a brand new highway. Some people are going to be negatively impacted, and we've been treating them extremely fairly with respect to purchase of land, etc. And for the most part, from the work that we have done and the information that we have put on the website, are technically competent and compliant with all safety measures, etc., including cost measures that we consider in selecting the route.

We do know that some people are a little unhappy with the chosen route, and we have been meeting with them frequently to address their concerns. However, the route selection is complete and we are in the final stages of the procurement process.

Mr. Wotherspoon: — Thanks for the information. Back to the question around diversion of truck traffic, I know one of the main concerns is that many people will contend that the bypass itself isn't . . . they would say it's sort of collaring the city and really isn't, maybe in some ways, much of a bypass because of where it's causing traffic flow to occur. For example, I'm told that many of the vast majority of trucks will still congest that main artery in from White City and Emerald Park right in through, you know, very close proximity into the city, until it sort of, I guess, it cuts through the city.

I guess, what consideration was placed on choosing a route that would divert truck traffic from that heavily congested area? Was that a consideration here, or there were other factors maybe, that were of greater priority?

Mr. Govindasamy: — So with respect to truck traffic, we've done some extensive analysis in terms of the average annual

daily traffic on that road, working our models and our assessments right up to 2040.

I'm not certain where some of these numbers are coming from that are somewhat in the public domain, but our own assessment talking to the Manitoba Trucking Association and others, including our own Saskatchewan Trucking Association, suggest to us very strongly that 75 to 80 per cent of the truck traffic that originates on the east side coming in from Manitoba and points east are basically routed around Regina. And so when we look at the truck traffic with respect to accessing Regina, most of the truck traffic actually goes around Regina, headed to points west or points south or points north. So again, we have some assessments that we have done that would substantiate and support the route selection, based on the analysis that we have.

Mr. Wotherspoon: — Okay. You know, I've sat down with lots of reasonable people and businesses and various groups that have done some work on this front and certainly there's, you know, concerns that seem to be quite valid around that location and the lack of diverting truck traffic and other aspects as well.

One of the questions I would have: you considered, I understand you considered various routes. I understand that this has been a consideration for some period of time. There's one group of citizens and businesses — I think they call themselves the alternative bypass solution group or some name similar to that — and they've mocked up some reasons why they feel that utilizing 48 and utilizing a north bypass would be a more effective solution to getting trucks off that congested area in from White City and Emerald Park into the city and those parts east of Regina.

And they would also suggest that it will better connect truck traffic to the northeast portion of truck traffic in Regina if you're thinking Ross Industrial or if you're thinking of the refinery or if you're thinking of Evraz, and then would also connect of course north around the city to the west bypass part of the project which would effectively connect to the GTH [Global Transportation Hub] and back out to Highway No. 1 for west-moving traffic as well. Was there consideration of a northern, a north bypass solution? And was 48 part of that consideration?

Mr. Govindasamy: — So when the studies began way back in 2000 and possibly before that, I have reviewed most of them, and there was consideration to selecting the route based on development plans in the city, and the RM [rural municipality] of Sherwood as well as considerations of safety with respect to Highway 1, as well as other technical factors with respect to the trucking industry. As I said earlier, it's our assessment based on evidence, based on information from the trucking industry that the route chosen will work for them with respect to accessing the GTH on the west side, as well as the expansion of Highway 6 headed south, and will also divert much of the traffic coming into the city through the south portion via Tower Road into the west portion of Highway 1.

So there was considerable consideration with respect to where this bypass should be located, hence the need for us to have done as many studies as we did and the sort of active consultations that we had with all stakeholders, including

residents in the areas that you have mentioned as well as commuters coming into the city as well as industry folks, basically the trucking industry that uses, that is going to be using this road.

We were of course, obviously, also quite interested in making sure the truck traffic in and out of the GTH was done seamlessly with respect to being able to connect to Highway 1 west and Highway 11. So the route, the choice of the route reflects these considerations.

Mr. Wotherspoon: — The GTH certainly could be directly accessed with a north bypass as well, same way, but connecting it back directly with the west bypass up to No. 11 to head north and certainly west on 1. I think there's some merit, more than a bit of merit in the concept of using 48 to have the trucks essentially bypassing that very congested area with lots of kids and families on the road and allowing a safer flow of that more commuting traffic, if you will.

Now I didn't hear specifically you mention that maybe that 48 or some north options had been looked at at some point in time. But as you got closer to the considerations and were making a final determination, was the plan around 48 and potentials of a north bypass, was it in the running as a consideration? Did you flesh that plan out and look at those options? Because certainly it seems to get the truck traffic out of that very congested artery. It seems to then effectively bypass the city and not place the traffic right within the city limits, and it also seems to have possibly better connections to . . .

You know, when we talk about the GTH, we have to be real here when we look at the GTH. You know, it may continue to grow, and I hope that it does, but right now the actual volume of truck traffic is not the necessarily the only thing that needs to be considered. It's important, but you do have all that Ross Industrial stuff. You do have the refinery. You do have Evraz. You have all those businesses up in northeast Regina and northeast of Regina and north of Regina that certainly require a lot of truck traffic as well.

Mr. Govindasamy: — I will say that, you know, when this route was being looked at over several years, many of these other considerations were brought to bear in terms of the functional planning as well as detailed design work that took place.

It's obvious to us, based on the technical designs and the best advice that I received as deputy from various people who work in the ministry as well as the safety experts that we have hired over the years to talk to us about a proper road location, that when the interchanges are placed at Balgonie and at White City and headed south at Tower Road, that will substantially decrease the sort of safety hazards that we face in commuter space now.

So with respect to . . . There's going to be 12 interchanges on this entire bypass with access and egress points. So the bypass, as we have envisaged it and as we have designed it, will do a number of things. One is it will actually enhance economic activity for Regina and the region as a whole. It will improve safety substantially within and outside of the city. Primarily, commuters who are coming in will be facing less trucks as they

come through on Highway 1 West into the city. It'll also improve the flow-through of truck traffic in all four directions as it is designed.

This is not to say that we will not be at some point in the future also looking at the north end, as you have referenced, with respect to the potential for joining it up into Highway 11. That's always something that we're looking at, but there hasn't been a lot of additional work done in terms of that particular section that you've referenced.

Mr. Wotherspoon: — I appreciate your attendance here today and your participation in the questions. And you know, I think that I'll recognize that as far as debating the policy choice that's in place, I'll leave that to be a direct debate between sort of, I guess, us and the minister or the cabinet and the Premier, if you will.

But certainly I think there are a host of outstanding questions and concerns that certainly I'm not satisfied have been addressed in ensuring the best bypass possible. And I mean, to be clear, we're very supportive of a bypass solution, but it needs to be the best one possible for the future. And considerations from safety and through cost and then connectivity to where that truck traffic is headed is also important.

But I appreciate your time here today, and just putting onto the record that we have concern with the location as it's chosen, but I'll set that debate aside and leave that. This is the Public Accounts where we want to follow up more on the process type questions that we have here today.

I would, of a process-oriented question around the procurement on this project, I find it surprising that the Government of Saskatchewan would choose its lead proponent to be a company from France that seems to be embroiled in some very serious allegations currently. I think that it's, you know, it's surprising in some ways. I think that this is a big-dollar project, public dollars, and it's surprising that it's a company from France that will be in receipt of those dollars, but it's also alarming and concerning that there's, you know, very serious allegations with that company. I've heard the minister sort of reference that he's observing what's going on on the side of the allegations, and then of course there's, you know, processes I guess that need to occur ahead of that. What mechanisms are built into the contract with this proponent that protects the public if they're found to be . . . if those allegations are found and if Saskatchewan would then need or certainly would want, I would hope, to not be dealing with that company?

Mr. Govindasamy: — So with respect to the procurement process, I would like to mention that on May 29th the Government of Saskatchewan issued a news release announcing the successful proponent. I would also like to mention that the company in question that you've referenced is one in a number of companies that are partners in this venture, including a number of companies that have done business in Saskatchewan and in Canada as a whole.

I would also like to mention that we are aware and have been aware of what are termed to be allegations with respect to the matter that you mentioned, and I believe that Minister Wyant has adequately responded to questions that may have been

raised on this issue. We continue to monitor the situation.

Mr. Wotherspoon: — I know we're certainly on the public record as far as our noted concern on this front and I'll take, again take that debate up directly with the minister and cabinet. But I appreciate your time and attention to these matters here today, so I have no further questions at this time.

The Chair: — Are there any further questions on this particular chapter? Seeing none, as this is a chapter with no new recommendations, this committee can move a motion to conclude consideration. Mr. Doke.

Mr. Doke: — I so move, Madam Chair.

The Chair: — Mr. Doke has moved that for the 2014 Provincial Auditor report volume 2, chapter 12, that this committee conclude considerations. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. We will move on to now the 2014 auditor's report volume 1, chapter 22. Ms. Ferguson.

Ms. Ferguson: — And I'm just going to turn it over to Mr. Schwab.

Mr. Schwab: — Thank you, Ms. Ferguson. Chapter 22 of our 2014 report volume 1 contains the results of our follow-up of the four outstanding recommendations made in our 2011 audit of the ministry's processes to maintain bridges on provincial highways.

By January 2014, the ministry had implemented two recommendations. It had documented its key bridge maintenance planning processes and developed a five-year bridge maintenance plan. It had set minimum bridge service level conditions based on type and location.

By January 2014, the ministry was assessing the condition of its bridges against the conditions index and was using this information to set annual and long-term maintenance priorities. It was making progress on the remaining two recommendations. As reported on page 182, by January 2014 the ministry was in process of updating its bridge maintenance records for all completed inspections. And, as noted on page 183, the ministry had documented its reporting requirements. As the ministry completes its update on its bridge maintenance records, more information will be available to include in the reports to senior management. That concludes my presentation for this chapter.

The Chair: — Thank you, Mr. Schwab. Mr. Govindasamy, do you have some comments you'd like to make?

Mr. Govindasamy: — Just to reiterate the fact that we have now implemented the auditor's recommendations, and I'm satisfied in the manner in which it is working.

The Chair: — Thank you. I'd like to open up the floor for questions. Are there any? Mr. Wotherspoon.

Mr. Wotherspoon: — Good work.

Mr. Govindasamy: — Thank you.

The Chair: — Are there any further questions or comments with respect to this chapter? Seeing none, as this is a chapter with no new recommendations, the committee can conclude our considerations. Could I have a motion?

Mr. Doke: — So moved.

The Chair: — Mr. Doke has moved for the 2014 Provincial Auditor report volume 1, chapter 22, that this committee conclude considerations. Are there any other questions on this motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Moving on to the 2014 Provincial Auditor report volume 2, chapter 49. We'll pass it off to Ms. Ferguson again.

Ms. Ferguson: — And I'll just keep passing down the table here.

[10:00]

Mr. Schwab: — Thank you, Ms. Ferguson. Chapter 49 of our 2014 report volume 2 reports the results of our follow-up of three outstanding recommendations made in our 2010 audit of the ministry's processes to maintain highways. By September 2014 the ministry has implemented two recommendations as it had set long-term service objectives, for example, to have provincial highways that are part of the national highway system rated as 85 per cent good or very good and have less than 2 per cent rate as poor. It uses the long-term service objectives to determine its annual and longer term maintenance priorities.

By September 30th, 2014 the ministry had not yet compared the results of its maintenance activities with its target plans and explained the reasons for the differences. Written reports on results will help management assess the effectiveness of its maintenance and planning and determining future maintenance priorities. That concludes my presentation.

The Chair: — Thank you, Mr. Schwab. Mr. Govindasamy, do you have some comments you'd like to make?

Mr. Govindasamy: — Appreciate the Provincial Auditor's assessment of the situation. I know that we have taken this quite seriously in terms of the actual report on the maintenance activities that was presented to my executive team on May 26th, 2015. The results were also presented at our joint division senior management committee meeting, and we are . . . senior management is well aware of the cracking.

Just as a matter of interest, the actual percentage in terms of the measures that were quoted are coming in at 86 per cent. Our target was 85 per cent, i.e. roads are in good or very good condition. From a national highway system perspective, that's number 1, 16, and 11, and so on and so forth. I just thought I would add that as a piece of information.

The Chair: — Thank you. I'd like to open up the floor for

questions. Mr. Wotherspoon.

Mr. Wotherspoon: — Just to confirm, from your perspective, the ministry's taken action to implement all three of these recommendations at this point in time. Is that correct?

Mr. Govindasamy: — That is correct.

Mr. Wotherspoon: — Thank you very much.

The Chair: — Mr. Hart.

Mr. Hart: — Thank you, Madam Chair. Just a question about the number of kilometres of gravel highways. When I looked at the introduction on this chapter, it stated that we have 5,807 kilometres of gravel highways. When I look at that ratio to asphalt, concrete and granular pavement and so on, kind of . . . I know we have gravel highways, but I didn't realize the ratio compared to the other ones were quite as . . . there was that high. Where are most of these located? I mean, I know in my constituency I have some, but the ratio isn't anything near to where these numbers would reflect.

Mr. Govindasamy: — So I had the same question when I came into the ministry back in 2013, are these numbers real? So I travelled the roads and discovered that most of our gravel highways, to a large extent, are located in northern Saskatchewan.

The Chair: — Thank you.

Mr. Hart: — Thanks for confirming that.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — You might not be in a position to answer this question today and, if not, I would ask you to endeavour in a timely way to get the information back to committee members. But I'd be really interested in the different surfaces, the different highways that we maintain in Saskatchewan, as to the annual . . . the cost on an annual basis of what the cost is of building a highway. So the cost per kilometre, if you will, of the asphalt concrete pavements, of granular pavement, of the thin membrane surfaces, of gravel highways. And I know these are probably numbers readily available to your ministry.

So if you could just go back maybe for, you know, even a decade, if that's not too much to ask, to give the price per kilometre of rebuilding those projects. And maybe as well, if you have a number that relates to maintenance, that would be helpful as well. If you have the information here today, certainly I'd welcome it here at this table.

Mr. Govindasamy: — So we do do assessments at the conclusion of every year with respect to cost of doing business on the various surfaces that we have across the province, 26 000 kilometres of roads.

I know that they're working on some request to my office through the freedom of information process on precisely the same sorts of questions that have been raised this morning, and we will be in a better position to respond once we have

completed our assessment of that particular request.

Mr. Wotherspoon: — Okay. Thank you very much. What kind of public road building capacity do we have right now?

Mr. Govindasamy: — I am not sure whether I understand the question. From an industry capacity?

Mr. Wotherspoon: — Like as far as ministry owned and operated capacity to build and maintain highways.

Mr. Govindasamy: — I think what I can say is that I have over 1,300 FTEs [full-time equivalent], full-time staff. And in the summertime, we hire up to 3 or 400 labour service employees to help our road crews. So at any given time in the middle of the summer, I might have 16, 1,700 employees. If that is the . . . I'm sorry, I'm not following the question. But that's the kind of capacity that I have in terms of staff strength.

Mr. Wotherspoon: — Sure. Sure. So that would be on a maintenance aspect. In some ways that would be, that would complement some of the private sector contractors that you would engage with as well. Do we have crews that are able to build . . . Are public crews building roads in kilometres on their own, or is it always in complement with the private sector?

Mr. Govindasamy: — So I have about 900-odd employees who are in the operations part of the ministry who basically take care of road maintenance, either physically helping to physically actually fixing the roads.

We also have a relationship with the industry where we do hire contractors for road maintenance work. And of course these same people over the course of the year, my equipment operators, etc., also operate snowplows for winter maintenance purposes. We also contract out a number of pieces of work like mowing and so on and so forth to the private sector. It's a combination of things. Crews do work in the ministry, and we also have to avail ourselves of industry capacity to be able to maintain the highway system that we have currently.

Mr. Wotherspoon: — No, I certainly recognize that it needs to be a partnership and that there's, you know, certainly more than an important place for the private sector contractors to assist in road building and complement that.

My question is more around what kind of capacity we have from the public sector as far as road rebuilding or road building and then also on the maintenance side. And I wonder if you had any program reviews done through Finance or if you've done any yourself to do a little bit of an assessment of a comparative of the cost of your public crews as it relates to maintenance. I'm not sure if we have the, you know, capacity anymore as a province to build roads outright. But if you have any comparative on that front, it would be I think helpful for understanding options and value for money.

Mr. Govindasamy: — So with respect to capacity, I look at capacity on the basis of what kind of staff strength I have on the engineering side, the technical side, and the maintenance side as a whole because we are in all these lines of businesses. And we did do some comparisons with respect to the engineering capacity of the ministry. The engineering capacity of the

ministry's actually been enhanced over the course of the last seven, eight years.

I have, I believe, at last count about 140 engineers along with technical people assisting in the design and construction side. We do hire consultants and contractors to both manage projects as well as construct them. Quite a few of the designs with respect to smaller culverts, etc., are done in-house. So it's a mixed bag of activities.

I would mention that, with respect to the issue of capacity, I think that it's important to point out that the ministry is now engaged in some fairly large, major projects including twinning, bypasses, as well as passing lanes, and basically rebuilding, building new twinned highways like 16 from Saskatoon east. And of course as announced, the government has announced the construction of major interchanges as part of the Regina bypass as well as in Warman and Martensville, which is what we're looking at. Some of these projects are very sophisticated, require a lot of engineering expertise, experience, etc., and we do need the sort of capacity that industry has to work in partnership with us to be able to do all of the work that we've been asked to do.

Mr. Wotherspoon: — Just such an important file. It certainly requires significant resources. It's a big budget area, and certainly appreciate the focus and work of your officials on this front, but the reality and conditions of many of our roads and highways are in pretty poor condition with lots of needs around growth as well.

So it's just a bit of a thought around how do you . . . trying to get a sense of, is there enough investment into the public capacity of this to make sure that we're, from a value-money perspective this year and moving forward, in the best position to be responding to the roads and highways in Saskatchewan, and just what that looks like. So that's the nature of my questions here today. But thanks for your continued attention.

Just in a very specific way — and I know you're probably aware of many highways, as am I — but I have many people connecting with me regularly in first-hand, shaken driving experience and knowledge of 322 and 220, which have really just come apart. And I know these have served the province for many, many years, for decades. And it was sort of a maintenance thing for a period of time where it seemed that you were able to keep up with doing your best to come in and fill potholes and do that. But these highways have literally come apart this year and, you know, it's really just broken asphalt that's quite dangerous.

And I know in an urgent way to respond to that, it's difficult, so what we see right now is a lot of gravel and sand being kind of moved across the tops of those. But I think that it's certainly not a very safe driving condition right now, and certainly it's not an adequate solution, you know, even into the more immediate term. So I'd like to hear what the next steps are planned right now for 322 and 220 as it relates to the short-term and then the longer term plan.

Mr. Govindasamy: — I think I will preface my response to this specific question with respect to the kind of weather events this province has had over a number of years. What we're

seeing particularly this spring — at least what I have observed, as have others driving around the province — that the years of heavy precipitation is certainly contributing to some underlying problems with respect to our roads in Saskatchewan, particularly with respect to what we've termed as thin membrane surface roads which, by the way, is uniquely Saskatchewan. There are no TMS [thin membrane surface] roads elsewhere in the country that I'm aware of.

These roads obviously did not have any sub-base base, no structure at all when they were first constructed. And of course they did well. They have lasted for quite a while, being able to carry the traffic at one time that was much lower than what you're seeing today. But the combination of weather events and particularly, I would point out, when we look at the kind of temperatures that we had and the kind of warm-cold winters that we had this last winter, the freeze-thaw cycles were numerous freeze-thaw cycles. And so those kinds of cycles really actually exacerbate the problems.

Quite frankly I would not have expected some of my better roads, on Highway 11 for example, to suffer the kind of pavement damage and pavement collapse that I saw earlier in the spring, highly unusual for a well-constructed road such as that. And of course we have been responding in terms of the repairs that were needed to that.

More specifically with respect to 220 and 322, I have driven on that road several times now and I have to say that when those roads, which are both TMS roads, started to break up as you have noted, my crews were out there and we have also hired some contractors to try and keep it as safe as possible. Safety is the number one priority for the ministry, and we have already spent quite a bit of money in terms of being able to actually get it back in drivable condition. We recognize that a lot more needs to be done with respect to getting it back to a shape where people can actually use it as it was intended in the past.

We've had a number of meetings with the RMs, the resort communities, and others with respect to trying to find some common solutions on the future state of 220 and 322, and that is still under way. What you see on those roads are temporary solutions with respect to getting it to the point where people can continue to use it. The dry weather in the last few weeks has helped my crews and the contractor that we have hired to keep it from further deterioration, but we are working on some plans right now with respect to the future of 220 and 322.

[10:15]

Mr. Wotherspoon: — Thank you. But that's the heart of my question. I mean certainly I am thankful for the attention of the RM of McKillop and other municipalities that are impacted by these roads. I think it's important that you're meeting, and that's good. But the question is . . . And I mean these roads in the end did serve for decades and the traffic volumes have grown. So has the weight of the traffic on those roads.

And you're right, I mean I think it's lifespan issues and then also, you know, weather conditions this year that have really caused these roads to come apart. But now it's important for the province to respond and get these roads in a suitable condition, of which I wouldn't call the current condition suitable. I

certainly appreciate response to ensure maybe slow-moving traffic safety, but it's a pretty treacherous-type environment still out there, one that impacts the local economy, one that impacts residents, and certainly it's an artery as well for recreation and tourism.

So back to the question just where you finished. My question is, what are the next steps on this front as far as in the coming weeks to make the improvements that are required, and then what's the longer term solutions? So what's being, what are the actions that are planned, and what are some of the possibilities long term?

Mr. Govindasamy: — So I will reference the fact that most of the, sort of, anxiety from the public with respect to deteriorating roads in Saskatchewan come from those who drive on TMS roads, and we have more than 5000 kilometres of those. So with respect to priorities, you know, I mean we have a certain number of dollars that are provided to the ministry to be able to take care of all of the roads, 26 000 kilometres. And so it behooves us to be able to prioritize, you know, where these monies are spent to get best value for money.

220 and 322 are just a couple of examples of the kinds of things that we have to do across the province. And I think we are making considerable headway with respect to being able to keep the road network in good shape as well as build new ones. And I just mentioned the 86 per cent figure with respect to the national highway system, which is a priority for us, given the fact that it's the most heavily travelled, heavily utilized roadways in the province.

I am not in a position this morning to be able to articulate fully what the plans may be for 220 and 322. It will require further discussion and consultation with the people in the neighbourhood. We need to listen to what they have to say with respect to what they would like to see, and then look at what the resources that are available to be able to come to some solutions with respect to both the short term and the medium term.

Mr. Wotherspoon: — So I do know the folks throughout the RM are ready to engage and be urgently responding with those perspectives, as well as the farms and the businesses and the recreational property owners in the area as well. So I appreciate the attention, and I recognize the finite resources that you're given to manage these processes. So just putting it on, you know, bringing it to this table. But I have no further questions at this time.

The Chair: — Are there any further questions on this particular chapter? Seeing none, as these are outstanding recommendations, this committee simply needs to conclude our considerations. Can I have a motion to that effect?

Mr. Doke: — I so move, Madam Chair.

The Chair: — Mr. Doke has moved that for the 2014 Provincial Auditor report volume 2, chapter 49 that this committee conclude considerations. Are there any further questions on that motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. So moving on to our next item of business, which will be Education. But I just would like to thank the officials from the Ministry of Highways and Infrastructure. Mr. Govindasamy, thank you for your time. And I would also like to say thank you very much for taking the time and some diligence in preparing these status updates. They're very helpful for us as committee members to direct our questions and provide us with very valuable information as to where you are with the recommendations. So that is very appreciated. Thank you. Would you like to make any final comments?

Mr. Govindasamy: — Madam Chair and committee members, it's been an interesting morning. I think we are getting ahead of the game, and thank you very much for your attention. Thank you.

The Chair: — Thank you. So we'll just take a very quick recess to change officials.

[The committee recessed for a period of time.]

The Chair: — Welcome back, everyone. We will be looking at Provincial Auditor reports from the Ministry of Education. We do have, if the committee is in agreement in order to facilitate the schedules of some of the officials here, a small agenda change. If we could move up chapter 31, and then chapter 13. So we would do 31 and then 13 followed by 6 and 27. Is that agreed by the committee?

Some Hon. Members: — Agreed.

The Chair: — Okay. Great, that's very helpful. Welcome to the officials from Education here today. We have Clint Repski who's the assistant deputy minister. And I will have . . . after he has an opportunity to speak, perhaps, Clint, you could introduce your officials here today. But we will start with Ms. Ferguson, our Provincial Auditor.

Education

Ms. Ferguson: — Thank you, Madam Chair, Deputy Chair, officials, and members. Backwards there this morning. First off, I would just want to introduce who I've got with me this morning. I've got Mr. Kelly Deis. Kelly is the deputy that's responsible for the Education portfolio. Behind him is Ms. Charlene Drotar, Charlene led on some of the work that's here on the agenda this morning; and Mr. Mark Anderson, again he led some of the other work that's on the agenda; and Ms. Kim Lowe who's our committee liaison.

Before we launch into our presentations, I do want to take a moment to thank not only the officials of the ministry here, but also of the conseil and the various school divisions, the two Regina school divisions that we worked to in the course of the work that's on the agenda. We very much appreciate the co-operation extended to our office in the course of this work.

As the Chair noted, we are discussing four different chapters that relate to the ministry. Three of the four chapters have new recommendations for the committee's consideration. Only chapter 27, which is the last one that we will be dealing with, does not have new recommendations for the committee's

consideration.

What we'll do is we'll present them in the order as mentioned by the Chair, and we'll be pausing after each presentation to allow consideration by the committee and comments by the official. So without further ado, I'm just going to turn it over to Mr. Deis to present the very first chapter, which is chapter 31 of our 2014 report volume 2.

[10:30]

Mr. Deis: — Thank you, Ms. Ferguson. Chapter 31 of our 2014 report volume 2 starts on page 173, reports the results of our audit of the conseil's financial management and governance practices. We conducted this audit in response to a request from cabinet resulting from concerns regarding the finances of the conseil. I'll also refer to the organization as CSF [Conseil scolaire fransaskois] in this presentation.

We concluded that for the 12-month period ended August 31, 2014, CSF did not have effective financial management and governance practices. We made 10 recommendations. I will briefly describe why we made each recommendation.

In our first recommendation, on page 180, we recommend that the board of conseil approve a written delegation of authority setting out the authority of each staff involved in procurement decisions. The board of CSF delegated various authorities to the director of education and the chief financial officer. CSF allowed staff reporting below the director of education and chief financial officer to approve contracts, invoices, and payments without a written delegation of authority. Without complete written delegation of authority policies, there is increased risk that inappropriate financial decisions may be made.

In our second recommendation, on page 181, we recommend that the board of conseil approve written policies for key financial management processes based on its assessment of financial risks. We found that CSF did not have any documented policies for its key financial management processes such as policies for budgeting, financial reporting, and purchasing. Also the board had not completed a risk assessment to determine procedures it requires to manage its financial risks. Written financial management policies and procedures allow the board to formally set out its expectations for the financial operations of the organization and are useful in the event of key staff leaving the organization.

On pages 189 through 193, we describe how the lack of written financial management policies impacted CSF's financial management and governance processes.

Our third and fourth recommendations on page 181 are related. We recommend that the board of conseil approve a comprehensive code of conduct and conflict of interest policy for board members, management, and staff. We recommend that the board of conseil monitor compliance with its code of conduct and conflict of interest policy and address identified conflicts of interest and violations of the code.

While the board had established a code of conduct and conflict of interest policy for members of the board, we found that the

policies were not sufficiently comprehensive. For example, they did not include processes to track possible conflicts of interest, periodically confirm compliance with the policies, or address violations. Also similar policies did not exist for management and staff. Without a comprehensive code of conduct and conflict of interest policy, board members, management, and staff may not understand the behaviour that is acceptable to CSF or how to maintain compliance with these policies.

In our fifth recommendation on page 182, we recommend that the board of the conseil implement a development plan to address gaps between competencies required and those possessed by the board members. We found that the board had not identified or documented the required competencies of its members, including financial competencies. Also the board had not identified competencies already possessed by current board members. As such, the board did not conduct an assessment to identify gaps between competencies required and those possessed by board members, nor did the board have a policy requiring such assessments. Without identifying and developing necessary competencies, the board may not collectively have the required skills and knowledge to interpret and analyse information for making good decisions.

In our sixth recommendation on page 183, we recommended the board of the conseil require systematic and regular performance evaluations of senior management. We found that CSF did not require written performance evaluations of senior management. While a written performance evaluation was completed for the former director of education during the audit period, written performance evaluations were not completed for any other members of senior management during the year. Systematic and formal evaluations of senior management help align management's operational decisions with the organization's goals and objectives. Such evaluations also provide a basis for making human resource decisions.

In our seventh recommendation which is on page 186, we recommend that the conseil document its strategy to manage its net debt for the board's approval. Net debt is liabilities less financial assets.

As we describe in the financial overview on page 175, CSF's net debt has grown significantly since 2010-11 — an increase of approximately 5.2 million from August of 2010 to August of 2013. While CSF management advised its board and the Ministry of Education of its plans to address this net debt position, this debt reduction strategy was not documented. Both the board and the ministry approved CSF's 2014-15 budget that had an operating deficit without a documented strategy setting out how CSF will manage its growing net debt while maintaining quality educational services. Without documenting its net debt strategy, it may be difficult for CSF management, its board, and the ministry to monitor progress towards achievement of its planned debt reductions.

Our eighth recommendation on page 187, we recommend that the board of the conseil implement a risk management process that requires identification and written analysis of financial risks that impact the conseil. We found that conseil, that CSF did not have a risk management framework or policy to help it effectively identify and evaluate risks to achievement of plans including financial risks.

We found examples where CSF and its board made decisions without assessing the relevant financial risk related to those decisions. For example, we found that CSF decided to accept out-of-province students in one of its schools without a written agreement with the other province. CSF later had difficulties collecting amounts billed to that other province.

Without processes to systematically consider their risk when making decisions, CSF may make poor decisions resulting in inefficient use of scarce resources and fail to meet its strategic objectives.

In our ninth recommendation which is on page 188, we recommend that the conseil maintain accurate and current forecasts of financial information within its financial records. We found monthly budget reports prepared from the financial records were provided to various CSF department staff to help them manage the budgets for their respective areas.

The budget amount set out in these reports were not always current, that is, reduced for approved budget reduction expenses. Also the budget reports did not provide information on commitments or forecasted expenses. Rather, CSF expected each department to have its own processes to identify, track, and monitor commitments for its area. The risk of overspending is reduced when information is accurate, adequate, and readily accessible. Timely forecasts enable the board and management to analyze the existing financial situation when making decisions concerning expenditures.

Our 10th recommendation on page 193, we recommend that the board of the conseil use documented analysis to support significant decision items, including analysis of financial, strategic, and reputational implications of recommendations and alternative options.

We found instances where the board made decisions without receiving sufficient information. For example, as noted on page 192, the board entered into commitments to create a French language program at a new location without receiving proper, appropriate analysis to support its decision. The lack of analysis to support the decision, untimely consideration of costs in the budget, and lack of forecasts resulted in an inefficient use of resources.

In June 2014 the board adopted a template to increase information provided to support decision making. At August 2014, the time of our audit, it was not yet used. The board must require management to provide sufficient analysis of informed decision making to support the recommendations made using the template. That concludes my overview.

The Chair: — Thank you, Mr. Deis. Mr. Repski, if you would like to introduce the officials here with you today and we'll work on this particular chapter, if you'd like to make some comments as well.

Mr. Repski: — Great, thank you. Good morning. I'm pleased to be here today to speak to the Ministry of Education and school division progress on the recommendations provided by the Office of the Provincial Auditor. My name is Clint Repski, assistant deputy minister of Education. With me today to help answer your questions are the following ministry officials and

sector partners.

From the Ministry of Education, we have Donna Johnson, assistant deputy minister; Doug Volk, executive director, Teachers' Superannuation Commission; Josh Kramer, assistant director, financial management, corporate services. From the Conseil scolaire fransaskois, we have Donald Michaud, the director of education; Ronald Ajavon, the deputy director. From the Regina Public School Division we have Ernie Cychmistruk, director of education; Mike Walter, deputy director of school services. From the Regina Catholic separate school division we have Rob Currie, director of education; Brian Lach, superintendent of education services.

We welcome the findings of the auditor's report to enhance our ministry's operations, as well as the operations of the Teachers' Superannuation Commission and our school divisions. We appreciate the effort and the level of detail that the Office of the Provincial Auditor has put into this report. It serves as an excellent guide to identifying opportunities to improve our existing controls and processes. We believe progress has been made in addressing many of these recommendations.

At this time I'd like to highlight a few of the recommendations. With respect to the 2014 report volume 2, chapter 6, regarding Education, the ministry has made progress towards addressing the recommendations of the auditor to verify contributions to the Saskatchewan teachers retirement plan, to enter into written agreements with school divisions for funding of school capital projects, and to improve our information technology processes and controls.

With respect to the 2013 report volume 1, chapter 13, the physical safety of students is a priority of government . . .

The Chair: — Sorry to interrupt. I think we'll focus . . . We will focus on the one chapter at hand, so that would be chapter 31. If you have some comments on chapter 31, that would be very helpful.

Mr. Repski: — With respect to 2014 report volume 2, chapter 31, the ministry continues to support the conseil to improve its financial management and governance practices so they can focus on making sound decisions regarding the education of students. We recognize there's still areas to improve on, which is why our ministry is committed to working with the school divisions and the broader education sector to identify and address those needs. We look forward to continuing our work with the auditor to address these items.

This concludes my opening remarks, and I'd like to thank the Provincial Auditor for her work and your team's work. I now invite the committee to put forth any questions you may have.

The Chair: — Thank you. And would you like to introduce . . . Will it be Mr. Michaud who will be answering questions?

Mr. Repski: — I think what we'll do is we'll respond from the ministry's perspective. If there's follow-up questions, we will defer.

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

Mr. Wotherspoon: — Thanks so much and thank you for ministry officials, Mr. Repski, Ms. Johnson, and all the educational partners that are here today from the Fransaskois school division as well as from Regina Public and Regina Catholic who I think might be engaged in some of the other chapters.

So I'll focus in on chapter 31 right now which focuses in on the Fransaskois school division, and fairly significant and substantive recommendations that have been brought forward. And I just want to make sure I have a full understanding of it.

It seems that the Fransaskois school division has identified these recommendations as priorities and I see actually significant actions to ensure implementation of these recommendations. Now these are really, of course, important because we know certainly first of all that the Fransaskois school division is a very important educational partner in Saskatchewan delivering high-quality education. And then these sorts of controls and matters are important to ensure, you know, best management and the integrity of those systems. So I really do appreciate observing sort of this partnership working the way that it should with an auditor's office engaging with a school division, then, you know, taking actions to I guess be on a really good, solid footing on a go-forward basis.

So if I'm looking at the recommendations that have been introduced by the auditor, certainly important recommendations, and I look at the status updates that I've been provided and the actions that have been taken to ensure implementation and that these have been addressed, it seems to me that there has been significant work by I suspect the ministry, certainly by the Fransaskois school division, and I'm thankful for that.

I guess I would just like to get a . . . make sure that I'm interpreting this properly is that the vast majority of these recommendations — all but one — have been implemented, is what's being communicated back to us here today, and maybe just verify if that's correct. And then, if so, speak to the one that's sort of in progress, and I'd like to hear a little bit about what the timelines are to ensure implementation on that front and what further actions are going to be taken to ensure implementation.

[10:45]

Mr. Michaud: — Well thanks. Thank you for the opportunity. If I can just preface this and give you a little bit of context from our point of view. I certainly want to thank you for the opportunity to be able to answer your questions today, and I expect that this morning is going to be interesting if not a pleasure to experience for the first time in my career.

The auditor's report has become a permanent fixture on my desk with chapter 31 well annotated, and the auditor's work also coincided well with a new direction that the conseil scolaire was taking with my arrival which is a little over a year ago. That being said, the audit period happens to reflect, I would say, if not . . . it's one of the most challenging if not the most challenging periods in the CFS's 21-year history.

Just so you know, in the last 18 months we have had budget

cutbacks in the order of 16 per cent with a reduction of 71 full-time positions, of which 60 per cent are central office staff. So that was from October 2013 until obviously what we've done in that budget period. So I'm not using that as an excuse, but obviously in terms of . . . even the previous director of education fell ill in the fall, so that was sort of the perfect storm for at least explaining a bit of the audit period which is September 2013 until June of 2014.

So that being said, I'm not sure if, which recommendation you're referring to, very more specifically. I just want to say you're absolutely right; we have been going forward. All of these are implemented. Is it recommendation 5?

Mr. Wotherspoon: — I believe so, yes.

Mr. Michaud: — That has been discussed at least three times at the board meetings. The challenge there is that there isn't really a job description that's very specific with competencies set out either by the SSBA [Saskatchewan School Boards Association], at least in Saskatchewan. And it's relatively difficult to find. If you google, you know, board competencies, you will find lots of material, but nothing that's sort of a template that we could use.

So our procedure in that is to build our own, and more or less have a series of competencies that will be set out on the Likert Scale, and have the board members individually sort of state whether, where they think they're at: for example, very little knowledge to, you know, feel very competent. Tally that up and do it. As well we'll be able to give a board picture as well, not only individually but the board, and then try to get on to either tailor-made training, because the opportunities at this time . . . It's not a criticism, it's a fact, but there isn't really an organization in Saskatchewan now that offers, you know, exact, timely training. So we're going to have to develop our own, and we're going to have to find those experts that will do it.

There is a specific program that is funded by school boards in part and the provincial government, but it's fairly involved in that it's a commitment over at least a year with, you know, various modules being followed by the different board members. But it's difficult for folks who are not doing this full time to be able to commit to all of that time, certainly in a year. And of course there's the challenge of the timing of when the training is offered and the availability of the board members. So that is an important resource, but it's not enabling us to get into . . . it's not going to be sustainable at this time. So we're going to have to tailor made a course in light of the school Act, the provincial school Act, and those competencies generally recognized as necessary for school trustees.

Mr. Wotherspoon: — Well thanks for some of the update on the one recommendation that's partially implemented, and I guess some of the unique considerations that are there as well. I do see actions laid out that should see implementation in due course that will, you know, work for the division and be deemed appropriate by the auditor.

I think for anyone observing this from afar, from home or something, is it's important for them to know that the recommendations brought forward by the auditor and then the actions that have been committed to and taken, that it's not just

this committee that then deems whether these have been implemented, that there's a direct follow-up back with the auditor working with the ministry and this school division, the Fransaskois school division. And that's certainly important.

So I guess what I would say on this chapter, because of the actions that have been noted, the fact that implementation has been noted to have occurred on substantive recommendations that certainly are important from a perspective of being in the public's interest and certainly the school division's interest as well, I don't have any further questions at this time.

I'm cognizant that in this committee we want to focus on process and actions and not get into the full policy debate here today. So I won't, but I would note that some of the cuts and pressures that you've identified are a concern to the official opposition and have been followed up and placed onto the record, just as they have been in the education sector across Saskatchewan. And I know the Fransaskois school division is facing those pressures. We certainly know as well that many, many, many other school divisions across Saskatchewan unfortunately are also put in that same difficult position.

And from a policy debate side of the equation, we have big concerns with the direction of the current government in its lack of recognition for enrolment growth, in its lack of enabling the success of school divisions and students. But I won't take this question to a good senior official, I'll take that debate up with the Minister of Education and the Premier.

So otherwise, I want to say to the Fransaskois school division, thanks for your attention to these matters. I'm sure it's been a heavy year, to be honest, because these are significant recommendations. We certainly value greatly the role of the Fransaskois school division in Saskatchewan and the role of French culture in education, and we'll track the progress of these recommendations through to full implementation.

Mr. Michaud: — Chair, if I could just add by the way, we did have a daylong session with the SSBA in February where we had a workshop surrounding performance management. Anyway, it's a document that the SSBA has that's very lengthy, and it was synthesized and presented in a daylong . . . well it lasted about five hours. And then a discussion followed on how we would deal with some of the recommendations, by the way, coming out of the auditor's report. So that was held in February in Saskatoon with just about all of the members present.

The Chair: — Thank you for that information, Mr. Norris.

Mr. Norris: — Madam Chair, thanks very much. Pardon, je ne parle pas français. [Translation: I'm sorry, I don't speak French.] I appreciate the work that's been undertaken and the spirit of that work, especially given the significance of French educational programming in Saskatchewan and as enrolments continue to grow.

I would like to return to no. 5, as far as what that recommendation looks like. Have you been in touch with folks at the Johnson-Shoyama School or others that, before endeavouring to go down . . . and I'll paraphrase your expression, as far as tailoring some work to your specific needs, I hope that there are some other conversations that are under

way with those. We know how significant governance is, and it's a work in progress. I hope those kind of conversations have been followed up.

Mr. Repski: — Regarding the Johnson-Shoyama piece Mr. Michaud referred to, that governance training that has been provided, that has been done through the Johnson-Shoyama institute. It's been in place for a few years now, where applications from trustees have been received. School divisions provide 50 per cent of funding for this quite intensive governance training program, and the ministry has been offsetting the other 50 per cent of that cost.

We have been looking at potentially expanding those options to make it a little more tailored to boards in terms of time and commitment, but those conversations continue to happen. But in the meantime, we still have an existing relationship with the Johnson-Shoyama course that has been extremely well received from those trustees that have taken that course.

Mr. Norris: — Merci beaucoup. [Translation: Thank you very much.]

The Chair: — Mr. Michaud.

Mr. Michaud: — Just for your information, we have one trustee that is certified that went through the whole program, by the way.

The Chair: — Are there any further questions on this chapter? Mr. Michelson.

Mr. Michelson: — Yes, thank you. You had referred to budget cuts. The budget that was brought down showed increases in Education. When you talk about budget cuts, is that within your particular jurisdiction? Because it really doesn't reflect on the position of the government of the province. I'm just kind of curious where that information came from.

Mr. Michaud: — That is our analysis on the financial work we did within our own jurisdiction. So in other words what has happened is the situation, the CÉF [Conseil des écoles francosaskoises] situation, the CSF situation is to the point, and that's what I guess drove the auditor's report or the cabinet's reaction to a request by the CSF for an advance in funds because we were going to have difficulty meeting payroll in May of 2014.

That being said, the debt, the accumulated debt of the CSF is really not a debenture or a loan, it's set on a line of credit. That line of credit was just about maxed out. So in order to just get our house in order, our financial house in order, we had to implement all of these cuts, but the results are exactly what I describe.

Mr. Michelson: — Those financial decisions were made by you?

Mr. Michaud: — That's correct.

Mr. Michelson: — Okay. Thank you.

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

Mr. Norris: — If I could just on this, just based on information that's been provided, the line of credit went from 2.5 million on August 31st, 2010 to about 5.8 million by the end of August 2014. Can you tell us the current situation regarding the line of credit?

Mr. Michaud: — I can. If I could ask my CFO [chief financial officer] just a question. It's the same situation. We're forecasting and it's looking that way that we're going to be able to reduce that debt by 1.3 million this year. That has become our target; we're proposing it. I mean it's administration's target for the time being, being presented to the board next week as being a target we would like to achieve.

Now again, you know, without getting into all of the complexities of teacher contracts and how they're moving up in scale and so on and so forth, we still have enormous challenges in being able to achieve that. So we're in that process, and our budget will be of course submitted June 30th, and the board will decide which route they're going to take.

Mr. Norris: — Merci beaucoup. [Translation: Thank you very much.]

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — So I noted that recommendation as well around recognition of the longer term strategy and recognition of debt. And I'm hearing today then that there's an actual plan to reduce, in a fairly significant way, that credit line by . . . would it be about a 20 per cent reduction then in the current fiscal year?

Mr. Michaud: — Yes. I'm going to have to rely on your calculations in terms of the percentage, but yes, if that's 20 per cent, that would be right, yes.

Mr. Wotherspoon: — Okay. So I appreciate these plans are important. The fiscal integrity of every organization's important and that of government is important as well. And I just reference some of the numbers of the current trajectory of government that is also important for us to note, I think, is that in 2011 the debt of Saskatchewan was 8 billion, and that in the current year, just four years later, is well in excess of 13 billion at the same time as a rainy day fund has been entirely depleted. So these discussions are important for respective organizations and also important for government.

The Chair: — Are there any further questions on this chapter? Seeing none, we have some, well 10 new recommendations with which we have to deal. Just confirming then, Mr. Michaud, then for no. 5, you would consider it in progress towards implementation?

Mr. Michaud: — Yes.

[11:00]

The Chair: — Okay. Thank you for that. What is the will of the committee? May I have a motion? Mr. Doke.

Mr. Doke: — Madam Chair, in regard to recommendations 1, 2, 3, 4, 6, 7, 8, 9, 10, we would concur with the

recommendations and note compliance. I should have also have said this is volume 2, chapter 31 in the 2014 report.

The Chair: — Thank you, Mr. Doke. So Mr. Doke, for the 2014 Provincial Auditor report volume 2, chapter 31 that this committee concur with recommendations 1, 2, 3, 4, 6, 7, 8, 9, 10 and note compliance. Are there any questions on this motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Mr. Doke.

Mr. Doke: — Madam Chair, on recommendation no. 5, for auditor's report, volume 2, chapter 31 we would concur with the recommendation and note progress towards compliance.

The Chair: — Thank you. Mr. Doke has moved that for the 2014 Provincial Auditor report volume 2, chapter 31, recommendation no. 5 that this committee concur with the recommendation and note progress to compliance. Are there any questions on this motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you for that. Thank you, Mr. Michaud and everyone else here. I guess we'll be switching to the next chapter. We will be looking at chapter 13 from the 2013 report of the Provincial Auditor's report volume 1. Thirteen, yes.

Mr. Deis: — Thank you . . .

The Chair: — Oh yes, sorry. Mr. Deis.

Mr. Deis: — Chapter 13 of our 2013 report volume 1 starts on page 149, and here it reports on the results of our audit of the effectiveness of processes to provide for the physical safety of students at schools at Regina School Division No. 4 and Regina Roman Catholic separate school division No. 81.

We concluded that for the 12-month period ended February 28th, 2013, both school divisions had — other than in the areas I will highlight — effective processes to provide for the physical safety of students at school. In the course of this audit we visited 13 schools, 8 in Regina school division and 5 in Regina Roman Catholic separate school division, and we made a total of 17 recommendations to improve physical safety, which I'll describe each in detail.

In the first two recommendations, both on page 153, we recommend both Regina school division and Regina Roman Catholic separate school division develop and implement safety manuals to be used by schools to guide safety and maintenance for all science labs and shop areas in their practical and applied arts programs. We found that the school divisions lacked formal division-wide guidance for safety in school shop facilities, science labs, or for maintenance of shop equipment. Rather, the schools primarily relied on teachers' experience to provide a safe learning environment in the practical and applied arts shops. Not providing guidance in these areas increases the risk that these environments will not be safe for students.

In our third recommendation which is on page 155, we recommend that Regina Roman Catholic separate school division formally document its annual review and sign-off of emergency response plans. We found both school divisions required each of their schools to submit their emergency response plans annually for review. While Regina Public left evidence of this review, Regina Catholic did not. Not documenting review and sign-off of emergency plans increases the risk that the plans will not contain all required elements.

In our fourth and fifth recommendations, both on page 156, we recommend both Regina school division and Regina Roman Catholic separate school divisions review their practices for emergency response kits and provide guidance to schools on the required contents of those kits. We found most schools within each division had developed their own emergency response kits which included such items as attendance lists, parental contact information, and first aid kits. Additionally, some classrooms had smaller emergency response kits which include attendance lists and evacuation routes. Not having consistent practice for emergency response kits or guidance on the required contents of kits makes it more difficult to have uniform prepared responses to emergencies.

In our sixth and seventh recommendations, also on page 156, we recommend both Regina school division and Regina Roman Catholic separate school divisions determine the appropriate location for placement of safety-related signage and safety items such as fire extinguishers and first aid kits in schools. We found the extent and physical locations of safety items such as fire extinguishers and first aid kits and the amount of safety-related signage varied from school to school. Not selecting the most appropriate location for safety-related signage and safety items within schools may decrease their accessibility and increases the risk of increased response times during emergencies.

In our eighth and ninth recommendations on page 157, we recommend both Regina school division and Regina Roman Catholic separate school divisions develop requirements for air quality testing to be conducted when construction takes place during the school year. We found both school divisions had air quality tested on a regular basis. Both had processes to test air quality before a construction project in a school starts and again after the construction is completed, but did not test it during the construction period. Not testing for air quality during construction increases the risk that contaminants could create an environment not safe for students or staff.

In our 10th and 11th recommendations on page 158, we recommend both Regina school division and Regina Roman Catholic separate school divisions develop processes to keep safety components, for example, eyewash stations or emergency exits, accessible in science labs and shop areas. We found safety equipment did not always work and was not always accessible. There's a greater risk to student safety in practical and applied arts courses such as automotive, woodworking, and electrical. To keep students safe, safety components such as eyewash stations in shop areas as well as in science labs must function and emergency exits need to be accessible at all times.

In our 12th and 13th recommendations which are on page 159, we recommend both Regina school division and Regina Roman

Catholic separate school divisions assess the level of physical safety required for each school in the division. We found many principals express concerns over the lack of visibility of front entrances from school administration offices and the ability to be aware of and to monitor people entering schools. Regina Catholic had taken some steps to enhance its ability to compliance, or to monitor entrances, for example, the use of video cameras. Without assessing the level of security needed for each school, the school divisions may not sufficiently secure the physical access.

In our 14th recommendation on page 160, we recommend that Regina school division set expectations for safety training that school staff are required to take, including defining the number of first-aid-trained staff required in each school.

In our 15th recommendation, also on page 160, we recommend that Regina Catholic separate school division define the number of first-aid-trained staff required in each school. Neither school division had set out how many first-aid-trained staff were required in each school. We found in some schools that there was only one person certified in first aid. Not setting expectations for the type of safety training, or specifying the number of staff trained in first aid for each school, increases the risk that a school will not be able to respond appropriately to an emergency.

In our 16th and 17th recommendations on page 162, we recommend both Regina school division and Regina Roman Catholic separate school divisions develop performance measures and targets related to student safety and report on those measures and targets periodically to its board. Although both school divisions monitor the results of fire drills and secure-the-building drills that schools perform during the year, they did not set any performance measures or targets around student safety. Once performance measures and targets are set, the school division should consider what information should be reported to their boards on a regular basis. Not monitoring the performance of student safety initiatives increases the risk that school divisions will not have the information they require to effectively protect student safety. And that concludes our comments.

The Chair: — Thank you, Mr. Deis. Mr. Repski, would you like to make some comments on this chapter?

Mr. Repski: — My colleague, Donna Johnson, is going to be providing comments on this section.

Ms. Johnson: — Good morning. I was going to say good afternoon. Thank you to Kelly Deis and the rest of the auditor's office for this report. We appreciate the work of the auditor and want to note that while ultimately it is the responsibility of the school boards to create, examine, and review their safety guidelines for their schools, the health and safety of the students in the schools is of prime importance to us in the ministry, as well as to the administration of the school divisions.

So I would also like to again re-introduce and thank them for attending: from Regina public, Ernie Cychmistruk and Mike Walter, Ernie being the director of education and Mike the deputy director of school services; and also from Regina Catholic, Rob Currie, our director of education; and Brian Lach,

the superintendent of education services.

As you will know from the material that you received prior to attending the meeting today, the school divisions have noted substantial progress on these 17 recommendations, and of the 17 recommendations, the school divisions are identifying that recommendations no. 2, 3, 4, 5, 7, 8, 9, 11, 13, 14, 15, 16, and 17 have been implemented. So that leaves us with four recommendations that have been partially implemented, and if the committee would like, I can speak very briefly about the actions undertaken, or we could invite the school division members to take questions from the committee members. Whichever you prefer.

The Chair: — Do you want to speak briefly about some of the actions on those four outstanding recommendations?

Ms. Johnson: — Certainly, yes. So the first recommendation that is still partially implemented relates to recommendation no. 1 to the Regina school division, and actions taken to date on that recommendation to develop and implement safety manuals to be used by the schools. So far, the science lab working group has reviewed the Saskatchewan science safety binder and created a science safety checklist and procedure. And in practical arts, practical and applied arts, they have contracted Suncorp Valuations to conduct a full shop safety audit and to provide shop safety handbooks. The handbook is complete and is currently being used by the teachers.

They've also begun some work to develop a maintenance and inspection program for all equipment in the practical and applied arts shops and labs. The additional work that is planned is to have a half-day professional development session for their science teachers. That will happen during the school year of 2015-16, and the contract with Suncorp will also wind up in '15-16 with Suncorp conducting annual reviews of the maintenance of the practical and applied arts shops and labs.

The second recommendation that is partially implemented is recommendation no. 6. Again that's Regina school division and that recommendation relates to determining the appropriate location for placement of safety-related signage and safety items such as fire extinguishers. The first-aid signage, in terms of actions taken to date, the first-aid signage along with practical and applied arts shops and lab signage and safety zone marking has been ordered and is complete for most schools. What is planned is the installation and the continuing installation of the signage, with that expected to be complete over the summer, so that will be in place by August of 2015.

The next recommendation, recommendation no. 10, which is partially complete, again refers to the requirement to develop processes to keep safety components such as eyewash stations and emergency exits accessible in the science labs and in the shop areas. Eyewash stations in the science labs have been installed. The eyewash stations in practical and applied arts shops and labs are present but are being upgraded, and planned actions will be to continue to upgrade the eyewash stations, with that work expected to be complete over the course of the coming two years.

[11:15]

The third recommendation is recommendation no. 12, and that relates to the requirement for the level of physical security required for each school division. Actions taken so far by Regina Public School Division is that the schools have worked with their school resource officers to assess the safety drill procedures and provide feedback, and video surveillance systems are being tested for installation in all high schools to address the visibility concerns. This work will continue with the surveillance systems being installed in all high schools, with that expected to be complete in February of 2016.

And that, I believe, is all of the recommendations that are still under way.

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

Mr. Wotherspoon: — Thank you very much, and thank you to the auditor for their work on this front. Certainly they're important measures of safety and protection. And thank you as well to the divisions and the Ministry of Education for their actions to address some of these concerns and ensure plans are in place. Thank you for the detail here today of some of the outstanding actions or planned actions, I should say, to ensure implementation. It's a pleasure to have that fine group of educational leaders from Regina here in committee here today. I think, you know, I'm going try to find a way to grill Mr. Walter or something here today. But that's a very strong group that's in the room here today.

I have a question for the ministry as far as what's next as far as application to other school divisions now. Because certainly I know the work of the auditor is to go in and do a risk-based analysis of some of these concerns, and they've done so in two school divisions, and those two school divisions have now responded with actions to ensure safety measures are in place. Do you now take these recommendations and do a little bit of an audit or work with the rest of the school divisions in Saskatchewan to set sort of a best practice, if you will?

Ms. Johnson: — Generally with audits like this we'll work with the school divisions just to ensure there is a level of awareness raised and to ensure that the school divisions appreciate that, while the auditor's office selected two school divisions essentially randomly for this work to be done, the recommendations themselves or the intent behind those recommendations apply across the board. So we'll work with the school divisions to ensure that they understand that these recommendations are applicable to all school divisions, not just these two in particular.

Mr. Wotherspoon: — Will there be some reporting back out public what your consultation with school divisions . . . and a bit of an audit of divisions recognizing, you know, where there might be deficiencies and where needs and where actions will be? Will there be something reported out from the ministry's perspective to state to the public, you know, what measures are taken or to ensure a degree of confidence that actions are being taken? And as such, will there be support from the ministry to allow those actions to be taken?

Ms. Johnson: — Well typically the nature of this work is work that is done at the school divisions. The ministry of course is

always interested in ensuring that school divisions do in fact operate their buildings in a safe manner. So we can undertake to work with them to find out how they are assessing themselves with respect to these recommendations, but ultimately it's their responsibility to ensure that things are safe and secure for the students.

Mr. Wotherspoon: — So safety certainly is, you know, paramount and critical in making sure that students are going into safe environments, and certainly the staff and professionals there as well are in safe environments. So these recommendations are important. They're also at a time where there's arguably thin resources for divisions in making, advancing some of the important priorities that are important in education. My question would be, do we know from the divisions the cost associated with addressing these recommendations and implementing these recommendations, and was there financial support from the ministry to allow them to do so, additional financial support?

Ms. Johnson: — There was no additional financial support provided to the school divisions as a result of these recommendations. The school divisions all receive their operating grant funding, as you know, through the funding distribution model, and they use that funding to address the priority areas including things like these recommendations.

Mr. Wotherspoon: — And do we have an estimate or knowledge, does the ministry have knowledge as to the costs associated with bringing these, ensuring implementation on these recommendations within the respective divisions that are impacted?

Ms. Johnson: — I currently do not have details as to the costs associated with the two school divisions implementing these recommendations, no.

Mr. Wotherspoon: — So we have the school divisions here today. They might not be in a position to share that information; it might not be readily available. But if they are, I'd appreciate the question . . .

Ms. Johnson: — So we have coming to the mike, Brian Lach.

Mr. Lach: — Thank you, Madam Chair, and members here. Just very quickly, the money that was used for the implementation of the recommendations here, we used a \$10,000 budget for the safety equipment upgrades that we needed to take care of in Regina Catholic schools. That was in our practical and applied arts shops and facilities and our science labs for the eyewash stations and the equipment upgrades that we needed there. So we worked on a budget of \$10,000 for that.

Another piece that we were working on was, and it was referenced in the report earlier, the Suncorp Valuations that are taking place in terms of an overview of the safety in our practical and applied arts shops and our science labs, that's costing us \$9,500. So approximately \$20,000 to complete the recommendations here.

Mr. Wotherspoon: — Well thank you for that information, and thank you for the actions as well as a division. So thank you for

that. I guess I would just have another question that goes just a bit broader than the auditor's report, but I think relates a bit to, relates to safety as well. And it's just, you know, with it coming to light that one school division in Saskatchewan did a bit of a special investigation, a bit of an engineer's assessment of the structural integrity of a number of its structures. I think this was, I believe, is the Prairie Spirit School Division, and they then found five of those structures weren't structurally sound and had to address them with some interim measures to ensure safety for students.

I guess my question would be, is that assessment that was done from a perspective of structural integrity? And I know that there's a very . . . I know that boards take these matters very seriously. I know that they focus on the maintenance of their assets. I know that they focus on the safety of those assets. I'm just wondering if that audit that that division did or that investigation from an engineering perspective, does the ministry know whether or not that same sort of engineer's review has occurred in other school divisions across Saskatchewan, and has that sort of a review occurred in the two school divisions that are here today?

Ms. Johnson: — Perhaps we could . . . Well I'll answer the questions in order, and then we'll ask the two school divisions to respond specifically to the last question you had there.

So yes, Prairie Spirit School Division did engage engineers to review their schools and to assess them in terms of the nature of the rehabilitation work that is required. That is the sort of practice that school divisions are funded for through the preventative maintenance and renewal aspect of the funding that they receive. It is a practice that the ministry encourages, but we do not require all school divisions to hire engineers to do structural reviews of their schools on a set timeline. We encourage it.

If they haven't engaged in that practice in a reasonable amount of time, most of the schools will have a good handle on or will . . . not most, all of the school divisions will have a good handle on the state of their infrastructure. When they begin to become concerned about the state of their infrastructure, when they need to have an independent third party assessment of it, they will hire engineers. And that again is a practice that the ministry encourages and funds through preventative maintenance and renewal. So in any given year that kind of work will be undertaken by several school divisions, but it is not undertaken by all school divisions in each year.

Mr. Wotherspoon: — Right.

Ms. Johnson: — Okay. And with respect to the two school divisions, I'll just ask the school divisions to respond. So Mike Walter from Regina Public will respond first.

Mr. Walter: — Thank you. Good morning. I think you've covered the points that we certainly do in Regina Public Schools in terms of the preventative maintenance. And anytime that we feel there is a need to bring in a structural engineer, for example, to come and take a look at a facility because we have concerns in terms of the foundation, we will do that. And part of our submission in terms of new builds, we are required to provide reporting out in terms of say, replacement of facilities.

We are required to provide those kinds of reports.

Mr. Wotherspoon: — Thank you for that information. Certainly it's an important role that I know boards take on. I know it's one of the most important roles that boards take on, and in many ways I think that the school boards themselves always know the best service of the infrastructure pressures and needs that exist within the divisions. So thanks for the answer.

I don't have any further questions on these recommendations. They're good recommendations and numerous, and the actions that have been taken are also important. So we will be following certainly the follow-up and tracking these through to successful implementation. And I do respect that divisions are doing this with some pretty thin educational resources.

The Chair: — Mr. Marchuk.

Mr. Marchuk: — Thanks, Madam Chair. Yes, I too would like to congratulate the school divisions and the ministry for the good work they're doing in terms of the safety, and thank the auditors for bringing that to the attention.

I just want to explore a little bit the recommendation no. 12 about the video surveillance systems. I note that it's being tested for high school installation, and I'm just wondering if there are talks and/or plans going forward with regards to elementary schools as well, and where our directors of education are at with those discussions. It would be helpful.

Mr. Walter: — Thank you. So what was highlighted in the report is the work we are doing with respect to our high schools to implement a full video system in all of our high school collegiates.

We do have video surveillance available to some of our elementary schools where there are concerns with respect to not being able to see the main entrance where students enter. For your information, elementary schools by and large have one entrance that's open during the day. That's the main entrance and that usually is located right by the office, but not always. So we do provide that opportunity where schools feel that they do not have the appropriate visual access, that we provide a visual surveillance system as well. We will implement if they come forward and say, we're not comfortable with that situation, we need to improve it.

Mr. Marchuk: — That's specific to Regina Public. I understand that. And I'm just wondering provincially if the topic's being discussed around the director's table or where we're at with those kind of discussions for our schools. Anybody?

Mr. Currie: — Good morning. I know from a provincial perspective, there is — Rob Currie from Regina Catholic school division, director — from a provincial perspective, there is interest in this. Student safety is a number one priority and concern for all school divisions. So there are sharing of best practices that are taking place, when our provincial leadership team assembles, as to what are mechanisms and what are some supports that can be realized to share with the other school divisions based on requests, needs, or anticipatory actions that will address student safety, whether it be in high schools or

collegiates or potentially in elementary schools as well.

Mr. Marchuk: — Good. Thanks, Rob.

The Chair: — Thank you. Are there any further questions on this chapter? Seeing none, we have 17 new recommendations are on progress to compliance. What is the will of the committee? Mr. Doke.

Mr. Doke: — Madam Chair, for the auditor report 2013 volume 1, chapter 13, recommendations no. 2, 3, 4, 5, 7, 8, 9, 11, 13, 14, 15, 16, and 17, we would concur with the recommendations and note compliance.

[11:30]

The Chair: — Thank you, Mr. Doke. Mr. Doke has moved for the 2013 Provincial Auditor report volume 1, chapter 13, for recommendations no. 2, 3, 4, 5, 7, 8, 9, 11, 13, 14, 15, 16, and 17 that this committee concur with the recommendations and note compliance. Are there any questions on this motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Mr. Doke.

Mr. Doke: — Madam Chair, for the auditor's report 2013 volume 1, chapter 13, recommendations no. 1, 6, 10, and 12, we would concur with the recommendations and note progress towards compliance.

The Chair: — Thank you, Mr. Doke. Mr. Doke has moved that for the 2013 Provincial Auditor report volume 1, chapter 13, for recommendations no. 1, 6, 10, and 12 that this committee concur with the recommendations and note progress to compliance. Are there any questions on the motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you for that. Thank you to the officials from both school divisions here today. We appreciate your time and your answers. Have a good day. And we will continue to focus on Education, looking at chapter 6 from the 2014 Provincial Auditor report volume 2. Mr. Deis.

Mr. Deis: — Thank you. Chapter 6 of the 2014 report volume 2 begins on page 41, reports the results of our 2014 integrated audits of the Ministry of Education, School Division Tax Loss Compensation Fund, Prince of Wales Scholarship Fund, teachers' superannuation plan, and the teachers' disability plan. We report that Education, its two funds and its two plans, complied with the authorities governing their activities. We also report that the 2014 financial statements of the teachers' superannuation plan and Education's two funds are reliable.

Our chapter raises five areas of concern. One is new and four we have previously reported. I will highlight the new area first. In our recommendation on page 44, we recommend the Ministry of Education check the accuracy of its contributions to the Saskatchewan teachers retirement plan on a periodic basis. We made this recommendation because the ministry pays

significant employer contributions to the Saskatchewan teachers' retirement plan, and that's as required by legislation.

Each month the Saskatchewan Teachers' Federation, STF if you will, bills the ministry for the required contributions. This billing is supported by very detailed and complex information. We found the ministry did not adequately check STF's calculations that they were accurate or reasonable. As a result, the ministry could be contributing more or less than is required by law.

On pages 45 and 46, we highlight concerns over the ministry's accounting for assets constructed under shared ownership agreements and related capital grants to school divisions. We have raised similar concerns for the Ministry of Health and the Ministry of Advanced Education. As previously discussed with this committee, these concerns do not impact the accuracy of the Government of Saskatchewan's summary financial statements. We understand that the Ministry of Finance continues to evaluate the accounting for these matters.

Page 46 notes the ministry made progress regarding establishment of capital funding agreements with school divisions. The ministry expected to start using capital funding agreements with school divisions in 2014-15 to communicate complete terms and conditions associated with capital grants.

Finally, as reported on pages 46 to 48, while the ministry made progress related to IT concerns, more work remains. At March 2014, education continued not to consistently follow its processes for proper removal of unneeded user access to its computer systems. Unneeded access was not removed properly for 6 out of 17 individuals we tested.

Education and the Ministry of Central Services completed outstanding appendices to the memorandum over IT services they signed in 2011-12. However Education did not know if Central Services was addressing its security needs. And lastly Education had not yet completed the development of an IT strategic plan. And that concludes our overview.

The Chair: — Thank you, Mr. Deis. Mr. Repski, if you'd like to make some comments on the new recommendation and any of the outstanding ones in this chapter?

Mr. Repski: — Perfect, thank you. To give a brief oversight as far as my abbreviated opening comments with respect to the 2014 report, we believe we've made significant progress towards addressing the recommendations of the auditor to verify the contributions to the Saskatchewan teachers' retirement plan. We've also entered into written agreements with school divisions for funding of school capital projects, and we've been improving our information technology processes and controls. Would it satisfy the committee to go through each of the individual points?

The Chair: — Yes.

Mr. Repski: — Okay. Regarding the contributions to the retirement plan, the new plan, we have developed procedures where we develop a reasonability assessment. It's relatively new; we've been using it for the last quarter, but we've been developing a spreadsheet. We've been looking at the invoice

that's been submitted from the STF to get our own reasonability assessment to verify those contributions in a more accurate way.

Regarding no. 2, following generally accepted accounting principles for co-owned buildings, the Ministry of Education, the Ministry of Finance continue to work with the Provincial Auditor's office to come up with solutions and options to rectify this and to get some common understanding on those outstanding issues. No. 3, the same response: we continue to work with the Ministry of Finance and the Office of the Provincial Auditor's office to come up with options to continue that work.

Regarding no. 4, involving the written agreements with school divisions, we have completed an agreement format with the divisions, the Provincial Comptroller's office, and Justice. These agreements have been in place since the last quarter of '14-15.

No. 6 on the IT, establishing procedures for the access to our systems, we've been mitigating the citation by frequently reminding our executive coordinators and our executive directors, stressing the importance of removing things such as MIDAS [multi-informational database application system] access. Each area, each branch has their own area of responsibility to submit those service requests, as you'll find in this year's performance audit, which you'll see from the auditor that we have been complying with that. We've really raised the awareness and the importance of having those proper controls in place for employees who are departing the ministry.

No. 7, the effectiveness of the IT structure, Central Services information technology, ITD [information technology division], they are now sending us annual security reports to inform each ministry of risks throughout the year. This is the first time they've taken that approach. We've worked with the Provincial Auditor to determine that this action is compliant with the annual report. We did receive the first one in '14-15 in April of '15.

And lastly, the IT strategic plan. We are working to have a draft strategic plan reviewed by our ITMC, the information technology management committee, in June of 2015. A draft has been prepared last month. The document is projected to be refined and accepted by January of this upcoming year. That concludes my remarks.

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

Mr. Wotherspoon: — Thank you very much for the action on most of these items and the implementation of the recommendations, of some of the recommendations. I'm going to follow up on a couple of these that haven't, you know, that there's partial implementation, just to make sure we fully understand the actions towards implementation.

The two that are highly problematic are the recommendations 2 and 3 around the inaccurate recording or inaccurate accounting, improper accounting. And you know, I think this just has to be resolved. And I know that, you know, there's been the changes to the summary, which has been a positive step that we've

pushed heavily to ensure has occurred. Government's taken that on, and I'm more than willing to recognize government for finally taking that step, and that's important.

But to be putting school divisions and the accounts, as it relates to education, into question with the public isn't in the best interests of anybody in Saskatchewan. From my perspective, I don't know how it's in the best interests of the government. It's certainly not in the best interests of school divisions. Saskatchewan people deserve proper accounting that's consistent with public sector accounting standards, with Canadian GAAP [generally accepted accounting principles].

And I'm not going to — you've stated the position here today and you're a lead within the ministry, and I know this is a decision of cabinet to take this position — so I'm not going to debate the merits here today with yourself because you're there to deliver the mandate and the program that you're asked to do.

But it's just wrong that we don't have the Government of Saskatchewan held to the same standard as all other sectors, whether it's the municipal sector or the private sector or all the businesses across Saskatchewan and across Canada that don't get to choose their own accounting policy. They have to comply with accounting standards. That's what gives us assurance. That's what gives us certainty, and that's what gives us, ensures trust with the public as well.

So as it relates to recommendations no. 2 and 3, I'd like to move a motion that I suspect will have support from committee members, who I suspect also would want to ensure that we have proper accounting and reporting of our finances and our obligations that are public. And I would simply . . . and this would then urge cabinet, if you will, to make the changes that are necessary. But I would move:

That the Ministry of Education follow Canadian generally accepted accounting principles for the public sector when accounting for assets constructed under shared ownership agreements as identified by the Provincial Auditor.

I so move.

The Chair: — Mr. Wotherspoon, if you could write that out.

Mr. Wotherspoon: — That would require me remembering what I've just stated.

The Chair: — I wasn't quick enough . . . [inaudible].

[11:45]

The Chair: — Mr. Wotherspoon has moved:

That the Ministry of Education follow Canadian generally accepted accounting principles for the public sector when accounting for assets constructed under shared ownership agreements as identified by the independent Provincial Auditor.

Are there questions or discussion on this motion? Seeing none, what is the will of the committee? Is this agreed?

Some Hon. Members: — Agreed.

Some Hon. Members: — No.

The Chair: — We'll try that vote again. Is that agreed?

Some Hon. Members: — Agreed.

Some Hon. Members: — No.

The Chair: — The motion has been defeated.

Mr. Wotherspoon: — Can we record the division on that vote?

The Chair: — Mr. Wotherspoon has asked for a recorded division. With respect to the motion before us, could I have a show of hands in favour of the motion? Mr. Wotherspoon. And may I have a show of hands of those opposed? Okay. The motion has been defeated. So, Mr. Wotherspoon.

Mr. Wotherspoon: — Disappointing. I don't know how as a government you expect your citizenry and businesses to adhere to accounting standards that are critically important to the integrity of our financial system, but then don't hold yourself to the same standard, and how you lay out those expectations onto municipalities and other organizations and then, you know, conveniently make a different set of rules for oneself. Leave that separate. I mean, this isn't a new debate.

I would also like to move:

That the Ministry of Education properly record capital grants to school divisions in its financial records as identified by the independent Provincial Auditor.

The Chair: — I need a . . . [inaudible] . . . Just one moment, Mr. Wotherspoon.

Mr. Doke: — Madam Chair, Madam Chair before you deal with the next question . . . the motion, sorry. The first motion . . .

The Chair: — Has been defeated.

Mr. Doke: — And it's not recorded.

The Chair: — It is recorded, yes. We held a recorded division.

An Hon. Member: — There were two votes going on at once.

Mr. Doke: — There was two, that's right. We did not want to . . . [inaudible].

Mr. Wotherspoon: — Oh, so you thought you were voting against a recorded division?

An Hon. Member: — Yes.

Mr. Wotherspoon: — You didn't think you were voting against the motion.

Mr. Doke: — We were voting against both . . .

An Hon. Member: — But there were two . . . [inaudible].

The Chair: — Just one moment, please.

Mr. Wotherspoon: — Well is that, is that for . . . Is that a question? To get a recorded division do you need . . . I don't know that rule.

An Hon. Member: — You need a majority.

The Chair: — You cannot vote against a recorded division once it's been requested, my support staff tells me.

An Hon. Member: — It just wasn't clear. It just wasn't clear.

The Chair: — So our vote was on the motion itself, not on the idea of having a recorded division. A recorded division isn't something votable, so once it's been requested that there is a recorded division, we have to have a recorded division. Yes, like we do in the House for a standing vote. Yes. So Mr. Wotherspoon has a motion that he is currently putting together.

Mr. Wotherspoon: — So I'm ready with that motion and I would request a recorded division again. I'll pass it along to yourself as Chair, but the motion reads as follows:

That the Ministry of Education properly record capital grants to school divisions in its financial records as identified by the independent Provincial Auditor.

The Chair: — I'm just making sure I can read your writing. Mr. Wotherspoon has moved:

That the Ministry of Education properly record capital grants to school divisions in its financial records as identified by the independent Provincial Auditor.

And we have a recorded division requested on that. All those in favour? Please, a show of hands. Oh sorry. Actually, do you know what? My apologies. Are there any questions on this particular motion? Seeing none, we will vote on this motion. Can I have a show of hands? Is that agreed?

Some Hon. Members: — No.

The Chair: — We have had a request for a recorded division. May I have a show of hands? All those in favour? Mr. Wotherspoon. All those opposed? The motion is defeated.

Moving on, Ms. Ferguson actually had a point of clarification she wanted to make a few minutes ago.

Ms. Ferguson: — I just wanted to clarify that the school divisions are accounting for these transactions appropriately, and they're not impacting their financial statements. So just to make sure that that's on the record.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — And I do appreciate that clarification. I was aware of that. And again just another point: that you have the school divisions that are holding themselves to the standard that they should, and it's just so wrong for your government to

set its own set of rules on this front. And I couldn't, you know, I couldn't express enough frustration as to this kind of nonsense around finances.

The Chair: — Mr. Wotherspoon. Mr. Wotherspoon, these were motions that we've had before us, and we've had an opportunity to debate. So we have to move on. Mr. Weekes.

Mr. Weekes: — Thank you. That's my point. The member consistently goes on and on with really a political discussion after, and he talks about policy. We're not here to discuss policy.

The Chair: — And that rules him out of order and we'll . . .

Mr. Weekes: — And he needs to be again and he's . . .

The Chair: — And we will move on. Thank you, Mr. Weekes. Mr. Wotherspoon.

Mr. Wotherspoon: — Okay. Well I guess with all due respect, it's not a matter of . . . With all due respect, it's not a matter of policy.

Mr. Weekes: — Yes, I think . . . [inaudible].

Mr. Wotherspoon: — It's a recommendation of a provincial auditor that puts the Government of Saskatchewan in a really poor light.

The Chair: — Mr. Wotherspoon. Okay. We're moving on here so . . .

Mr. Wotherspoon: — I have other questions.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — I just want to move along to recommendations number . . . recommendation no. 7 I believe. On recommendation no. 8, I appreciate the actions and the timeline laid out to ensure implementation.

Just as far as no. 7 there, which would be to “. . . monitor the effectiveness of the Information Technology Division of the Ministry of Central Services' security controls to protect the Ministry's computer systems and data,” I know this is a rather common type of a recommendation that comes to ministries, and I know there's, you know, an analysis of risk and tools to address this. I know some of those have been identified specifically, you know, when those will be taken, when specific steps will be taken. And certainly there's been actions to date already, which we appreciate. I'm just wondering, it says timeline towards implementation, which is ongoing. Do you have . . . Are there certain challenges or barriers that we should be aware of that prevent a more firm commitment of a timeline?

Mr. Repski: — Thanks for the question on this one. It's a common area, but it is something that we certainly don't take lightly. We've been working with Central Services and in particular ITD, the information technology division.

As we've been getting the report, in terms of a timeline I think it's always going to be ongoing. As the state of IT changes, we

have to keep revising and looking at our controls on a very regular basis. So in terms of when this will be implemented, we're certainly satisfied that this has been implemented, but it's going to involve continued monitoring on this.

The type of information that we're getting on a regular basis is things around spam. How much spam are we getting? How many attacks have there been? And their response is, we are relying on ITD to be providing those controls, and their systems are going to have to adapt and change as technology changes, as our data world changes.

So in terms of a formal implementation date, we're satisfied we're where we need to be because we have the information to take action, which is what was required. But in terms of the ongoing monitoring, it's always going to be ongoing monitoring. That's part of our responsibility that we need to take very seriously, and we do.

Mr. Wotherspoon: — Thank you very much for that action, that clarification as well. So I have no further questions. I'd like to thank certainly ministry officials for their time here today and their work throughout the year as well. And I certainly note my frustration around improper accounting's been recorded.

The Chair: — Are there any further questions on chapter 6? Seeing none . . . Oh, Mr. Doke.

Mr. Doke: — Do you want to move to the motion?

The Chair: — Sure. Yes. We have one new recommendation, Mr. Doke.

Mr. Doke: — Okay. In regards to the 2014 Provincial Auditor report volume 2, chapter 6, recommendation no. 1, we would concur with the recommendation and note compliance.

The Chair: — Thank you. Mr. Doke, has moved that for the 2014 Provincial Auditor report volume 2, chapter 6, that this committee concur with the recommendation and note compliance. Are there any questions on the motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right, moving on to the 2014 Provincial Auditor report volume 2, chapter 27. Mr. Deis.

Mr. Deis: — Thank you. Chapter 27 from our 2014 report volume 2 begins on page 153. It reports the results of our 2014 integrated audit of the Teachers' Superannuation Commission controls over the teachers' dental plan. The commission had effective rules and procedures to safeguard the plan and complied with authorities governing the plan other than the need for the better support for dental payments and to prepare interim and year-end financial statements. Our office has reported this concern for many years.

Effective January 2013, the commission implemented processes to better monitor the updated agreement with its insurance provider. By December 2014, the commission had nearly completed its reconciliation process for matching details of dental claims to payments made so that it can ensure payments

are made only to eligible teachers for eligible services. Once this reconciliation process is complete, the commission planned to revise its processes to facilitate the preparation of interim and year-end financial statements for the dental plan. That concludes our overview.

The Chair: — Thank you, Mr. Deis. Mr. Repski, would you like to make some comments on this chapter?

Mr. Repski: — Sure. We, as a ministry of the TSC [Teachers' Superannuation Commission], certainly appreciate the work of the Provincial Auditor on this front and we continue to implement these recommendations. Regarding the status of the outstanding recommendations, all are in a state of partial implementation. If it would be appropriate for the committee, we could go through each individual point. We can do that. We certainly concur with the OPA's [Office of the Provincial Auditor] position on these things. We continue to implement. If we want to get into specifics we can do that or we . . .

The Chair: — Why don't I open it up to the floor for questions to see if there's specific questions on these recommendations.

Mr. Repski: — Perfect.

The Chair: — Are there any questions? Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you very much for the report of the auditor, and thank you for officials for their communication to us on the status update, what actions are being taken on this front to ensure implementation. I appreciate that you've laid out both actions that'll be taken and a timeline to ensure implementation and, you know, ensure integrity of this important plan. So thank you for that work and we'll just continue to track it with interest through follow-up and through to implementation, so thank you.

The Chair: — Any further questions on this chapter? Seeing none with respect to this particular chapter, what is the will of the committee? Mr. Doke.

Mr. Doke: — We would move to conclude consideration on this.

The Chair: — Mr. Doke has moved for the 2014 Provincial Auditor report volume 2, chapter 27 that this committee conclude considerations on this chapter. Are there any questions on the motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. That concludes our work on the Ministry of Education for today. Thank you to Mr. Repski and Ms. Johnson for your time and thank you very much for your work on the action plan to the status updates. Those are very helpful for the committee in directing our questions and helping us understand where you're at with all your recommendations. So thank you very much for that. Would you have any final comments that you'd like to make?

Mr. Repski: — Just that we continue to work with the Provincial Auditor's office. There's been some discussion around certain accounting policies and treatments and we

continue that work in terms of that and all of the other recommendations. We do strive to improve.

The Chair: — Thank you very much for that. This committee stands recessed until 1 p.m.

[The committee recessed from 12:00 until 13:02.]

The Chair: — Welcome back to PAC, everyone. Welcome to the officials from the Ministry of Economy. We've got Laurie Pushor, the deputy minister here. Mr. Pushor will have an opportunity to introduce the officials here with him today, but we will just get moving here. We have a full agenda this afternoon, so we're looking at, we will start with the 2014 Provincial Auditor report volume 2, chapter 5. I will pass it off to the Provincial Auditor, Ms. Ferguson, for comments, and then on to the Ministry of Economy after that.

Economy

Ms. Ferguson: — Thank you, Madam Chair, Deputy Chair, members and officials. With me this afternoon I've got Ms. Rosemarie Volk. Rosemarie is the lead that includes the Ministry of Economy. Behind her is Mr. Victor Schwab. Victor has led the work on orphan wells that we are going to be discussing this afternoon. Beside him is Mr. Mark Anderson. Mark led the work on the IT service providers. And Ms. Kim Lowe is our committee liaison from our office.

Before we start launching into presenting the chapters, I just want to take a moment and thank the deputy minister and his staff for the co-operation extended to our office during the course of this work. We greatly appreciate that.

As noted by the Chair, we're going to start with the chapter 5 of our 2014 report volume 1. We'll be working through each chapter in the order that they're presented on the agenda. It is only chapter . . . the second one, chapter 32 of the 2014 report volume 2 that includes new recommendations for the committee's consideration. In the other cases, they have considered them previously.

So without further ado, I'm going to turn it over to Ms. Volk.

Ms. Volk: — Thank you, Ms. Ferguson. I'll first present the results of our annual audit of the Ministry of Economy, its three special-purpose funds, and its agency, Enterprise Saskatchewan.

In chapter 5 of our 2014 report volume 2, beginning on page 35, we raised two previously reported concerns and highlighted improvements related to the implementation of past recommendations. With respect to improvement, we note that the government's summary financial statements for the year ended March 31st 2014 disclosed the government's responsibility for the cleanup of the Gunnar uranium mine and mill site. Enhanced disclosure and acknowledgement of the government's obligation helps keep the public informed of past government decisions.

In addition, we indicate on page 39 another recommendation regarding the recording of liability for cleaning up orphaned wells and facilities is no longer relevant. Based on additional work, we have determined that the ministry has only to assume

this liability if the oil and gas industry does not continue to contribute to the oil and gas orphan fund. The ministry will need to assess the ability of the industry to meet their obligation to pay for the cleanup on an ongoing basis. The economic outlook at March 31st 2014 indicated that the industry has the means to pay for the cleanup of orphaned wells.

With respect to our outstanding concerns, on page 38 we report that the ministry did not follow established procedures for removing unneeded user access to its computer systems and data. In one instance, the ministry requested the removal of an individual's network access about 100 working days after their last day of employment. Economy needs to consistently follow its procedures to ensure only authorized staff have access to its computer systems and data.

Also on page 38, we reported that the ministry has not signed a complete memorandum of understanding with the Ministry of Advanced Education that defines all key roles and responsibilities for shared services. Without completing this step, the ministry does not have an adequate shared service agreement. This increases the risk that each ministry may not clearly understand their respective roles and responsibilities, and Economy may not be able to hold the Ministry of Advanced Education accountable for their shared services.

That concludes my presentation.

The Chair: — Thank you, Ms. Volk. Mr. Pushor, if you would like to make any opening comments and then focus your comments on chapter 5, that would be great.

Mr. Pushor: — Well thank you very much. And I also want to reflect on the positive relationship we have with the auditor and the auditor's staff. It's been terrific to work together through the issues that we're trying to attend to.

I would say we concur and have completed and dealt with the Gunnar mine and the orphan well questions. We have signed a memorandum of understanding with Advanced Education, and we were able to complete that last month. And relative to the procedures to properly remove people when they leave the ministry from their — not remove them; remove their access to the system — we are working diligently to accomplish that. For certain in this calendar year we'll be confident that we're doing it properly and have the procedures and habit in place to do that on a routine basis. I should also introduce my colleagues. Ed Dancsok is assistant deputy minister for the petroleum and natural gas division, and Denise Haas is our chief financial officer. They will answer the hard questions.

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

Mr. Wotherspoon: — Thank you very much. Thank you to ministry officials for being here today and for your work on these recommendations, and certainly the recommendations and some of the updates here today. I just want to make sure that I'm cutting through to what's sort of left here and making sure I properly understand where things are at. One of them is no longer relevant. There's implementation on another. Is the only recommendation that we would require the status updates is the one as it relates to the computer systems at this point in time, as

related in the status update that the ministry has provided?

Okay. So on that front, I appreciate the update that's been provided by the ministry with the outstanding recommendation that's been partially implemented, and I recognize that you have actions and timelines to see this through to implementation as well. And I would just commend you on the actions that you've taken on the other recommendations, and we'll track this with the progress as well through to implementation. So thank you.

The Chair: — Are there any further questions on this chapter? Seeing none, what is the will of the committee with respect to this chapter? Mr. Doke.

Mr. Doke: — Thank you, Madam Chair. In regards to the 2014 Provincial Auditor report volume 2, chapter 5 we would conclude considerations at this time.

The Chair: — Mr. Doke has moved that for the 2014 Provincial Auditor report volume 2, chapter 5 that this committee conclude considerations. Are there any questions on the motion before us? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Just one moment please. I just have one more thing to add here. On December 9th, 2013, the committee considered and adjourned consideration of recommendation no. 6 in chapter 31, the 2012 report volume 2, found on page 252. This recommendation has been reported on in the chapter as just presented by the auditor's office, therefore can I ask a member to move that we conclude consideration of recommendation no. 6 of the 2012 report volume 2, chapter 31?

Mr. Doke: — So moved, Madam Chair.

The Chair: — Mr. Doke has moved that we conclude, that this committee conclude consideration of recommendation no. 6 of the 2012 report volume 2, chapter 31. Are there any questions about the motion before us? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. We shall now move on to the 2014 report volume 2, chapter 32. I'll pass it off to Ms. Ferguson.

Ms. Ferguson: — We'll have Mr. Anderson present this portion.

Mr. Anderson: — Thank you, Ms. Ferguson. The ministry relies extensively on various IT systems to carry out its responsibilities, such as systems to assign and track licensing of mineral rights and to calculate and manage royalty revenues. The ministry uses IT service providers to handle the majority of its IT services. In 2013-14 the ministry paid its main, three main IT service providers a total of \$12.6 million.

In chapter 32 of our 2014 report volume 2, starting at page 199, we report the results of our audit on the effectiveness of the ministry's processes to monitor whether its IT service providers appropriately managed and secured its IT systems and related data. We assessed the ministry's processes for the 12-month

period ending April 30th, 2014. We concluded that the ministry had effective processes other than for the matters reflected in the following three recommendations.

In our first recommendation, on page 202, we recommend that the Ministry of the Economy maintain agreements with its IT service providers that reflect the current structure, responsibility, and programs of the ministry. We found that the ministry did not have up-to-date agreements with two of its three main IT service providers. Without up-to-date agreements, there is increased risk that parties will not have a clear understanding of what IT systems the service providers are responsible for, what services they are to provide, and the cost to the ministry for those services.

In our second recommendation, also on page 202, we recommend that the Ministry of the Economy include appropriate provisions for security requirements and security reporting in agreements with IT service providers. We found that the ministry's agreements with two of its main IT service providers did not contain appropriate requirements for security. We further found that the agreements with all three of its main IT service providers did not contain appropriate requirements for security reporting.

The absence of appropriate security requirements in the agreements increases the risk that systems and data may not be protected against cyberattacks. Without adequate requirements for security reporting, the ministry may not have adequate information to assess its levels of protection.

In our third recommendation, on page 205, we recommend that the Ministry of the Economy establish written policies and procedures for employees regarding taking corrective actions on and reporting problems with IT service providers. We found the ministry did not have written policies and procedures to guide employees on actions to take on problems with IT service providers. Without such policies and procedures, there is increased risk that ministry employees who supervise IT service providers may take inconsistent or inadequate action to address problems, and increased risk that issues could affect the cost, timely delivery, and effectiveness of IT systems. That concludes my presentation.

The Chair: — Thank you, Mr. Anderson. Mr. Pushor, do you have some comments on this chapter?

Mr. Pushor: — I would say first of all that we concur with the recommendations and are working diligently to implement all of them and have completed work on some of them. We completed in the current year, this spring we completed our written policies and procedures relative to taking corrective actions and reporting problems with IT service providers. We have enhanced our contracts with some of our providers and are working at renewal and through memorandums of understanding to take actions in the same respect. We would be working towards completing most of that in the current calendar year with the exception that we will work in a bit of a hybrid situation around Petrinex until our contract renewal in 2017 is executed. So with that I would take any questions.

[13:15]

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

Mr. Wotherspoon: — Thanks so much. Thanks for the report, very important report and recommendations around protecting this information. Thank you as well for the update on some of the actions that have been taken. That's important.

I guess just on the second recommendation, there's mention that there's changes yet to come and some of those are described. I'm interested in just . . . There's a statement that there's been some alternate protections taken or some measures taken to ensure security of that information. Could you speak to some of those alternate measures that have been taken?

Ms. Haas: — Sure. I'll take that one. I'm assuming you're looking at the Petrinex alternate things there. And so the agreement that we have is with Fujitsu; they're the IT company. And while the auditor is correct, the agreement that we have with them, which is also a joint agreement with the Alberta Energy, does not include specific provisions, we do however get security reporting from them which is noted to be SysTrust, which is an IT best practice report on all security issues and that. And we have received that, and we are monitoring that, or we had for that year.

And what we're doing going forward, because the agreement isn't up until 2017, we are working with Fujitsu and Alberta to enter into a memorandum of understanding to ensure that that SysTrust report is in fact comprehensive and must, must be done and provided to us. So while it won't be . . . Then when we renew the agreement in 2017, we'll make sure that those provisions are right within the IT agreement itself.

Mr. Wotherspoon: — Of course some of the information, much of the information that would be contained on the system would be, you know, it's highly sensitive, highly confidential, might be desired by some. Have you had any unauthorized attempts at access or any attempts at breach of that information or any sort of attempts at an attack, or any success on any of those fronts?

Ms. Haas: — The report that we got on SysTrust indicated for that year that there was none.

Mr. Wotherspoon: — And what about in recent years? Moving back, are you aware of attempts to hack or breach or attack the system?

Ms. Haas: — No.

Mr. Wotherspoon: — Were you impacted at all with the cyberattack that impacted the federal government yesterday? Was there communication with the federal government and your ministry, and was there impacts or any interface there?

Ms. Haas: — Yes. That communication would first and foremost come through the ITD because we actually contract with them for all of our services. So if there was any contact, that would go from the federal government to ITD. But we're certainly not aware of anything, no.

Mr. Wotherspoon: — Okay. Thanks for your actions that

you've committed to, the actions you've taken, and the actions you've committed to on this front. And certainly ensuring the security of this information is critically important.

The Chair: — Are there any further questions on this chapter? Seeing none, we have three new recommendations with which we need to deal. Mr. Doke.

Mr. Doke: — Thank you, Madam Chair. In regards to the 2014 Provincial Auditor report volume 2, chapter 32, recommendations 1 and 2 we would concur with the recommendations and note progress towards compliance.

The Chair: — Thank you, Mr. Doke. For the 2014 Provincial Auditor report volume 2, chapter 32, Mr. Doke has moved that for recommendation 1 and 2 that this committee concur with those recommendations and note progress to compliance. Are there any questions on the motion before us? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Mr. Doke.

Mr. Doke: — Madam Chair, in regards to the 2014 Provincial Auditor report volume 2, chapter 32, recommendation no. 3 we would concur with the recommendation and note compliance.

The Chair: — Thank you. Mr. Doke has moved that for the 2014 Provincial Auditor report volume 2, chapter 32, recommendation no. 3 that this committee concur with the recommendation and note compliance. Are there any questions on the motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. Moving on to the next chapter, I will pass it off to Ms. Ferguson.

Ms. Ferguson: — Ms. Volk will present this chapter.

Ms. Volk: — Thank you, Ms. Ferguson. Chapter 43 of our 2014 report volume 2, beginning on page 343, reports the results of our follow-up of seven recommendations made in our 2012 audit for the ministry's processes to ensure compliance with *The Pipelines Act* and *The Pipelines Regulations*.

By September of 2014, Economy had implemented two of the seven recommendations and had implemented checklists to consistently document its assessment of pipeline licence applications and had assessed the resources it requires to fulfill the responsibilities under *The Pipelines Act*. The rest of the presentation will focus on the other five recommendations.

We found that the ministry had not fully implemented the two recommendations relating to establishing an appropriate management framework to monitor compliance. As noted on page 344, the ministry had developed and implemented a set of written policies and procedures to aid staff when reviewing pipeline construction applications and leave-to-open applications. However by September of 2014, the ministry had not established policies and procedures to guide staff on evaluating industry completed self-assessments or to conduct

any other monitoring of ongoing pipeline operations. Without adequate written policies and procedures, staff lacked the guidance necessary to carry out their work.

As noted on page 345, the ministry had not considered seeking responsibility in law to verify that pipeline operators clean up contaminated sites to an acceptable condition. On page 346, we report that the ministry had not considered seeking responsibility in law to license flowlines.

The ministry advised us that it has plans to consider amendments to *The Pipelines Act* and *The Pipelines Regulations*. The ministry must ensure sufficient authority exists so that the government can verify sites are properly cleaned up to reduce the risk of contamination to land and groundwater and to oversee the integrity and safety of flowlines.

On page 346 we report that the ministry had not set a risk-based assessment approach to monitor pipeline construction and to verify pressure tests. At the time of the follow-up, the ministry was using an informal policy to prioritize inspections of pressure tests related to the construction in these pipelines. Having a specific risk-based assessment approach provides ministry staff with clear priorities to guide their work and to monitor pipeline construction and verify pressure tests and would help ensure it focuses its efforts on the highest need areas. This concludes my presentation.

The Chair: — Thank you, Ms. Volk. Mr. Pushor, do you have some comments on this chapter?

Mr. Pushor: — Well this is important work for us in our ministry, and we're working diligently to enhance and continue to grow our oversight and our efforts in this regard. As you probably are aware, we are also involved in a fairly substantive IT project in terms of how we interact and have information gathered from the industry. So we've been working to try and ensure that we're doing all of our work across all of our responsibilities, but at the same time recognizing that we have some fairly substantive, important projects that will allow us to have better information and better interaction with industry.

To that end, we have on the pipeline side taken an approach to say we would seek self-audits from industry. That will allow us to review that information and begin strengthening a really targeted risk-based approach to it, and help inform our policies and procedures as we move forward to meet the recommendations as outlined by the auditors. So we're working diligently on this. We think we're doing good work and have more work to do. We'll continue that effort. And finally I would say, relative to legislative requirements and so on, we were targeting the '16-17 year to consider bringing forward a consideration for amendments both to the legislation and the regulation.

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

Mr. Wotherspoon: — Thanks for the report, an important one. Thanks for some of the updates and some of the actions that are being identified. So you're suggesting that a lot of ... to address and implement these recommendations that it's a

requirement that the PRIME [process renewal and infrastructure management enhancement] IT system is, I guess, fully activated at that point and has come to completion. Is that correct, to hear that as a barrier right now to addressing some of the recommendations at this point in time, or ensuring implementation?

Mr. Pushor: — No. I'm sorry, I should have been more clear. We are working diligently to try and attend to all of these things. I'm just commenting that in our priority world there's some significant value in the enhanced information and in the enhanced delivery of information to us coming out of the launch of the new system later this year. And so we don't want to disrupt that project, and we're working to try and protect the delivery deadlines on that project. So it's not that we're not working diligently on these other things, but we know that bringing that information in, or bringing that system forward will allow us to be more effective and refocus our energies coming out of that project.

Mr. Wotherspoon: — Okay. So it's a matter then right now you have a priority, the priority project being PRIME. You're seeing it through to it being launched. But it in itself isn't going to facilitate action on these items here; it's simply how you're prioritizing resources within the ministry right now. Is that correct?

Mr. Pushor: — Yes, but it'll also allow us to, as our strategies go forward, we will have better information, faster information that will help us attend to these issues in a more diligent and deliberate manner.

Mr. Wotherspoon: — They're certainly important recommendations which I think you've identified as well. Maybe just to the auditor: I know you're likely quite aware of the PRIME project as well. From what you're hearing here today, do you have specific concerns with the timelines laid out before us, to see implementation on these recommendations?

Ms. Ferguson: — I guess, as noted in the chapter that's before the committee, what we have seen thus far is progress on this. And I think the updates that were provided to the committee for this particular meeting again shows further activity since we've done our follow-up. So in that regard we are seeing that the ministry is moving forward on it, and they haven't stopped doing things just because PRIME is under way.

Mr. Wotherspoon: — Thanks for that response as well. Just as far as the self-audit, so companies will . . . it'd be a requirement that they're disclosing and providing this information. Is it correct that there'll be some verification by the ministry on, I believe on a risk-based approach so you'd be looking at and coming in to confirm and verify information? Or will it be entirely sort of put on to industry to declare and provide their own audit? I just want to know what the check and balance is by way of government.

Mr. Dancsok: — Sure, I can answer that. Beyond validation, the data that we're going to be collecting will be used to put together a risk-based inspection going forward, based on the self-declaration of their audit.

Mr. Wotherspoon: — So there's a expectation on the

companies to disclose the information to the ministry, and then there is some risk-based audit based from the ministry to go and do some checks and balances to make sure that compliance is in place?

Mr. Dancsok: — Yes, that's right. We will use the information from that to inform our risk-based audit and inspection program, both on construction as well as pressure testing on an ongoing basis into the future.

Mr. Wotherspoon: — Thanks for that information.

The Chair: — Are there any further questions on this chapter? Seeing none, and there are no new recommendations, so this committee can conclude consideration on this chapter. Mr. Doke.

Mr. Doke: — So moved.

The Chair: — Mr. Doke has moved that for the 2014 Provincial Auditor report volume 2, chapter 43 that this committee conclude consideration. Are there any questions on the motion before us? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. We shall now move on to the 2015 report volume 1, and I shall pass it off to Ms. Ferguson again.

Ms. Ferguson: — Mr. Schwab will present this chapter.

[13:30]

Mr. Schwab: — Thank you, Ms. Ferguson. In chapter 19 of our 2015 report volume 1, beginning on page 237, it reports the results of our follow-up of seven recommendations we made in our 2012 audit of the ministry's management of the risks associated with future cleanup of oil and gas wells.

By February 2015, the ministry had implemented one of our seven recommendations. The ministry assigned the responsibility for regulatory programs to a branch that does not undertake any promotion activities. The rest of the presentation will focus on the six outstanding recommendations, all of which were partially implemented by February 28th, 2015.

On page 239 we report the ministry had not formally assessed the resources and skills necessary to carry out its licensee liability in orphan well abandonment and reclamation programs. Completing a formal assessment would allow the ministry to identify the resources and skills needed to effectively carry out its three programs.

On page 239 we report that the ministry had not completed trend analysis on the costs of future cleanup of oil wells. Such information would assist the ministry in developing updated cost estimates for future orphan well reclamation. On page 240 we report the ministry had not documented its plan to continue auditing well sites whose reclamation reports contain no anomalies. Without continued audits, there is a risk that all licensees may not be properly restoring their well sites.

On page 240 we report that the ministry needs to further

improve its public reporting on managing well cleanup. For example, the ministry's annual report did not include the number of orphaned wells it planned to clean up compared to actual. Also the ministry did not make public the key risks it faces in cleaning up wells and how it addresses those risks.

On page 241 we report the ministry was working towards developing an oil well abandonment directive for the oil and gas industry in February 2015. The directive was expected to include timeline requirements to assist the ministry in managing the timely cleanup of inactive wells. On page 241 we report the ministry was still working to conduct investigations at legacy well sites to determine associated liabilities, responsible parties, and eventually a plan for cleaning up these legacy sites.

That concludes my presentation.

The Chair: — Thank you, Mr. Schwab. Mr. Pushor.

Mr. Pushor: — Thank you very much. As with the other recommendations, we concur with the recommendations put forward by the auditor and are working diligently to implement them. The orphan well program, as we refer to it, remains an important priority for us and we are pleased that we continue to make good progress. I would also say that we can speak to some specifics here if people have specific questions.

I would also say though that we have a very good relationship with industry. They're partnering very diligently and enthusiastically in this work. It's in all our interests to see this work progress in a very deliberate and methodical way, so we will continue to advance our work to complete and satisfy the recommendations of the auditor.

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

Mr. Wotherspoon: — Thank you very much. Thanks for the report. Yes, a very important one and one that's been of public discussion as well, and I appreciate having the officials here today to speak to addressing and implementing systems that resolve the concerns brought forward by the auditor.

So I mean you've laid out what actions have been taken. There's planned actions that are detailed to ensure implementation on . . . I believe you've done so on each of the recommendations, and then there is timelines that are laid out. As far as the timelines, how confident are you that the timelines that you've laid out will be accomplished?

Mr. Pushor: — We're comfortable with the timelines as we've outlined them. We've got a good group of folks, and as I said we're getting really strong industry co-operation. And we've also been consulting with colleagues in other jurisdictions to advance collaborative work and understand the most effective and deliberate way to attend to these matters.

Mr. Wotherspoon: — The one recommendation around the ministry managing the financial and associated environmental risks related to timely cleanup of inactive wells and facilities, that has sort of one of the latest dates for implementation out, sort of, well into the next fiscal year. And there's discussion here about some consultation that's gone on with the industry

on that front, and that's certainly important, and then there's discussion that what's going to happen is there's going to be a directive 20 and then implementation. Could you speak a little bit as to this directive 20 and sort of where it's at right now? Is there some draft? Is there some agreement as to the best way to move forward on that front?

Mr. Dancsok: — So we've been working on directive 20. Directive 20 is really, it's an Alberta directive that's commonly known in the industry which we are working through with the Alberta energy regulator as well as industry and a good team from within our ministry to ensure that we've got a Saskatchewan-relevant set of directives for the abandonment and restoration of wells. So we've been working on that gap analysis between our regulations and Alberta's over the past six months, numerous meetings with industry as well as the Alberta regulator. And presently we're moving towards issuing an RFP [request for proposal] to hire a project manager as well as a scribe to start producing our own set of directives around this initiative, and that will be going on for the next number of months.

Mr. Wotherspoon: — Could you speak to some of the uniqueness of Saskatchewan that you're wanting to make sure is captured in this process, recognizing that this is an Alberta directive? So what are some of the considerations that need to be incorporated to make sure this is relevant for Saskatchewan?

Mr. Dancsok: — In Alberta, the majority of production and wells in Alberta are high-volume natural gas wells, as where in Saskatchewan they're oil wells mostly. We do have our shallow gas wells which are, I'll say, a lower risk. And so what we're trying to do is we don't want to build a big machine that's been built for Alberta. It may be an overbuild for the Saskatchewan situation, so we just want to make sure it's appropriate for the industry that we have and the resource that we have in Saskatchewan.

Mr. Wotherspoon: — As far as the legacy well sites, the contaminated legacy well sites, so to date Economy has hired a staff person that's responsible for conducting site assessments at legacy sites during spring and summer 2015, so that's this year. Your actions that you're detailing are that those inspections will continue and then that sites that have found to have problems will have a more rigorous assessment, and then you'll be developing the plan after that for cleaning up those contaminated sites?

Mr. Dancsok: — Yes, that's correct. So we're doing initial inspections followed by a higher level of assessment, the phase II assessments. And so with that we can provide an evidence-based risk management system based on our findings from the inspection schedule that we're undertaking right now.

Mr. Wotherspoon: — So how many sites are we speaking of here that will be inspected? Are all legacy well sites contaminated, legacy well sites known to government right now?

Mr. Dancsok: — Actually, initial inspections from previous years have shown that there's a very, very low rate of contamination from legacy well sites. There's about 120,000 drill sites in the province. Of that, I believe it's in the order of

30 to 40,000 are legacy. I can't tell you how quickly those could be and if all of them are going to be. At this point it's more about gathering a critical mass of information to determine if there is an associated risk with having to inspect each and every one of them.

Mr. Wotherspoon: — So you haven't decided yet of the 30,000 whether or not you need to inspect all of them?

Mr. Dancsok: — It will be based on the findings from this present inspection regime that we're doing.

Mr. Wotherspoon: — And then from that you'll determine if there's certain factors that might contribute to a greater likelihood of contamination on certain sites?

Mr. Dancsok: — We will be able to then profile higher risk sites that should require focus inspections going forward. Yes.

Mr. Wotherspoon: — How many sites approximately will you be inspecting through this process?

Mr. Dancsok: — That hasn't been broken out for us. Sorry. Inspection schedules are really determinant on the weather and conditions around getting to the sites, and some take longer than others. So I think that's why it hasn't been mapped out for us.

Mr. Wotherspoon: — And the approach to going out for the initial sample, if you will, is that sort of a completely random sample? Or how are you organizing which sites you're going to include in sort of this sample assessment that you're going to be doing?

Mr. Dancsok: — That is being mapped out right now by our regional supervisors who have knowledge of the areas and it's . . . I'll call it risk-based, but it's really more experience-based in sending the inspectors to the sites that they feel are worthy of being inspected.

Mr. Wotherspoon: — And so could you share with the public what sort of factors might cause a greater likelihood of contamination as far as the legacy well sites? Is there a certain period of time that certain wells might have been drilled in, or are there certain factors that you'd be looking to? Is there very little known on that front yet, and that's the purpose of this sample study?

Mr. Dancsok: — Of course age is certainly a factor. Proximity to environmental receptors that are . . . you know, raise the level of risk, residences and . . . It's more of an intuitive knowledge of the area of where drilling problems could be maybe encountered during the drilling process that may determine that a longer term legacy issue may be there.

Mr. Wotherspoon: — So you said population, residence, watersheds. These . . .

Mr. Dancsok: — Marshes certainly, and then the age of the wells.

Mr. Wotherspoon: — So we've had extremely high water in a past number of years. This year we're now dealing with a very dry surface, but still fairly high groundwater in some parts of

the province. Does that high water place a greater risk of contamination expanding?

Mr. Dancsok: — That is something we're assessing right now. We've just sent out an order to industry to take an inventory of these sites that have been impacted by the higher water with a goal to . . . Some of these sites have been under water or near water for upwards of four years now, and it's time to take assessment or take inventory of that. And this coming winter season we would see, we would start having them move towards mitigating and decommissioning those sites. And so that's an ongoing practice we're doing right now as we've just sent out the notice to industry just this spring.

Mr. Wotherspoon: — Sounds like really important measures and knowledge that the public deserves and the government, you know, should be on top of as well. So I mean that's an important process to follow through.

I mean as you'd know, I mean in many parts, you know, sloughs that were dry for years and years and years are full beyond what many can ever, you know, imagine them to be. So I suspect there's certain risks associated with contaminated sites and industry when you're . . . just haven't maybe contemplated the levels of water in some cases that have existed in the past few years.

Mr. Dancsok: — Certainly these conditions existed longer than ever anticipated with this four- to five-year high level of water, and it's time to take stock of that and ensure that we've got our risks mitigated.

Mr. Wotherspoon: — What kind of basic estimates does government have right now as far as costs of cleanup for legacy, contaminated legacy wells?

Mr. Dancsok: — That is highly variable. There are sites of wells which seemed fairly benign, but through gas migration, that sort of thing that can happen with older wells. We've found that some of these wells can cost upwards of \$1 million to repair or others are in the order of \$50,000. So it's a highly variable range.

[13:45]

Mr. Wotherspoon: — When it comes to legacy wells, how are they . . . how's that paid, that cleanup paid for?

Mr. Pushor: — So that's the purpose of the orphan well program — where an industry member or a company still owns those rights and wells, they are responsible for proper abandonment and all costs associated with that. And we have ongoing conversations with industry to ensure that we're helping them contemplate proper abandonment when it is truly a well that they don't intend to re-enter.

Where a company no longer exists or a company that's insolvent, the orphan well program comes into their place at that time and industry pays a levy into that orphan well fund. We will do the cleanup and then send a bill to that fund to recoup the costs from industry. So the responsibility for this liability clearly rests with industry.

Mr. Wotherspoon: — In the sufficiency of the orphan well fund, what would it contain right now by way of a dollar value?

Mr. Dancsok: — Okay, the long-term forecasted cost for the orphan well program was estimated in March to be about \$32 million.

Mr. Wotherspoon: — And so that would be . . . Those are those that have been abandoned. Of these legacy wells, a portion of these, a certain percentage would be still held by active energy companies. Is that correct?

Mr. Pushor: — Yes, that's correct.

Mr. Wotherspoon: — Do you know the approximate breakdown of the legacy, the 30,000 legacy wells? What percentage would be orphan and which would be . . .

Mr. Dancsok: — That is something to be determined if and when we find an issue. We do a process of deeming or deciding whether or not that is a . . . And so we don't have that number until we look for it really, if you get what I mean.

Mr. Wotherspoon: — Not totally, but I appreciate . . . Just to make sure that I . . . I learn slowly, so I might need it a little more clear. So we have about 30,000 legacy wells right now. Do we know how many of those are orphan and how many are the responsibility, active responsibility of a current viable energy company by way of percentage?

Mr. Pushor: — We don't maintain an inventory of orphaned wells. When we identify a problem or a well needs to be properly reclaimed, we would instruct industry to properly shut in that well. When we don't find an industry participant, we then declare that orphaned and assess the orphan fund for that cleanup. We do the cleanup at that point in time then and assess the fund.

Mr. Wotherspoon: — But of the 30,000 legacy wells, there's not an active registry of knowing which company is engaged in that well currently?

Mr. Pushor: — No. We know who's on record as owning that well, and then you're trying to verify whether they're still solvent and in a position to properly abandon it.

Mr. Wotherspoon: — So this is a big project.

Mr. Pushor: — It is.

Mr. Wotherspoon: — Yes. I mean it's really important. It's important with the volatility and changes in weather and water, that impacts that maybe weren't contemplated could be greater. And then it's important as well, I mean certainly the energy industry is important here in Saskatchewan, and it's processes like this that ensure its integrity as well and that there's the environmental safeguards in place and that we have sustainability to the systems that are managing it. So certainly we'll be tracking with interest your progress on this front, and the actions. Do you have sufficient resources to address this? I mean this is a significant project.

Mr. Pushor: — Well we're comfortable with where we're at in

the implementation of our work in this area. We, I guess, a year and a half ago implemented a new levy for all regulatory oversight, where industry's now paying 90 per cent of the cost of regulatory oversight.

In consultation with the industry, we also signalled when we implemented that, that we would be increasing the amount of expenditure on our regulatory oversight in a bit of a disciplined way over a few years. So in the first year we added in the range of \$1 million to our regulatory oversight budget. In this current fiscal year it's an additional \$4 million, and we've signalled to industry that we're not done yet. So we have a very engaged and co-operative industry in this area. There's a lot of reasons to protect the integrity of our reservoirs, and they understand this and they're working diligently for their own purposes to ensure they're abandoning their facilities properly. And that will serve them for the long term if they want to continue to develop new and alternate technology.

So we're pretty pleased with the relationship we have in the work that's ongoing to ensure we're doing the right processes and right methods and hopefully driving costs down as we get more and more disciplined and more and more organized about how we abandon. And it can be simple things like collaborative contracting. If a company's, say, abandoning six wells and we have an orphan well, maybe there's a way to collaborate and get a little better pricing or at least go to the same contractor at the same time. And it's just some of that practical, common sense approaches that we think will serve us well as we go forward.

Mr. Wotherspoon: — Certainly it's important work. And I look at the recommendation around using current estimates and trends to analyze, monitor, assess, and report on risks and associated costs of future cleanup of wells and facilities. And certainly that's an important piece as well.

What would you say to . . . You've outlined some actions that have been taken and then the ones that will be taken afterwards. What would you share with those that might see that you'll be beginning implementation in 2016, so a year off, and that that will be phased in over four years, so 2020ish? We're dealing . . . So what would you suggest if someone's feeling that that seems like a prolonged period of time for important action? How would you respond to that? What specific barriers and challenges would you identify that would be important for you to have onto the record?

Mr. Pushor: — That specific recommendation relates to us being able to put more substance into understanding the potential liability and cost associated with that. And the reason it's going to take some time is that the more we learn, the more we know, the better we're able to provide quality information. So it really, it doesn't, it doesn't suggest that we're not out there doing the work of the orphan well program and working with industry around their abandonment strategies and so on. Directive 20, all of that work is ongoing. This relates to us continuing to grow and develop our knowledge base so that we can continue to strengthen the quality of our assessment of the risk.

The Chair: — Mr. Wotherspoon, we're just going to . . . Mr. Norris also has a question here, so I'll give you a break from questioning. Mr. Norris.

Mr. Norris: — Great, thanks very much, Madam Chair. Certainly I want to extend our appreciation for the good work being done by the ministry, and certainly I'm attentive to and appreciative of the collaborative model that you have working with industry. When we start talking about these legacy wells, can you give me some sense — we're talking about 30,000, if that's the right number — just some percentages of when, how far back some of those wells actually go?

Mr. Dancsok: — Well natural gas started producing in 1930s in Saskatchewan, oil in the 1940s, but there were wells drilled prior to that in, you know, the early 1900s with the old cable tool rigs and that sort of thing. But really the growth of the industry came in into the '50s and '60s. There was a rapid growth, and so there's a lot of that vintage of wells drilled in the province. And then now recently with, you know, the more recent surge, we're seeing that again. We're getting 3 to 4,000 wells drilled annually at this time. But the distribution of age, we've never tracked that. But that's a really good, that would be a really good exercise to do to see where that lies.

Mr. Norris: — I guess my point, if I could again, Madam Chair, is to say that leading-edge technology, very, very progressive partnerships with industry are coming together with great rapidity to address many of these wells having been in existence for decades. Would that be fair? And perhaps . . .

Mr. Dancsok: — It's been a very good partnership really, yes.

Mr. Norris: — Perhaps it's an issue that, over time, previous governments might have paid more attention to along the way as well.

Mr. Dancsok: — We'll leave that for your consideration.

The Chair: — Mr. Wotherspoon, do you have further questions?

Mr. Wotherspoon: — Yes. I won't get into the member's rapidity, but I do appreciate the . . . and I won't change the R to anything else, but the thought . . . General good questions though here today about a very important matter. And this is, I mean this is a very important industry to Saskatchewan. It's important we're on . . . have a solid plan for today and for tomorrow and we'll be tracking the actions. I appreciate some of the information that's been shared here today, certainly we'll take some time to digest it as well. And if we have further follow-up, we'll make sure that's the case.

But I think if we're, you know, as we're looking to the future it's really critical that we have these relationships in place, the structures in place, and then the sort of the full cost accounting and balance of the pressures and the benefits of the industry to make sure that we're really putting ourselves in a good position moving forward and ensuring the strength and integrity of that energy sector of course as well. So we'll track this with interest.

And I would say that it's encouraging as well. I think a lot of the reports that we've analyzed here today including this one are, you know, I think just a really important body of work taken on by an auditor's office and, you know, I think contributing to good directions for the province as a whole. And they get into sort of the performance audit type areas. I think

that it just highlights the important role of your office and contributing as well to the protection and planning of the province. So thanks to all engaged here today, and we'll track with interest.

The Chair: — Thank you. Are there any further questions on this particular chapter? Seeing none, there's no new recommendations, so this committee can conclude considerations on this particular chapter. Can I have a motion to that effect?

Mr. Doke: — So moved.

The Chair: — Mr. Doke has moved that for the 2015 Provincial Auditor report volume 1, chapter 19 that this committee conclude its consideration. Are there any questions on the motion before us? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. Well thank you very much to Mr. Pushor and everyone here today. And I wanted to extend our thanks for the work on the action plan. I know that's a relatively new thing this committee has asked ministries to do, but it's incredibly helpful for us in directing our questions and having a good understanding where the ministry is in responding to the recommendations. So that's very appreciated. Do you have any closing comments that you'd like to make?

Mr. Pushor: — Thank you very much.

The Chair: — Thank you very much. We'll just have a quick recess, two-minute recess while we change officials here. Thank you.

[The committee recessed for a period of time.]

The Chair: — Welcome back, everyone. We are carrying on with Public Accounts, and our next section is the Ministry of Government Relations. We have here today Ms. Bev Hungle who will take questions, and I'll give her an opportunity to introduce her official, the other official here as well. But with that, we'll just get started. I will pass it off to Ms. Ferguson, the auditor, for her comments and then I'll hand it over to you.

Government Relations

Ms. Ferguson: — So on this agenda item, we've got two chapters that we're looking at. One is our annual integrated audit and the other is a separate performance work that we've done. The second chapter has new recommendations for the committee's consideration. And what we'll do is we'll present each chapter separately, pausing after each, allowing time for the committee's consideration and management's comments on each.

Before I do that, I'd like to take the moment to thank the staff of the ministry for their co-operation extended to our staff during the course of this work

At this point, I'm going to turn it over to Ms. Carolyn O'Quinn who's the divisional lead in charge of this area at this point in time.

Ms. O'Quinn: — Thank you. We'll start with chapter 10 which contains the results of our 2013-14 annual audit. In this audit, we found the ministry complied with legislative authorities and it had effective processes to safeguard public resources except for one area where we have an outstanding recommendation. On page 73, we note concerns continue with respect to removing unneeded user access to its information systems promptly. In our audit we noted that the ministry started to improve its processes over this area, but it had not yet completed its work.

This chapter notes that in 2013-14 the ministry did implement four past recommendations related to its use of emergency management services contractors and its processes over accounting estimates related to the provincial disaster assistance program and the federal government's disaster financial assistance arrangements. That concludes my remarks on this chapter.

The Chair: — Thank you, Ms. O'Quinn. Ms. Hungle, if you'd like to make any opening remarks or add any comments on that particular chapter.

Ms. Hungle: — All right. So unfortunately our deputy minister, Al Hilton, is unable to attend today's meeting. However myself, Bev Hungle, director of financial services, corporate services branch, and I have with me Sheldon Green who is the executive director of the advisory services branch, are pleased to be here to address the committee and answer your questions on behalf of the Ministry of Government Relations.

I'm pleased to have the opportunity to speak to you today about two chapters concerning Government Relations as outlined in volume 2 of the Provincial Auditor's 2014 report. The first chapter, chapter 10, sets out the results of the audit of Government Relations for the year ended March 31st, 2014, and the second chapter, chapter 33, includes the results of the audit of the Government Relations processes to assess public concerns.

In regards to chapter 10, the auditor concluded for the year ended March 31st, 2014, that Government Relations had adequate rules and procedures to safeguard public resources, and complied with authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The ministry has one outstanding recommendation, as has been mentioned, regarding timely removal of user access, which was noted as being partially implemented. The auditor has recommended that the ministry document and implement procedures to ensure unneeded user access to its information technology systems and data is removed promptly.

The main challenge to implementing this recommendation is to find a consistent, timely way of ensuring that individuals responsible for terminating user access are advised when someone leaves the ministry so that they can initiate the termination. Since the time of the audit, the ministry has implemented a new process whereby an email group has been set up for staff in the ministry to send notifications of employee departures and arrivals. The individuals in the email group who receive the notifications have a process to follow to ensure each

employee's access is removed on a timely basis.

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

Mr. Wotherspoon: — Not on chapter 10, but on the next one.

The Chair: — No questions on chapter 10. As there is no new recommendations there, this committee can conclude our considerations on that chapter. Can I have a motion to that end?

Mr. Doke: — So moved.

The Chair: — Mr. Doke has moved that for the 2014 Provincial Auditor report volume 2, chapter 10, that this committee conclude its considerations. Are there any questions on this motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Well we shall now move on to chapter 33. Ms. O'Quinn.

Ms. O'Quinn: — Thank you, Madam Chair. I will now discuss chapter 33 of our 2014 report, volume 2, which starts on page 207. This chapter contains the results of our audit of the ministry's processes to access concerns raised by the public for implications on the effectiveness of the system of municipal government in Saskatchewan.

Saskatchewan has almost 800 municipalities with varying sizes of population. Figure 1 on page 208 provides a breakdown of the municipalities by type. The public often expresses concerns to, or makes inquiries of, the ministry about municipalities. For example, in 2013-14 the ministry estimated that it received over 4,000 inquiries or concerns related to the system of municipal government in Saskatchewan.

The ministry does not regulate municipalities in that they, by law, are a separate level of government. Rather the ministry is responsible for setting the legislative framework for municipal governments in Saskatchewan that the municipal governments must operate within. Concerns raised by the public can help the ministry identify areas to improve that municipal legislative framework.

We looked at the ministry's processes to assess the implications of public concerns on the system of municipal government. We found that the ministry did have effective processes, except for two areas: it needs to improve staff guidance for assessing concerns received and better track key information about those concerns in its electronic system.

We made four new recommendations. Our first recommendation is on page 211. We recommended that the ministry centrally maintain guidance for tracking and assessing public concerns regarding municipalities. We made this recommendation because we found that different areas of the ministry used different guidance for assessing these concerns and for responding to inquiries. Having different guidance for similar activities increases the risk of inconsistent tracking and assessment of those concerns and is less efficient.

Our second recommendation is on page 212. We recommended that the ministry requires staff responsible for assessing public concerns about municipalities to document potential conflicts of interest and assign staff accordingly. For the concerns that we examined, we found that the ministry did not document its assessment of whether staff analyzing the public concern had any potential conflicts of interest with the party or the municipality that was the subject of the concern. Without strong processes to identify possible conflicts of interest, there's an increased risk that concerns raised will not be assessed objectively.

Our third recommendation is on page 212. We recommended that the ministry provide written guidance to staff on when and how to document their analysis of public concerns regarding municipalities. We found that the ministry did not do so. For the concerns we examined, while the ministry generally completed sufficient analysis of concerns, the analysis was not consistently included in the information provided to senior management for approval. Without complete guidance, there is increased risk that analysis will not be sufficient to identify possible systemic issues with the system of municipal government.

Our fourth recommendation is on page 213. We recommended that the community planning branch of the ministry include key information about public concerns with potential impact on the system of municipal government that it receives within the ministry's electronic system. While much of the ministry's information about public concerns is included in electronic systems, some information was contained in manual files. Keeping information on all concerns in the ministry's electronic systems will help ensure consistent information is tracked, will help the ministry better monitor trends to identify possible systemic issues, and allow improved reporting to senior management on inquiries and concerns overall.

That concludes my overview.

The Chair: — Thank you, Ms. O'Quinn. Ms. Hungle.

Ms. Hungle: — In regard to chapter 33, the objective of the audit on ministry's processes to assess public concerns was to examine whether the ministry had effective processes, from April 1st, 2013 to March 31st, 2014, to assess concerns raised by the public for implications on the effectiveness of the system of municipal government in Saskatchewan. The auditor concluded that for the year ended March 31st, 2014, the Ministry of Government Relations had effective processes to assess concerns raised by the public for implications on the system of municipal government in Saskatchewan, except that it needs to improve its guidance for assessing public concerns and track key information about those concerns in its electronic system.

I will ask Sheldon to speak to the work that the ministry has done to address the Provincial Auditor's recommendations.

Mr. Green: — Good afternoon. Sheldon Green. The Provincial Auditor found the procedures that the ministry can improve upon by way of the four recommendations. The ministry agrees with those recommendations and is acting on them.

The first recommendation is to centrally maintain guidance for

tracking and assessing public concerns regarding municipalities. Through the deputy minister's office, the ministry developed a central guide for branches to track and assess public concerns. This guide was distributed in February 2015, and the deputy minister has directed branches that receive concerns to immediately implement it. This action is now implemented.

The second recommendation spoke of documenting potential conflicts of interest of staff responsible for assessing concerns raised by the public for implications on the effectiveness of the system of municipal government. Through the deputy minister's office, the ministry developed a written procedure for staff to document potential conflicts of interest. The procedure was distributed in June 2015, and the deputy minister has directed branches that receive concerns to immediately implement it. This action is now implemented.

The third recommendation is to provide written guidance to staff on when and how to document their analysis of public concerns regarding municipalities. Through the deputy minister's office, written guidance in this regard was developed and integrated into the central guidance document completed for recommendation 1. The deputy minister directed branches to implement that guide in February 2015. This action is now implemented.

The fourth and last recommendation was for the ministry to include key information about public concerns with potential impact on the system of municipal government received by the community planning branch in its electronic system. This past May a new procedure was developed and an enhancement was made to a ministry database to address this matter. The deputy minister then directed the applicable branches to document concerns received by the community planning branch in a database maintained by our advisory services and municipal relations branch. This action is fully implemented.

We believe the actions the ministry has taken will improve our procedures and address the recommendations of the Provincial Auditor.

Ms. Hungle: — That concludes our remarks. We'd be pleased to answer any questions.

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

Mr. Wotherspoon: — This is an important chapter just recognizing the many governments and the vast, vast majority that are, you know, so focused on, you know, the greater good and the public's good and good government. But certainly there are many concerns that do come forward, and it's important to have a due process with those concerns. When a concern is brought forward to the ministry, can you describe a little bit about some of the approaches that the government takes to work to hear that concern and work with a municipality?

[14:15]

Mr. Green: — Thank you for the question. A typical process for a concern might be where a citizen has an issue that they have with the municipality. And in many respects if the question is about a level of service, perhaps with that individual

municipality, well we're going to work with them and provide them with the options that they have to discuss those matters that are within that municipality's jurisdiction.

What we were looking at through the audit was on . . . of looking at concerns to identify whether or not there would be implications for the legislative framework that we manage, and the typical approach would be is if we run across an item, be it through . . . from a citizen's use or application of the legislative framework or working with a municipality or perhaps even one of our own officials or somebody else.

Where there's an item in the legislation that could be clearer, it's always tested with every event that occurs through the course of business that a municipality has with its citizens. We'll identify it and elevate the next time the Act is open through our policy and procedures branch as a housekeeping item. If they're matters that potentially have a larger impact on the system or there's a greater level of urgency with it, it could be matters then that are brought up for approval of policy in a more expeditious way and it may relate to regulations or the legislation itself.

Mr. Wotherspoon: — Thanks for that answer and that information. There's improvements here to have a tracking system and documentation and conflicts of interest, or potential conflicts of interest identified which, certainly that's important. And then you'll be certainly assessing that information, acting upon it.

And then I guess the other important check and balance to some of this is that as well, if it's documented, I would suspect then those are records that would be accessible as well to our Provincial Auditor to take a look at on a risk-based approach, or however they define going into it, to ensure that I guess the integrity of the system around conflicts and then who's engaged in what file, and then also the information by way of complaints that are coming in and ensuring that there's appropriate follow-up and checks and balances in due process by the ministry. Is that correct?

The Chair: — Ms. Ferguson.

Ms. Ferguson: — I would always argue that the importance of documentation is not for the auditor but it's to enable the organization to carry out their own monitoring and supervisory responsibilities so that they themselves know that what they're doing is what they intended to do, you know, and how they intended to do it. So you know, it's not for us as auditors, although we piggyback on it when we do the audit and it's always for the purpose of management.

Mr. Green: — I could add, I think that the improvement that it gives us is integrity and transparency in the assignment of staff accordingly to a file and it's documented.

Mr. Wotherspoon: — Sure. Thank you for your answers. Thank you for your clarification or your answer as well.

For municipalities, could maybe the auditor describe what sort of checks and balances . . . Of course as a provincial government, we have the independent Provincial Auditor that conducts the reviews that are occurring right here and has that

responsibility to the public for the provincial government and its organizations. Who fulfills that role for municipalities?

Ms. Ferguson: — Maybe what I'll do is I'll start and then I'll defer to the ministry to close the gaps on it. Our office does not have a mandate to audit municipalities. You know, like some jurisdictions, the Auditor General's office does extend to municipalities. In Saskatchewan it does not.

The Municipalities Act actually includes various audit provisions. One is the annual audit of the financial statements, and that's done by an auditor of record and actually it sets certain acumen that that auditor must exist.

It also includes other opportunities to seek an audit. An individual person that is a taxpayer within a municipality can petition for audits if they can get a certain, I think it's 30 per cent of the electorate to sign. And the minister can maybe correct me if I've got the percentages wrong there, but if they can get 30 per cent of the electorate to sign, they can actually pursue audits in additional areas. It could be financial areas or it could be operational areas, and they could actually, through the petition, force council to secure an audit and then bear the costs of that audit.

The Chair: — Mr. Green or Ms. Hungle, would you like to add anything to that?

Mr. Green: — I think I can perhaps add a few things. I think there are a number of appeal mechanisms built into legislation. And there were some recent amendments, I call them recent, some more recent amendments in the last few years that do allow citizens today to petition for management audits or financial audits that they couldn't in the past, as a way to help them pursue the level of accountability that they desire from their local elected government.

There's a variety of appeal mechanisms built in to the legislation as well. An example could be around the application of a nuisance bylaw in a community. There's a process that's built in to appeal, and there's a variety of appeal mechanisms related to on the assessment side of municipal business. On community planning matters, there's appeal mechanisms.

And we also have the Office of the Information and Privacy Commissioner too that oversees *The Local Authority Freedom of Information and Protection of Privacy Act* which bumps into a lot of municipal business too, which is another, perhaps you'd call it, it's a type of oversight.

The Saskatchewan Municipal Board plays some roles as well as a quasi-judicial body for looking at various types of appeals when there's matters that may be in dispute either between municipalities and sometimes property owners as well.

The Chair: — Go ahead, Mr. Wotherspoon.

Mr. Wotherspoon: — I'm interested in knowing in what provinces there's jurisdiction or the Act allows for a role for the Provincial Auditor with municipalities. And I'm putting your office on the spot here; you may not have that readily available.

Ms. Ferguson: — I don't have it with me today. I know that,

for example, Manitoba does. Ontario does. You know, the rest of them I actually would have to go back and check, but certainly some offices do and there is others that do not too. So you know, there is mixed legislative framework in that regard across Canada.

Mr. Wotherspoon: — Does your office have an opinion on oversight of municipalities and the current provisions that are in place by way of legislation and the mechanisms that are there and the suitability of and effectiveness of those structures? Do you have a perspective on those? And then do you also have a perspective on whether it's, from your perspective, in the public's interest to have an Act defined in a way that allows a Provincial Auditor also some scope?

Ms. Ferguson: — That is an area that we actually have done analysis to that degree. We are certainly alert to the number of municipalities in Saskatchewan. I think the number that we have kind of outstrips that of other jurisdictions. So you know, I would suggest that before we entered into that area, that would be something that we encourage somebody to turn their attention to.

The Chair: — Are there any further questions?

Mr. Wotherspoon: — No further questions at this time, but thank you to the auditor for the report. And thanks to the ministry and the officials for the actions on this front and implementation of the recommendations.

The Chair: — Any further questions? No? Seeing none, this committee has four new recommendations with which we need to deal. Can I have a motion?

Mr. Doke: — Madam Chair, in regards to the 2014 Provincial Auditor report volume 2, chapter 33, recommendations 1, 2, 3, 4 we would concur with the recommendations and note compliance.

The Chair: — Thank you, Mr. Doke. Mr. Doke has moved for the 2014 Provincial Auditor report volume 2, chapter 33 that this committee concur with the recommendations and note compliance. Are there any questions on the motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you to Ms. Hungle and Mr. Green for your time this afternoon. And thank you for your attention to detail with the action plans, or status update. That's a relatively new thing we're asking ministries to do, and it's been very helpful in guiding our work. So we really appreciate that. Do you have any closing comments you'd like to make?

Ms. Hungle: — No, just thank you very much for having us come this afternoon.

The Chair: — Thank you. We'll just take a very quick recess while we change officials.

[The committee recessed for a period of time.]

The Chair: — Welcome back, everyone. We have now before

us the Ministry of Social Services. We'll be looking at Provincial Auditor reports covering a couple of years. We've got the deputy minister, Mr. Ken Acton, here. And Mr. Acton, you'll have a moment to speak shortly, but I will pass it off to Ms. Ferguson, who will talk about how we will cover this next little bit of the next hour together.

Social Services

Ms. Ferguson: — Thank you very much, Madam Chair, Deputy Chair, members, and officials. This afternoon we've got four chapters on the agenda. None of the chapters have new recommendations, so there's no new recommendations for the committee's consideration. Rather, the committee has seen all the recommendations previously. So we're going to work our way through each of the chapters, pausing after each, allowing time for the officials' comments and the committee's consideration.

With me this afternoon is Mr. Mobashar Ahmad. Bashar leads the portfolio that includes Social Services. Behind him is Ms. Lowe, and this time around Ms. Lowe is not just the committee liaison, but she also has led work that's presented this afternoon and on our agenda. So without further ado, I'm just going to turn it over to Mr. Ahmad to present the first chapter.

[14:30]

Mr. Ahmad: — Thank you, Ms. Ferguson, and good afternoon, Madam Chair, members of the committee. I will present chapter 26 first. Chapter 26 begins on page 147 of our 2014 report volume 2, and reported out of our annual integrated audit for the year ending March 31, 2014 for the ministry and its special purpose funds listed on page 148.

We reported the ministry had effective processes to safeguard public resources and comply with laws governing its activities and the activities of its special purpose fund, except for the two matters relating to IT, two relating to community-based organizations, and one relating to social assistance.

On page 149 we repeat the recommendation requiring the ministry to monitor the effectiveness of the Ministry of Central Services' security to protect the ministry's computer system and data. The ministry is making progress. As we state at 4.2 of page 149, during 2013-14 Social Services signed a new agreement with Central Services that includes network security and disaster recovery requirements. We will assess how well Social Services monitor the effectiveness of Central Services to meet the ministry's security and disaster recovery needs.

On page 150 our second repeat recommendation at 4.3 relates to completion and testing of the business continuity plan. In October 2014 the ministry indicated that it approved the continuity plan in September and has begun testing its effectiveness. During our 2015 audit we will examine this continuity plan and the result of its effectiveness testing.

On page 151 our third repeat recommendation at 4.4 relates to employees' compliance with processes that ensure only an eligible client will receive assistance and that they receive the correct amount. During the year, Social Services paid about 320 million in social assistance. It had established detailed policies

and procedures for staff to calculate, verify, and authorize social assistance. However staff did not consistently follow those established policies and procedures. The lack of compliance with policies could result in an incorrect amount of social assistance to some recipients.

On the same page our fourth repeat recommendation at 4.5 asks Social Services to work with community-based organizations to establish performance measures and targets that better allow it to assess the CBOs' progress in achieving the ministry's objective. Management indicated that the ministry is piloting a test program of performance measures and targets for nine CBOs during 2014-15.

On page 152 our fifth recommendation related to performing a timely review of performance information submitted by CBOs. In 2013-14 Social Services received all of the required reports from the CBOs and completed timely review of those reports; however a fair number of CBOs submitted those reports late. Lack of timely receipt of reports from CBOs increases the risk that the ministry may not be able to take corrective action as needed. And that concludes my remarks.

The Chair: — Thank you, Mr. Ahmad. Mr. Acton, if you'd like to introduce your officials and make any comments with respect to this chapter. And I would just ask if any other officials who come to the mike and speak, if they could just say their name the first time they're at the mike. Thank you. I'll pass it off to you.

Mr. Acton: — Thanks. Thanks very much. I have beside me Don Allen, assistant deputy minister for housing programs and for finance. And in the bleachers we have Miriam Myers, executive director of finance; from income assistance programs and corporate planning, Constance Hourie, assistant deputy minister; from child and family programs, Tammy Kirkland, assistant deputy minister. We have Tobie Eberhardt, executive director of program and service design; and from disability programs, Bob Martinook who is an executive director of community living services.

So I'll say at this point I just want to thank the Provincial Auditor and her officials for their observations and their work. The direction they provide, and hopefully our efforts to respond, I think make us . . . strengthens our organization. And I appreciate the ability to work with them.

Briefly on volume 2, chapter 26, recommendation 4.1, that has been partially implemented. In order to fully implement the recommendation, we will continue to strengthen communication to our business operations around removing user accounts when they're no longer needed, and we'll be recommending a policy that will disable accounts that are inactive for more than 30 days. And we are working with ITD to strengthen our monitoring and reporting. So we're making progress; I don't think I can legitimately say we're there yet. We expect to be complete and have this done by March 31st of '16.

Recommendation 4.2, that has been implemented.

Recommendation 4.3, we're partially implemented. We've approved the renewed enterprise plan and testing schedule.

Individual locations are receiving training and updating their site plans, and we expect to have that fully implemented by October of 2016.

Recommendation 4.4, again partially implemented. A couple of things that I think will move us a long way in that direction: in March of 2015 the ministry simplified and modernized the Saskatchewan assistance regulations, that really clarifying the intent and ensuring increased consistency between both the SAP [Saskatchewan assistance plan] program and the Saskatchewan assured income for disability, which will help avoid confusion with staff and with clients.

Last year we began a core business learning and accountability project, really focusing on core skills and knowledge for income assistance staff. We're developing a structured approach to curriculum development to ensure that we are ongoing in our training and monitoring in the process as well. So we believe we're making really good strides there.

Recommendation 4.5, partially implemented. We're working on a multi-year plan to report CBO [community-based organization] sustainability, including work related to outcome-based funding. So we have working groups that are actively engaged in this. We've piloted some work in some other CBOs and we've learned a great deal from that as well, and we will be implementing outcome-based fundings beginning in '16-17. So this will take us some time to do. We've got lots of CBOs and of course they're partners with us, so we have to try to move in step with them.

And recommendation 4.5, partially implemented. Again, we'll continue to work on a multi-year plan that supports the CBO sustainability and outcome-based funding as we move forward.

The Chair: — Thanks, Mr. Acton. I would like to open up the floor for questions.

Mr. Marchuk: — Madam Chair.

The Chair: — Mr. Marchuk.

Mr. Marchuk: — Thank you. Thank you, Ken, and thanks for all the good work that you folks do. Appreciate it. And to the auditor, thank you. I'm interested in the outcomes-based contracts. Can you just elaborate on that a little bit and explain how . . . what kind of outcomes?

Mr. Acton: — Certainly. What we've been doing . . . and we started with a small group on our child and family side and work with them in terms of how do they actually assess the impact of the work they're doing. So it's not, I mean . . . and we appreciate that they're able to identify . . . We worked with 14 families. The question is, how can we measure whether the families are better today than they were six months ago when you started to work with them and how do we measure that?

And we've been working with a small group of CBOs to say, how would you do that? This is the type of information we think we need. And of course some CBOs are quite a bit stronger at it than others and so they're quite open to sharing, saying well we believe we do assessments partway through with our clients. So we maybe do an initial intake, then we do a

series very quickly of questions with the family after maybe four sessions, and then we do it again after eight. And so we can measure progress that the family is making in terms of their parenting skills and how they're working. And so that's the type of measures that we have to build into our contracts.

So obviously CBOs are initially nervous, because what if I don't hit the target? And are you going to cut all of my funding or what's going to happen? We've been working with them to assure that this is about both of us having stronger outcomes and making sure we're doing the right things, and it's been very, very positive. CBOs have been — one of them commented, this is kind of the best discussion I've had for 35 years — so very, very positive to say they like this discussion and our engagement with them.

Mr. Marchuk: — So is this service delivery task team . . . what are the logistics around that? Who makes up the task team and how do they go about the province and who are they meeting with?

Mr. Acton: — We're working through SARC [Saskatchewan Association of Rehabilitation Centres], and maybe I'll just ask Bob Martinook to come up and talk just a little bit about the work that they're doing there.

Mr. Martinook: — Good afternoon. Bob Martinook, executive director of CLSD [community living service delivery]. So the CBO sustainability task teams are made up . . .

Mr. Marchuk: — There's more than one?

Mr. Martinook: — There's going to be five task teams. There's four that are operational right now. So the outcomes-based funding task team is made up of members from SARC, formerly known as Saskatchewan Association of Rehabilitation Centres, CLSD, child and family service. And then we have a selection of CBO from both sectors. Both the CFP, child and family programs, and CLSD make up that task team.

Mr. Marchuk: — I think it's very positive, going in a very positive direction. I'm just not clear on the logistics and how that's all going to play out, because it's a big province, and to get these people around talking to all the different . . . I mean, what have we got, 230 CBOs?

Mr. Martinook: — Over 200, yes. We've established, I think, a pretty comprehensive communication plan. We're routinely communicating with both CBO sectors on a quarterly basis at minimum. We have annual general meetings that we're also doing updates on with SARC, and then we have what we call our fall CBO meetings that both CLSD and the CFP run, and so we'll be updating members on the issues at those times too. So we have a pretty comprehensive communications plan, I think.

Mr. Marchuk: — So will the plan then allow for individual differences or regional differences in terms of outcomes? How does . . .

Mr. Acton: — I would think that that would be the case. And my thought is not that we would, you know, at the start of one year, implement outcome-based fundings for absolutely every,

you know, all 230 CBOs. I think we have to work with our partners, and I'd rather have some real strong success with strong CBOs that can then be leaders and can help us and help other CBOs saying, this actually isn't a bad thing. It'll help you deliver on your mission that you wanted as a community-based organization when you set it up and that we'll move that way.

So that's why I say it's a little more complex than just . . . we've got outcomes, and boom, we're going to impose it on everybody kind of on a particular date. So I think this will be a process more than an event. As we work with groups of CBOs like we did on the family side, we took a small group. There's about 30 CBOs that were delivering that particular type of service. We work with — I'm not sure — maybe 10 of them. And I think by next year, you know, we'll be ready to, with that 30, say here's a standard base that we want to use, and we'll continue to work with them on it to make sure that they can hone their skills and it works for both of us.

Mr. Marchuk: — I would agree. I think expectations in the sector have been a long time coming, and I think that's a very positive move. I just think the logistics might be somewhat challenging, at this point anyway. Thank you.

Mr. Martinook: — If I could just add, the reports that we're getting from our members, the CBOs sector is very positive about the approach. So I think it's being very well received, and they're very optimistic about the positive impacts.

Mr. Marchuk: — In terms of inter-ministry work, are other human service delivery ministries involved in any of these outcome determinations? You know, I'm thinking of Education. I'm thinking of Health. I'm thinking of . . . or is this strictly . . .

Mr. Acton: — We share our experiences on a regular basis. And some ministries are perhaps further ahead than others, and so we continue to compare notes.

Mr. Marchuk: — Okay. Thanks.

The Chair: — Thank you. Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you very much, and good dialogue here, good questions. And I'm thankful to the auditor for their work in this area and certainly thankful to the ministry for their work. And I appreciated out of some of the discussion I just heard with the member and officials is that there seems to be some recognition — which I was hopeful of and I suspected so — of the complexity of assessing the CBOs and determining outcomes that are going to be appropriate to the different and complex and diverse circumstances and needs that are responded to across the province.

[14:45]

And I think that it's really critical that before there's, you know, a shift to fund based on outcomes, that work is done in a very thoughtful manner to determine outcomes that, you know, what exactly those outcomes are that could be documented in a fashion that's appropriate to the goals of what you're trying to achieve and what's being delivered by a CBO. And in the human service area and in the social area, these can be rather challenging to determine, and I think that I would caution

against a level of standardization that may not be able to reflect some of the complexity to our province, and the difference in CBOs and the varied outcomes that exist.

But certainly I think, you know, if this is, if there is, you know, a thoughtful conversation and time given to ensure that the structure is right, there could be a good outcome for all. But we'll track that with some caution but also . . . and appreciate the noted, I guess, some of the noted concern here today as well about making sure you get that process right.

As far as the actual getting the records right and the proper training to make sure that the programs around assistance are appropriate to the individual who's receiving assistance, could you speak a little bit as to maybe through some of your reconciliation or audits, the prevalence of somebody either not receiving some of the support that maybe they should be receiving, and then the other circumstance where somebody's maybe receiving support that they shouldn't be receiving? How prevalent is this? How do you identify it? How do you work with it?

Mr. Acton: — I'll just ask Constance to join me. But in general we do our . . . we have our own internal audits that are auditing files on a regular basis. One of the things that flagged this originally was a policy piece in terms of providing extra funding for a client to attend a funeral or to cover funeral expenses and it not being properly documented in the file. So some of it, I don't think there was a dispute about whether an inappropriate amount was paid; it was that we didn't have proper file documentation — which of course is important and we need to fix.

So we've worked on, we've worked on that. I think our error rate is less than 4 per cent, slightly, you know, maybe, if I recall, 3.4 or 3.6 per cent now which is, I would suggest, not bad given the volume of work that we do and the fact that often we're given information and when an individual's at the door and is saying I have no money for food and I have no place, no shelter, we err on the side of making sure that they have what they need. And then sometimes when we follow up, we find out that perhaps they have not been quite as accurate in the information they've given or . . . and so then we have to correct that.

So those are all challenges we have when we have several offices around the province and a huge caseload. But in general, I'm quite pleased with the work we're doing. I don't know whether that's helpful to you or not.

Mr. Wotherspoon: — I appreciate that information and the work in this area. Certainly it's important, and progress and improvement where possible is important.

Just going back to around establishing performance measures and targets and then reporting structures, certainly this is important. It's also, you know, I think the reality for a lot of CBOs as well is that they're in a pretty resource-strained environment. They're spread thin to deliver services, often to the most vulnerable in our society. And so, you know, as you're building out systems and reporting structures, how much of a factor is it as well in making sure that of course you're collecting the information that you require to assess

performance, but that you're not putting in undue hardship by way of energy and resources on very resource-strained CBOs across the province?

Mr. Acton: — We always have to keep that in mind and, you know, we have a range of CBOs. Some are quite large. They're very sophisticated. We can learn some things from them when we talk to them about how do they assess clients on the intake or how do they capture their information. In others we have to be realistic and we don't, you know, I don't think any of us want to have all our resources spent on, respectfully, say moving paper around as opposed to caring for clients. So it's a balance.

The work we did on the child and family, when we talked about outcomes there, it was interesting that, you know, we had — I can't give you the exact number — but we had a series of questions in terms of how to assess whether or not a family had . . . if the outcomes had improved. And in terms of working with three or four CBOs, we were able to cut that list or the number of questions down by over 50 per cent. I mean, we sat down together and said, okay, what is it that we really need to know and what are the real indicators? And if we ask these six questions sitting at the kitchen table with the family, would that give us the kind of information we need especially when you compare it with, you know, the same six questions asked of families from 30 other CBOs? Will that give us a good gauge? And our belief was that that would be really helpful.

So just the engagement part with the CBOs was really helpful for us to streamline our process and make it useful for the CBO. So it's not just them reporting to us, it's how in your agency would it . . . What would be helpful to you to gauge the work you're doing and the mandates you've got? So I agree and I think we're getting that direction.

Mr. Wotherspoon: — I appreciate the recognition of it, and we'll track it as you move forward. But just, I think, some of the discussion around recognizing the diversity of CBOs and who they serve and the outcomes and how those can be quantified or qualified and verified are going to be quite different. And as well, some caution around that: often I think the CBO sector is inundated with sort of the paper moving when they're very resource strained to be doing the work that I know they're purposed to do with working with people and lives and families in often very vulnerable circumstances. So I appreciate your lens that you're entering into it there, and we'll be tracking that through.

The Chair: — Mr. Wotherspoon, I'm just going to . . .

Mr. Wotherspoon: — Oh sure.

The Chair: — Mr. Norris has a question and then we'll give you a break there. Mr. Norris.

Mr. Norris: — Yes, thanks. Thanks very much and appreciate again the tone, the dialogue especially around the good work that's being undertaken generally overall and the sensitive work that's being undertaken. I'm just wondering how the social impact bond that we've seen the first of its kind in Canada, is that also helping to facilitate maybe some different conversations than we might have seen in the past? Just

wondering about its effects on the other partners.

Mr. Acton: — Yes. Yes, it has changed the conversation with other agencies saying, you know, this connection of, gee we need to be able to measure outcomes, you know, and I think in some cases maybe the question about, gee is everything going to be that way? And our approach has been, no, absolutely not. But it is a good question about, as an agency, what's your vision, your mandate, and how will you actually, how can we actually track that?

And so it's resulted in some excellent conversations with other CBOs saying, you know, we've always been just counting the number of clients. You know, they're turning to us asking us if we could help them in terms of how they would define their outcomes. Others are already there. Like, the community-based organization that is operating the impact bond, they were already measured. I mean, they were ahead of us or certainly had a more detailed approach to it.

The Chair: — Mr. Wotherspoon, did you have further questions?

Mr. Wotherspoon: — One that fits within the . . . but is more specific in nature, and it would relate to, I guess, how you assess a program and what guides a decision. And I'm just wondering if you could, are in a position to be clear about what was the reason for the cut to the youth companion program?

Mr. Acton: — The youth companion program. This was really a question about what's our funding for, what do we think are critical to our core business? And it's certainly not a reflection on the work of any particular CBO, but it's really a question of is that where our funding should be going? Is that our priority? And we'll continue to work with all CBOs about that in terms of, so is this the agreement that we thought we were entered into about what we were funding, or has your priority as a community-based organization and ours started to diverge a bit, and how do we get back on the same path?

Mr. Wotherspoon: — Okay. So what they were delivering, this funding was then removed because what they were funding wasn't consistent with priorities of the ministry. Is that . . . Just the reason is and, just to be more clear, I know I've had some correspondence with some families impacted by the program, and they've been following the conversation rather closely. And there's been a minister that's been speaking to the file and the answers have sort of changed as far as what the reason for the cut has been. And so just is it that the work that was being provided isn't a priority in the current work of the ministry?

Mr. Acton: — My understanding, the funding we were provided was to support clients of the ministry. I wasn't sure that that was the case in every case, and in other situations we could provide or had other ways of providing those same supports. So those were the . . . you know, ended up being the decision that we made.

Mr. Wotherspoon: — I'll just highlight for your attention to go back, for what it's worth, and I won't debate the policy choice of a government that's not this committee's purview, but I know that it's been communicated that it would be that Community Living Saskatoon might, would be providing these

services, or was providing. And I know that families that have engaged there have been told that that's not the case. They were also, I believe, told that it overlaps with . . . that's with Saskatoon, so they don't provide that, that Big Brothers or Big Sisters offers this program. They've been told that, no that's not the case; they don't, they don't provide that. So those that are trying to access that support aren't able to find it.

And then one of the other reasons, and I heard a little bit of it here today, is that they may not be Social Services clients. But I'm told, and the information presented to me, that it's the actual language says that they pretty much all are Social Services clients. So I don't know. You'd have that information, but I don't have that. So I'll just maybe refer that back. Certainly we are hearing from families that have been impacted by that cut that see great value in the program. And I'll leave that with you, and I'll stay away from the policy debate here at this table.

Mr. Acton: — Thank you. Thank you very much.

The Chair: — I'm just going to step out of my role as the Chair and just ask a quick question about that. So they would have, your expectation would have been that they were community living service division clients because these were kids with cognitive disabilities? That was . . .

Mr. Acton: — Yes.

The Chair: — Oh. Okay. And just were there . . . And you had just briefly mentioned other ways that they could get support, and Mr. Wotherspoon just mentioned two organizations. Were there other ways in which the ministry had thought that they could get the same service? Or were those simply the two organizations?

Mr. Acton: — Much of that, we as a ministry may also be able to provide that service, and we're happy to meet with individuals that are impacted by that. So if they would care to contact us, we're happy to work with them.

The Chair: — Thank you for that. Are there any further questions on this particular chapter? No? Seeing none, we have no new recommendations for chapter 26, so this committee can conclude its considerations. May I have a motion to that effect?

Mr. Doke: — So moved, Madam Chair.

[15:00]

The Chair: — Mr. Doke has moved for the 2014 Provincial Auditor report volume 2, chapter 26 that this committee conclude its considerations. Having trouble with alliteration here this afternoon. Are there any questions on that motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. We shall move on to the next chapter here, and I shall pass it off to Ms. Ferguson. Mr. Ahmad.

Mr. Ahmad: — Thank you, Madam Chair. Moving on to chapter 55. This chapter begins on page 399 of our 2014 report

volume 2 and reports the result of our follow-up work to assess the ministry's progress toward addressing our past recommendations relating to supervision of CBOs. Your committee considered and agreed with these recommendations in June of 2014.

In 2012 we audited the ministry's processes to plan for, contract with, and monitor CBOs providing services to intellectually disabled people and their families. We made eight recommendations. At September 2014, the ministry had implemented three recommendations and had more work to do for our five outstanding recommendations. I will highlight those outstanding recommendations.

The first recommendation at 3.1 on page 400 asked the ministry to work with CBOs to establish program objectives and outcome performance measures and targets to monitor and evaluate the services CBO delivers. For group homes and day programs, the ministry's agreement set out the program outcomes and indicators to meet the needs of individuals residing in group homes or utilizing their programs. However, for the general services contracts, those specialized programs, the ministry was working with CBOs to develop outcome performance measures and targets for inclusion in their agreements.

The second outstanding recommendation, 3.3 on page 401, required the ministry to develop and implement policies and procedures for addressing risks identified in the CBOs that provide services to individuals with intellectual disabilities. Management indicated that the ministry communicates a risk assessment procedure to staff on an informal basis. However, the ministry has not updated its policy manual for CBOs' accountability.

The third outstanding recommendation, 3.5 on page 402, asked the ministry to require its staff to follow established policies to obtain required reports that are not received from CBOs by the due date. We continue to find staff did not always follow the established policies. About 10 per cent of the files that were reviewed did not have evidence of staff efforts to obtain all required reports that CBOs did not submit by due date.

The fourth outstanding recommendation, 3.6 on page 402, asked the ministry to follow established monitoring procedures outlined in the agreements to CBOs. The agreement with CBOs requires the ministry staff to review CBOs' policies and procedures at least once in every two years. We noted that this review was not always completed within the last two years. Lack of timely monitoring increases the risk that CBOs may not achieve the objectives of the ministry.

The fifth outstanding recommendation, 3.7 on page 403, required the ministry to analyze and document its review of serious incidents and incident trends at CBOs and determine how to address any increasing trend in those incidents. Although staff prepare and provide to management reports of serious incidents, these reports do not include analysis of the causes of incidents, risks, actions to mitigate such risks, or explain any developing trends. Such analysis will help the ministry determine what actions it may require to reduce the number of serious incidents.

And that concludes my remarks. Thank you.

The Chair: — Thank you, Mr. Ahmad. Mr. Acton.

Mr. Acton: — Thank you. So I'll just quickly walk through the various recommendations again, volume 2, chapter 55.

Recommendation 3.1, we are partially implemented there. We've implemented outcomes pertaining to person-centred plans in the CBO contracts and revised outcomes for the general services contracts. And so our next step is to verify those person-centred plans are in place, validate the plans, the stated outcomes, and modify and monitor as required. So we will continue in this. And of course we've already spoken about our work with the CBOs' sustainability and our outcome-based funding. So we're making progress. We're not fully implemented yet.

Recommendation 3.2 has been implemented, recommendation 3.3 partially implemented. The annual financial analysis process, we continue to revise and hone that process with a goal of improving consistency and communication among the program areas: the CBO unit, I should say, that handles the financial contracts, and the CBOs themselves. And we expect that to be completed by September of this year, by 2015.

Recommendation 3.4 has been implemented, recommendation 3.5 partially implemented. Random audits, we do random audits to confirm the information has been received in a timely manner and that any outstanding reports are followed up on with the CBOs. We continue to work with CBOs who are unable to meet those reporting deadlines. And we're considering a policy to permit approved extensions in extenuating circumstances and making sure that that's documented on the file so that it's clear that there has been a discussion with a CBO and that there's a particular reason why the reporting might be late.

Recommendation 3.6 partially implemented. We have approved two new coordinators in CBO services, which are positions to provide direct quality assurance support, including reviewing and analyzing outcome reports, basic standard reviews, and attendance reports. So with that extra staff we think we'll be able to address this and should be completed in 2016-17. My preference would be March 31st of '16, but we'll see, we'll see how we do.

Recommendation 3.7 partially implemented. We have increased support to agencies that, those agencies that are experiencing a high level of serious incidents. We also implemented online training courses to assist in training staff within the CBOs. We're exploring the potential for one of our units to develop and implement specific action plans to address those incidents in various CBOs, and we believe we'll have this completed in '16, '16-17. And the last recommendation 3.8 has been, has been implemented.

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

Mr. Wotherspoon: — I don't know that I have any specific questions. What I want to say is I appreciate, I appreciate the detail of the actions that have been taken and those that are

going to occur. And it's certainly important to see implementation on all these as it relates to these recommendations, and that seems to be the commitment from the ministry. And I appreciate as well that you sort of share that you have a timeline for implementation. You might be, you know, sort of being cautious or careful in what dates you're choosing there, and then hopefully you might be ahead of schedule. So we'll be tracking this with some interest.

I mean as well again today, I really do appreciate this template being utilized that has this information itemized. It's going to be really useful for tracking and follow-up, and so we'll track these processes with interest. And thanks for the work.

The Chair: — Mr. Marchuk.

Mr. Marchuk: — Thank you, Madam Chair. Recommendation 3.7 talked about serious incidents. I'm just wondering about how serious, the term "serious," is defined, and are there criteria again with 200 . . . Well I guess it doesn't refer to that specifically, but I'd be interested in how that plays out.

Mr. Acton: — I was smiling because that was my question: when we talk about serious, how serious is this?

Mr. Marchuk: — The auditor's report talks about, you know, almost double the amount of incidents reported in '13 compared to 2012-13. And so that's good reporting or . . .

Mr. Acton: — I'll let Bob speak to that. But you're right, it's good reporting. We went to the CBOs and raised the awareness, increased the reporting, started tracking, and of course like many things like this when you do that and you raise that awareness, then pretty soon you do get increased reports. And then it's our ability to analyze those, train, and work with the individual CBOs perhaps that are struggling. But I did chat with Bob about this just recently.

Mr. Martinook: — Okay. So we actually have a formal definition. As Ken had alluded, the serious incident reporting tracking system was implemented in 2007 and was communicated out and made part of the contracts for 2007 to all the CBOs, so you start to see an improvement. Prior to that, reporting was haphazard.

So for the purposes of this we created a definition, and the term "serious incident" is defined as a significant, adverse event affecting any individual or resident that occurs in a facility licensed by the Ministry of Social Services and in a service or program funded by the Ministry of Social Services, and that the serious incidences are categorized into four main areas: abuse allegations, threat to health and safety, death, and disruption of services.

And then further on it says that incidences that must be reported to CLSD but are not tracked centrally include: client-to-client aggression, client-to-staff aggression, and client-to-APSH [approved private service home] proprietor aggression.

The decision not to track these types of incidences was made by the management. So we've stuck to those four main categories as described.

Mr. Marchuk: — Yes I can see that's pretty well defined, and so everybody would be pretty clear on what's a serious incident and what's not, and what you can . . . So after the incident is reported, what's the follow-up?

Mr. Martinook: — Well the organizations are expected to implement plans. So for example if it's an abuse allegation, there's a formal protocol that's been established for a number of years. Every CBO funded by CLSD has to have that policy that details what the actions are to be taken. So there's a policy that's implemented and an action plan generated around that specific event. The CBO is then to report, as per the policy, on the outcomes of that investigation. We also review those outcomes, so there are specific protocols related to many of these, like the abuse allegations for example. With health and safety stuff we would follow up as well with our team.

Mr. Marchuk: — So the ministry then gets a report of all serious incidents?

Mr. Martinook: — Yes.

Mr. Marchuk: — Okay, good. Thanks.

The Chair: — Are there any further questions on this chapter? Mr. Norris.

Mr. Norris: — Thanks very much. Just following up on this conversation. Is that information potentially shared with other ministries? I'm thinking if there are . . .

Mr. Acton: — No I don't believe it is, no.

Mr. Norris: — Is there potential scope for such information sharing on issues of criminality or issues of health?

Mr. Acton: — Well on issues of criminality there certainly would be. I would have to have a look at our contract. But you raise a very good point, and I'd have to follow up on that, but I appreciate it. Thanks.

The Chair: — Are there any further questions on this chapter? Seeing none, as there are no new recommendations, this committee can conclude its considerations. Could I have a motion to that end?

Mr. Doke: — So moved, Madam Chair.

The Chair: — Mr. Doke has moved for the 2014 Provincial Auditor report volume 2, chapter 55 that this committee conclude its considerations. Are there any questions on the motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. We shall move on to the next chapter and I shall pass it off to Ms. Ferguson.

Ms. Ferguson: — Thank you very much, Madam Chair, Deputy Chair, and members and officials. Very short chapter, very brief presentation. This chapter reports the follow-up of a recommendation we made in a 2004 audit on Sask Housing's capital plan. We're very pleased to report that by March 31st,

2015, the ministry has fully implemented the previous recommendation, the recommendation that was previously outstanding. So that concludes our presentation.

The Chair: — And that was on chapter 27. Okay, and we missed 31, but we'll go back to 31. So that was chapter 27 Ms. Ferguson just spoke to. Mr. Acton, do you have any comments?

Mr. Acton: — Only that the deputy and also the president and CEO [chief executive officer] of Sask Housing is very pleased that this has been implemented.

The Chair: — Any questions? Mr. Wotherspoon.

Mr. Wotherspoon: — Good work.

The Chair: — All right. Any other questions? Seeing none, no new recommendations, so we can conclude our considerations on this chapter. Could I have a motion to that end?

Mr. Doke: — So moved, Madam Chair.

The Chair: — Mr. Doke has moved for the 2015 Provincial Auditor report volume 1, chapter 27 that this committee conclude its considerations. Is there a question on the motion? Seeing no further questions, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right, moving on to the last chapter for Social Services which will be chapter 31 of the 2015 report volume 1. I will pass it off to Ms. Ferguson.

Ms. Ferguson: — Pass it to Mr. Ahmad who won't have as brief of a presentation.

[15:15]

Mr. Ahmad: — Thank you, Judy. Chapter 31 begins on page 289 of the report.

In 2013 we examined the effectiveness of processes the ministry used to place the minister's wards in permanent homes. We made seven recommendations. This chapter reports the results of our follow-up of those recommendations. Your committee considered and agreed to those recommendations in June of 2014. We are pleased to report that at March 31, 2015 the ministry had implemented four of our recommendations and was working towards the remaining three. I will briefly highlight the outstanding recommendations.

The first recommendation, 3.2 on page 291, asked the ministry to develop performance measures and targets relating to the adoption program for its permanent wards. In 2014, through its quality assurance unit, the ministry began to gather information to help develop performance targets and measures related to the adoption program for its permanent wards. Management indicated the ministry expects to gather this information for one year before developing measures and targets.

The second outstanding recommendation, 3.5 on page 292, requires the ministry to follow the established policy to place those children whose permanency plan includes adoption, on

the adoption list within 120 days. From January 2013 to September 2014, we found that the majority of the children were not placed on an adoption list within 120 days. Not placing children on the adoption list in a timely manner could impact the likelihood that older children find stable adoption homes.

The third outstanding recommendation is 3.6 on page 293, asking the ministry to collect and analyze information relating to outcome of services to long-term wards and permanent wards in its care. In early 2014 the ministry conducted a scan of practices in other jurisdictions regarding outcome-based indicators and measures. Management indicated that over the next year the ministry plans to review and analyze the collected information to help determine the next step in monitoring its performance outcome. Outcome-based information will allow the ministry to determine if its services for children in its care are meeting the children's best interests. And that concludes my overview. Thank you.

The Chair: — Thank you, Mr. Ahmad. Mr. Acton.

Mr. Acton: — Thank you. Yes, just in terms of that, volume 1 chapter 35, recommendation 3.1 has been implemented. Recommendation 3.2, we're partially implemented. We have, in 2014 baseline data was gathered on new performance measures. We're gathering comparison data throughout 2015, and we'll have targets established in 2016 on a go-forward basis. Recommendation 3.3 has been implemented as has recommendation 3.4.

Recommendation 3.5, we're partially there. We'll continue to measure compliance to this standard. We're also reviewing the current time frames to determine if they allow the adequate time to meet all the legal requirements, and we'll be doing some further research and some jurisdictional analysis there to make sure that we've actually got the right target or the right measure — is 120 days the right date or not, or the right number of days? And we'll have that analysis completed in 2015, and once we have that I think we'll be set to implement and move forward.

Recommendation 3.6, again partially implemented. We'll continue to work on incorporating more outcome measures as part of our annual review process, and we'll continue to work on that recommendation. And so those are my comments.

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

Mr. Wotherspoon: — I appreciate the attention on this file. You know, in many ways I think, you know, the government plays lots of really important roles, but in some cases those most vulnerable and those that are wards to government, you know, there's a few that have fewer supports and it's just such an important place for government to be effective and compassionate. And I've seen it first-hand, some really, really tragic, vulnerable circumstances out there, and I know you know those circumstances as well. So thank you for the work as auditors on this front and the attention on these files from your officials in your ministry.

Just following up, you're doing some legal analysis around the appropriateness of some of the time periods to move towards

adoption. Is that correct?

Mr. Acton: — Yes. I mean, our measure or our policy is that children whose permanency plans include adoption, they should be on the adoption list within 120 days. Well our question really is, have we thought through the 120 days? Will that allow us to actually do all the work that needs to be done to place the child on the adoption list? And if that's the wrong number then we should correct that. If it actually needs to be longer and if in fact our analysis says really you should be able to do this in 100 days, well then we need to get our system fixed so that we can hit that, whatever the number is.

But part of it was just to say, is our policy right? The auditor said, you're not following policy. And I agree with that. We're not. The policy said it should happen in 120 days. You know, is that realistic or should it even be shorter than that or have we set a measure that we can't actually meet?

Mr. Wotherspoon: — I appreciate that sort of response to be honest, and I appreciate the role of the auditor to say, well here's a set of rules you've laid out that . . . and then you should be meeting those. That's very important. And then I appreciate some, you know, constructive thought around whether or not that's the appropriate time period and again just recognizing that it's these highly, you know, vulnerable young people that we're dealing with.

So I look forward to hearing the outcome of that work and of course, you know, I'm sure it's happening in a timely way. Are you getting a sense from other jurisdictions as to if there's some legal precedent on this front or best practice from other jurisdictions?

Mr. Acton: — Just give us one second. I guess we don't at this point, Mr. Wotherspoon. We're just gathering that information.

Mr. Wotherspoon: — Could you give the public . . . And the legal question's a very important one. Could you give the public some other understandings as to some of the complexity or challenges you're facing to not have youth placed within that time period, the 120 days? Setting aside whether that's the appropriate number or not, what are some of the pressures and challenges you face?

Ms. Kirkland: — Tammy Kirkland, ADM, child and family programs. One of the big tasks around this work is gathering the social history, so finding the family members, connecting with the family members, getting all of that history. And that can often be very time-consuming for us. It can require a lot of attempts to find family and a lot of time to sit down with them and go through that and gather the information and have them comfortable with that process. That's a big part of it.

Mr. Wotherspoon: — I appreciate that. And then just referencing the auditor's report, the range is significant right now — 23 days to 587 days. So I appreciate you looking at what legal requirements are there. I recognize all the . . . you know, these are people and families you're dealing with, so I recognize the complexity and the sensitivities that need to be in place. But you know, we'll be tracking progress on this front with interest.

The Chair: — Mr. Weekes.

Mr. Weekes: — Thank you, Madam Chair. I just want to pick up on comments of my colleague. I really . . . You know, as an MLA [Member of the Legislative Assembly], I've had a number of inquiries or concerns brought to my attention. And the one in particular, a foster family who was, the one child . . . You know, they only want to look after the babies and have that baby adopted out. And in this one case, you know, the baby became a toddler and it just took forever to get that child adopted out.

And now to be fair, you don't have the file in front of you. I don't expect you to look after the file. But you know, what they told me was the legal obstacles that were presented by family members. And these people were not able to look after this child, but it seemed that somebody was there every time there was . . . they'd go in front of a court or a judge, that there was obstacles put up.

First Nations, I think there may be some additional complications there about adopting this child into a non-First Nations family as well. And they really find that whole process very frustrating. I mean, the child grew up calling them mom and dad.

And the good news is the child has been adopted out to a family that also adopted its sibling. So, good news. But the child, you know, came as a baby and left as I think a three-year-old. And that can't be good for the child and the whole situation, even though it went into a good home and everything was good in the end. But you know, I know you just spoke to that, but certainly those cases again is very frustrating for everyone concerned.

Mr. Acton: — It's a complex issue. And you know, there's days that you . . . You're right. You think, man, we should be able to move faster on that.

On the flip side, we're taking away the rights of the parents and I think, and I mean, all of us as parents, I mean, we hang on to that hope that, you know, even in some of the most difficult situations, that it's going to get better. And so I think there's a bit of that, and we have to just try to find our way through that. And some days it works really quickly and other times it takes quite a bit of time to work with both parties, those that are very anxious to adopt and those that don't want to see that their chance of being reunited as a family, they just don't want to see that disappear. Even how, you know, from the outside, we're probably thinking this is never going to happen. But they still hang on to that, and so we just have to work with it.

Mr. Weekes: — Yes. Thank you. I appreciate that. But certainly it comes up every now and then in my office.

The Chair: — Are there any further questions on this chapter? Seeing none, as there are no new recommendations, this committee can conclude its consideration on chapter 31. Could I have a motion to that end?

Mr. Doke: — I so move, Madam Chair.

The Chair: — Mr. Doke has moved that for the 2015

Provincial Auditor report volume 1, chapter 31, that this committee can conclude its consideration. Is there any question on the motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. That concludes our consideration of the Social Services ministry in the auditor's reports. I want to thank the officials from Social Services, Mr. Acton, and everyone else who is with you here today.

And I just want to say a big thank you for the status updates. This is a relatively new thing that we're doing and I think it probably focuses your work when you come in to this committee, but it also sure helps us in guiding our questions and helping us understand where you are with the recommendations. So thank you for your work on that. Would you like to make some closing remarks?

Mr. Acton: — Well just thank you for the opportunity and the good questions. And I too think that this new format is just excellent. I found it very helpful and I appreciate it and I'd urge you to carry on in that fashion. So thanks very much.

The Chair: — Thanks, Mr. Acton. Ms. Ferguson has a couple of comments.

Ms. Ferguson: — I was amiss at the beginning in thanking the ministry actually for the co-operation that they've extended to our staff in the course of the work that we do. We recognize that it is a volume of work and it's sensitive issues. So thank you very much.

The Chair: — Okay. Thank you for that. Enjoy the rest of your day. And we will be moving on to the Standing Committee on Public Accounts, and we'll just take a brief moment to switch chairs here.

All right. Moving on to the Standing Committee on Public Accounts, we have two chapters to review, and I will pass it off to Ms. Ferguson.

Standing Committee on Public Accounts

Ms. Ferguson: — Thank you very much, Madam Chair, members, and officials on this side here. This afternoon there's two chapters that we're going to look at. The first one actually is a chapter that's directed at this committee, and the second is, frankly, it's just a summary of implemented recommendations that we've decided to package together in one chapter as opposed to separate chapters. So Kim is going to do a presentation on terms of the chapter that relates to this committee.

Ms. Lowe: — Thank you, Judy. The chapter before you this afternoon does not contain any recommendations, rather it provides your committee with an overview of its accomplishments and the status of implementation of your committee's recommendations.

In our view, your committee is very important in that it's the audit committee for your Legislative Assembly. It plays a critical role in fostering an open, accountable, and transparent

government, and better management of government operations. Your work contributes to the government's implementation of a significant number of recommendations. In your review of our work, your committee makes recommendations either through the concurrence with those of our office or on its own. Your committee includes its recommendations in its reports to the Assembly.

[15:30]

Your committee has asked our office to assess the government's compliance with its recommendations and to report on their status. We make this assessment as part of our examinations. We report the results of these assessments in either specific chapters or, if not discussed elsewhere in the report, in a table in the Public Accounts chapter, such as the table in section 6.2 starting on page 411.

Each year in the Public Accounts Committee chapter, we provide you a summary of these assessments. As set out in chapter 56 of our 2014 report volume 2, as of October 2014, the government has implemented 77 per cent, or 177 of 229 recommendations included in the committee's reports. As well by this date, the government has partially implemented another 13 per cent. That's 45 recommendations. These are recommendations up to and including the committee's last report to the Assembly. The committee's last report was the third report to the 26th legislature, which was tabled on September 6th, 2011. These percentages do not include recommendations that the committee has considered but not yet reported to the Assembly. Our understanding is that the committee is working on its next report.

That concludes my overview and we'd be happy to answer any questions.

The Chair: — Thank you, Ms. Lowe. Are there any questions on this particular chapter? Mr. Norris.

Mr. Norris: — Again thanks very much, Madam Chair. And to the auditor, any sense on where these statistics may place us, or at least from where I sit, it's heartening to see these kind of figures. But any sense how this would compare to other jurisdictions across the country?

Ms. Ferguson: — I can speak to implementation of offices' recommendations, because not all provinces, as you know, have the same process for their public accounts committee in terms of the reporting process and tracking of recommendations. And what we find is that when we compare ourselves to our counterparts, we are sitting at the head of the pack in terms of implementation of recommendations. And I think it bodes well in terms of attitude of officials of the government.

I think these last couple of days you've heard that, you know, for most of them they're saying, you know, that they are trying to work on continuous improvement. They look at the recommendations really as an opportunity to move forward, rethink what they're doing. And I think it really reflects a good attitude of the officials that we have in Saskatchewan, and I think we should be proud of that.

Mr. Norris: — I appreciate that overview, that context, because

it . . . and again I think as we see on a regular basis in this building and well beyond, professionalism and the due diligence that's undertaken by those in the civil service. And so it's just helpful I think, again on a personal basis but more broadly, to understand how significant and serious the recommendations are taken and that the vast majority are acted upon.

Ms. Ferguson: — From our office's perspective, what we find is actually the support of the committee, I think, is very helpful in fostering that attitude. So I think Saskatchewan does have a very good process that they use in terms of making a decision, whether or not they concur with or not, you know — there may be ones that you don't, you know — but really in terms of reinforcing the importance of moving forward.

The Chair: — Further questions? Mr. Wotherspoon.

Mr. Wotherspoon: — Do you . . . and good question, and I appreciate the context there as well. And I've often had that sort of number shared in that context that we have a pretty good thing as it relates to the public accounts, the role of the auditor, the appreciation of government in that process for quite some time in Saskatchewan for which we can I think hold up to a fairly high standard in Canada and an example to other jurisdictions. And where I hear . . . I mean in other jurisdictions I think sometimes there's breakdowns, including right in Canada where there's not, you know, the same — I think; I don't know — the same effectiveness of the process. And I know some public accounts committees don't meet.

You know, I know that in some cases they still have ministers that come before the committee as opposed to officials which really seems to break down the constructive exchanges that we have here, less so the heightened partisanship that seems to enter into the other committees where you have larger political discussions.

So I think there's some things that we have here as best practice that seem to be working well for us. I'm not suggesting there's not lots of room for improvement. When I look at some of the outstanding reports that were, you know, before us, I think that, you know, we have reports from 2012-13.

I do know that this committee in the last few months seems to have been meeting with . . . you know, working to get through a work plan that gets us caught up, and that's really good because I think timely consideration of these matters are really important. As it relates to the percentage of implemented recommendations and action, are our trends staying the same? I know we've always had . . . or do we see any changes on that front?

Ms. Ferguson: — We find trend analysis kind of challenging because if their committee hasn't had . . . The reporting frequency of the committees has been infrequent, kind of. You know, it's not a set pattern. So that makes trend analysis challenging in that regard.

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

The Chair: — Mr. Weekes.

Mr. Weekes: — Thank you, Madam Chair. I attended with the Chair last year the public accounts conference. And just the one item, there are many good things that I think were just said about our committee, but the one thing is about having a steering committee and not only having it, but having it work. It was important. And I know it from some of the other attendees at the conference, while they may not have a steering committee but they also didn't get along very well. And so I think that bodes well for our committee and what we're doing here that the steering committee sets out an agenda and it works well.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — Yes, I just would like to also recognize a recent innovation of this committee that I think is going to serve us really well into the future. And it's, you know, it's not the fanciest thing, but it's the status update structure. And you know, change is slow on these things, but that's sometimes how these things have to work. And I know that had been identified as best practice out of the federal audit environment with the public accounts and some other provincial legislatures taking it on.

And I remember being at one of the CCPAC [Canadian Council of Public Accounts Committees] meetings back in Edmonton in their legislature in 2009, and then us taking that initiative on as a steering committee with the member from Last Mountain at the time, along with Kim Lowe from the auditor's office, and with support in the end of both sides, and in conversation with deputy ministers to find a template that wasn't going to be burdensome to government but collecting really the information they already had, but allowing us to really . . . to be able to cut to the chase, if you will, when you're coming into committee and be able to prepare yourself in a much more organized fashion.

Otherwise you're reading reports in advance of a committee, waiting for responses here. And I think our officials in this province are actually very good at being quite direct, but to be frank, at times, you know, trying to cut through a little bit of sometimes the jargon and as you're sitting here to ensure you're understanding what actions have been taken.

So I really find that template, I think it allows us to be a more effective committee and I find that I quite enjoy as a member here to have that in being able to more effectively prepare and engage in the process. So I know there's a CCPAC, CCOLA [Canadian Council of Legislative Auditors] meeting coming up, and we're going to be sending our very esteemed Vice-Chair — or Deputy Chair? Vice-Chair? — Deputy Chair along with our Chair. And I might urge, you know, if the opportunity presented, for our Deputy Chair and our Chair to share that recent innovation and what we've found with that.

And I think the other thing that we can share with other jurisdictions is our processes around hiring an auditor, because I think we have, you know, a system that seems to work quite well and is unique on some fronts in how it's structured. My only point on that is I thought this last process was a tad delayed, but once we engage into it, I think that there was a really constructive process.

The Chair: — Thank you, Mr. Wotherspoon. You'll be happy

to hear that, I think, that we are presenting on status updates. We've been asked to but just haven't confirmed, so at the . . . [inaudible interjection] . . . Yes, so you'll be happy to hear that we, I think, we're doing that at this next conference.

Just also like to recognize the comptroller's office for your work in helping sort of move along the status updates and working with the Deputy Premier. Your work in getting that, moving that along was very helpful, so thank you to your office and for your work on that.

Are there any other questions or comments? Seeing none, we can conclude our consideration of this chapter. Could I have a motion to that end?

Mr. Doke: — So moved.

The Chair: — Mr. Doke has moved for the 2014 Provincial Auditor report volume 2, chapter 56, that this committee conclude its consideration. Are there any questions on the motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. So moving on to the next chapter. I shall pass it to Ms. Ferguson.

Ms. Ferguson: — As indicated earlier, really it's just a compilation of recommendations that have been implemented that didn't fit anywhere else in our reports, so we put it in one chapter. So there's really nothing As far as our office is concerned, these recommendations have been fully and suitably implemented.

The Chair: — Thank you for that. Are there any questions on this particular chapter? Seeing none, we can conclude our consideration on this chapter. May I have a motion to that end?

Mr. Doke: — I so move, Madam Chair.

The Chair: — Mr. Doke has moved that for the 2014 Provincial Auditor report volume 2, chapter 29, that we conclude our considerations. Are there any questions on the motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Well that concludes our business for the day. Could I have a motion to adjourn? Mr. Norris. All right. This committee stands adjourned until the call of the Chair.

[The committee adjourned at 15:42.]