



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Saskatoon Riversdale

Mr. Larry Doke, Deputy Chair
Cut Knife-Turtleford

Mr. Glen Hart
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Mr. Russ Marchuk
Regina Douglas Park

Mr. Warren Michelson
Moose Jaw North

Mr. Randy Weekes
Biggar

Mr. Trent Wotherspoon
Regina Rosemont

[The committee met at 08:58.]

The Chair: — Good morning everyone. Welcome to Public Accounts. I'm Danielle Chartier. I'm the Chair of Public Accounts. I'd just like to take a moment to introduce our members. We have Mr. Doke. We have Mr. Steinley substituting today for Mr. Michelson. We have Mr. Weekes and Mr. Marchuk and Mr. Wotherspoon. Welcome.

And we are happy to have Terry Paton from the Provincial Comptroller's office join us, and Chris Bayda, the executive director with the financial management branch. Welcome today.

We have our Provincial Auditor, Judy Ferguson, and her team. She'll introduce her team. And we have before us right now the deputy minister, Louise Greenberg, for Advanced Education. And in a few moments she'll introduce her officials as well.

So with that I'd like to pass it off to Ms. Ferguson for our first agenda item which is the subject of Advanced Education. So to Ms. Ferguson.

Advanced Education

Ms. Ferguson: — Thank you, Madam Chair, Deputy Chair, officials, and members. I just want to take a moment and introduce who I've got with me. To my immediate left is Mr. Kelly Deis. Kelly is the deputy responsible for the education division within our office. And behind is Ms. Kim Lowe. Kim's the liaison for our committee. Ms. Linda Klassen, Linda has led a number of the work that's on the agenda here this morning. Beside her is Ms. Mindy Calder. Mindy is our communication manager. This is her first Public Accounts Committee meeting that she's attended, so it's a learning opportunity for her. And beside her is Ms. Charlene Drotar, and Charlene again has led a number of the work that's before us this morning here.

What I'd also like to do is just take a moment and thank the deputy minister and her staff and also the officials of the various agencies that we worked with in her sector to do the audits, the audit work that's before us this morning.

The first two chapters on the agenda relate to our 2014 and 2015 annual integrated audits at the ministry. Because they don't contain any new recommendations, we're going to present them together just from a matter of efficiencies. Then we'll present chapter 7 from our 2015 report volume 1. This chapter contains two new recommendations for the committee's consideration.

So I'm just going to launch right into the first two chapters here. Chapters 1 of our 2014 report volume 2, pages 11 to 18, and of our 2015 report volume 2, pages 11 to 14 report the results of our annual integrated audits for 2014-2015 of the Ministry of Advanced Education; the Student Aid Fund; the Training Completion Fund; Sask Poly, which was formerly SIAST [Saskatchewan Institute of Applied Science and Technology]; and seven regional colleges for 2014.

We report that the ministry and its agencies complied with the authorities governing their activities. We also report that the 2014 and 2015 financial statements of the agencies were

reliable. Also the ministry and its agencies had effective rules and procedures to safeguard public resources, except for the matters that we're going to highlight today. Each chapter contains recommendations that your committee has previously considered.

We are pleased to report that by March of 2015 all recommendations but one were fully implemented. As noted on page 14 of our 2015 report volume 2, although the ministry had made progress on determining its disaster recovery needs for its computer systems and data with the Ministry of Central Services, it had not yet reached agreement on various aspects for disaster recovery. So that concludes our presentation of those two chapters.

The Chair: — Thank you, Ms. Ferguson. Ms. Greenberg, if you would like to introduce your officials and make some comments on these first two chapters.

Ms. Greenberg: — Thank you. I'm Louise Greenberg, deputy minister for Advanced Education. To my left is David Boehm, assistant deputy minister; and to my right is Tammy Bloor Cavers, assistant deputy minister. Behind me I have Scott Giroux, executive director; Duane Rieger, also executive director; and Christell Simeon who is our Johnson-Shoyama intern, and we thought it would be good experience for her to observe Public Accounts as part of her internship program.

Thank you for the opportunity to discuss the issues and recommendations under review. On behalf of the Ministry of Advanced Education, we'd really like to thank the Provincial Auditor for the comprehensive work done by your office. We always appreciate the advice that you provide us on these issues and other issues that we discuss at hand.

As the Provincial Auditor mentioned, we have a number of chapters that we're going to cover today. If I may, before we get to chapter 32, which deals with the University of Regina, we'll leave the front. We'll step back and allow the officials from the University of Saskatchewan to come to the front to speak on this specific chapter.

The Chair: — Oh for sure. Yes.

Ms. Greenberg: — As the Provincial Auditor pointed out, the ministry and regional colleges have addressed all but one of the recommendations contained in the 2014 volume 2 report, and the one outstanding issue was carried forward to the 2015 volume 2 report. So I'll focus my two comments on the two 2015 reports volume 1 and volume 2.

Volume 2, chapter 1 in the 2015 report relates to the ministry audit. The three previous recommendations are noted as implemented, with one recommendation on page 14 relating to the need for an agreement on disaster recovery. This has been partially implemented. The ministry has defined broad, comprehensive disaster recovery requirements through the development of a business continuity plan.

Through that work, we have recognized that due to the age of current hardware and software, the information technology division has limited disaster recovery capability. We have work

under way to upgrade the application hardware and software to renew our IT [information technology] system which is the OCSM [one client service module] that we refer to as “awesome.” As part of this work, full requirements for disaster recovery services are being defined. Once all this is done, the ministry and the information technology division will be able to establish a disaster recovery agreement. We expect this to be completed by March 2017.

The next item I wish to discuss is chapter 7 of volume 2 of the 2015 report . . .

The Chair: — Ms. Greenberg, if you would just pause, and we’ll just deal with those first two chapters.

Ms. Greenberg: — Okay.

The Chair: — Sorry about that.

Ms. Greenberg: — That’s all right. So I’ll pause my comments, and we’ll deal with those chapters afterwards.

The Chair: — That would be great. Thank you very much. With respect to those first two chapters, I’d like to open up the floor for questions. Mr. Wotherspoon.

Mr. Wotherspoon: — Maybe just to pass along thanks so much for the action plan you provided us, as well as the status update as to the progress and the implementation, the work that’s gone in to address these recommendations. Great work. And thanks as well for detailing the . . . Certainly the disaster recovery plans and agreement are important, and thanks for laying out the specific actions that you’ll be taking to ensure that one’s implemented as well.

The Chair: — Are there any other questions on these two chapters? Seeing none, and there are no more questions, we can conclude our considerations on these two chapters. Could 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 1, and the 2015 Provincial Auditor Report volume 2, chapter 1, that this committee conclude its considerations. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. We shall move on to the next chapter, chapter 7. I’ll pass it off to Mr. Deis.

Mr. Deis: — Thank you. The Ministry of Advanced Education is responsible for the post-secondary sector. Its Ministry of Advanced Education plan for 2014-15 is summarized on figure 1 on page 52. It sets out its mission and related strategies. To be successful in achieving its mandate and plan, the ministry must engage post-secondary institutions in its strategies.

Chapter 7 of our 2015 report volume 1, that’s on pages 51 to 62, reports the results of our audit on the effectiveness of the ministry’s processes to work with the advanced education

sector to achieve the ministry’s strategies for the sector and set out the Ministry of Advanced Education plan for 2014-15. Our audit did not assess the ministry’s processes for providing direct supports to students in the advanced education sector and to graduates — for example through the Saskatchewan Student Aid Fund, the graduation retention fund, the Saskatchewan advantage in educational savings. We concluded for the 12-month period ending December 31st, 2014, the ministry had, other than in the two following areas, effective processes to work with the advanced education sector to achieve its strategies.

We make two recommendations which I’ll now describe. In our first recommendation, on page 57, we recommend that the Ministry of Advanced Education analyze gaps in achieving the ministry’s strategies for the advanced education sector and use the analysis to determine how to best engage post-secondary institutions to contribute to the strategies.

We found that the ministry considers its involvement with post-secondary institutions as part of its risk assessment process. The ministry’s work plans identified various methods for working with certain institutions to achieve results. In addition the ministry used a high-level guide to help them organize its interactions with the institutions. However the ministry had not set out preferred methods for engaging post-secondary institutions based on analysis of gaps in achieving the ministry’s strategies. Without a review and analysis of gaps, informed by progress against goals, the ministry may not develop engagement approaches to capitalize on potential opportunities to mitigate threats to the achievement of its strategies.

And our second recommendation on page 59, we recommend that the ministry use specific, measurable targets and timelines to monitor progress towards achievement of its strategies.

Organizations use performance measures to monitor progress. They use performance targets to provide a clear sense of what is expected. Targets help organizations determine how effort in terms of time and resources will be needed to achieve the desired results.

We found the ministry collects information to report internally and publicly on its various performance measures: for example, post-secondary enrolments, employment rate by education level, educational attainment of First Nations and Métis and non-First Nations and Métis populations aged 15. However, except for the provincial strategy target of increasing the number of international post-secondary students studying in Saskatchewan by at least 50 per cent by 2020, the ministry has not identified specific measurable targets or timelines. Without specific measurable targets or timelines, the ministry is hindered in analyzing and reporting progress towards achieving its strategies. That concludes our overview of the chapter.

The Chair: — Thank you, Mr. Deis. Ms. Greenberg, chapter 7.

Ms. Greenberg: — Thank you. As noted by the auditor, the ministry depends on the co-operation of post-secondary institutions that deliver education and training to achieve government goals. The Provincial Auditor has noted we have a number of effective processes.

To save some time, I've got about 9 or 10 processes that we have in place in terms of engaging in relationships and what we've done to work with the sector, but I will park those for now and use them as examples if required. So there are many things we do to engage and communicate with our sector partners to ensure alignment.

Now the Provincial Auditor made two recommendations, of course, to improve on the work that's being done: one to analyze gaps and to determine how best to engage the sector; the other one was referred to about specific, measurable targets to monitor progress.

The ministry does agree that a gap analysis will help perform our work. The issue then becomes engaging the sector. Saskatchewan's post-secondary sector is diverse, but we all believe we share a common focus, and that is the students. I believe we can build on this by better articulating government's expectations for the sector. These expectations could then help us communicate more clearly with our sector partners to create better understanding, shared purpose, and collaborative action.

Two years ago we started to work with a policy panel just within the ministry. And we engaged people from the post-secondary sector and a little bit of business about what should . . . some of the expectations, what are some of the priorities that the ministry should have. We've come up with five expectations, and we're starting now to discuss these with the sector and also start using them within our own strategic plan going forward.

The five of them are — and the student is at the centre of them — the five are dealing with being student focused of course, which builds on successes too and participation and their success. But the first is being accessible. The second is being responsive. The third thing the sector has to do is be sustainable. It has to be accountable. And of course, it has to offer high quality standards that meets the standards of the students and builds confidence in the work that's being done by the post-secondary sector. So this will help us in providing our expectations to the sector and what they need to do in order to achieve government's strategic vision and goals.

The second recommendation deals with establishing measurable targets. We do need to have, first, a robust, reliable, and comparable set of data for the sector. To that end the ministry has started work on a post-secondary indicators project. This will allow for collection of data and reporting on results from the investment of students and taxpayers, and it will reveal the impact of these outcomes on the province. We have engaged three of the institutions — the University of Saskatchewan, the University of Regina, and Saskatchewan Polytechnic — as our pilot in helping develop the performance indicators. We're going to work on this for the next year before we roll it out to the rest of the post-secondary sector. We've had several meetings already with all of the institutions from the post-secondary sector in order to start the discussion, and there's representatives from all the institutions in participating in the working groups we've set up. Those are my comments.

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

Mr. Wotherspoon: — Thanks so much for the area focus from the auditor's perspective, but then also from your ministry and with partners and institutions across the province.

Sometimes recommendations are, I guess, easier to implement. There's a sort of a direct, a more direct way to ensure implementation. Certainly when you're working with your educational partners that also have independence and autonomy on different fronts as well, there's complexity to this environment. It seems that you're setting out in a way that respects those partners, and what you've detailed as far as a work plan looks certainly like something that's reasonable.

Now for someone who might be sitting at home saying, well there's clear recommendations from the auditor, some of these aren't going to be potentially implemented for a period of time yet. Certainly I recognize the complexity of what you're dealing with. Could you lay out just a little bit of that complexity, some of the challenges to getting, you know, to implementing these two recommendations?

[09:15]

Ms. Greenberg: — Yes I will. As you know, as you've talked about, these are autonomous organizations. And we've got regional colleges — seven regional colleges. We also have technical institutes that are a little bit more removed from government, including SIIT [Saskatchewan Indian Institute of Technologies], Gabriel Dumont, Dumont Technical Institute. We have two universities. We have four federated colleges and a number of affiliated colleges. So this makes up at least over two dozen institutions that we deal with.

And part of the way we've dealt with them in a number of things is — and this is laying out some of the expectations and in the performance — is creating business plans. So we require the colleges and the Sask Poly to have business plans that have to be approved by the minister. And laying out the business plans, then you have the discussions about what are the . . . how are you going to meet your targets. How are you going to fulfill the needs of what students require and also meet the demands of the workforce and the expectations by employers?

One of the complications about dealing in post-secondary is that it takes four years to get a degree, and it will take at least two years to get a diploma and a certificate. And if you think about getting, becoming a journey person or a journeyman, it could take you four years depending on the timelines that you have for how you do your accreditation. Making changes, you have to be respectful of what goes on because of the time it takes for a student to go through school. And so this is important in that some of the changes that you want to make have to be gradual and respectful in that you can't just start and stop.

The other thing we do on a yearly basis is we provide a budget letter to the institutions, and the budget letter does outline expectations that we have as a ministry. We have some direct dollars that we give for specific initiatives. That also then provides information in terms of the expectation.

We are also at work on a sector-wide capital plan. And working on a sector-wide capital plan, this helped provide direction and expectation because it allows for the discussion between the

regional colleges and the universities in order to have discussion on what their goals are, where they are going to focus, and also what they're going to do.

The other thing we do also in engaging all of the institutions is we have an action plan on accountability and governance, and that has been going on for a while. We monitor and assist a number of the institutions. In 2013-14, there was a review done by Brown Governance on accountability and governance, and we talked a bit about this when we've been in Committee of Finance.

So each of these institutions do provide reports on reviews that have been done for governance because governance is an important piece on the accountability and the transparency and also on the expectation. I know I have to be respectful of time, but we've done some multi-year planning with the institutions as part of the business plan but also trying to do multi-year planning involving the whole sector.

The other thing we've done, we haven't talked about, is working with the private vocational schools. And private vocational schools are also an important component in this province because they provide a variety of training from business to esthetics to secretarial. And we've worked with them in a number of ways of updating the regulations and also making sure that they have a voice at the table in terms of what's important for meeting employer needs. I will stop at that.

Mr. Wotherspoon: — Certainly. Thanks for providing the broader context, as well as some of the pressures and challenges. So thank you for that sharing. Thank you for the work that you're engaged in and thank you to those sector partners, those institutions across Saskatchewan for the work they do day in, day out in the province.

And again, there's complexity to this environment as you're working toward some shared goals or shared areas of interest, and respecting that autonomy and that independence along the way is important of course, as well. But thank you so much for your sharing here today.

The Chair: — Are there any further questions on this chapter? Seeing none, could I have a motion?

Mr. Doke: — Thank you, Madam Chair. In regards to the 2015 Provincial Auditor report volume 1, chapter 7, recommendations 1 and 2, we would concur with the recommendations and note progress towards compliance.

The Chair: — Thank you, Mr. Doke. Mr. Doke has moved that for the 2015 Provincial Auditor report volume 1, chapter 7, for the recommendation no. 1 and 2, that this committee concur with those recommendations and note progress to compliance. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

All right, moving on to the next chapter, I shall pass if off to Mr. Deis.

Regional Colleges

Mr. Deis: — Chapter 18 of our 2015 report volume 2, pages 93 to 98, reports the results of our 2015 annual integrated audits of regional colleges. In this chapter we report that each regional college had reliable 2015 financial statements, complied with authorities governing their activities, and had effective rules and procedures to safeguard public resources, except in four areas noted that I'll now describe. These areas relate to Northlands College and Southeast College. We make four recommendations.

For Northlands College, on page 95, we recommend that Northlands College follow its policy requiring regular evaluation of performance of staff. We found it has not always regularly evaluated the performance as its policies requires. Its policy requires employees to receive performance evaluations at least every two years. Not carrying out performance evaluation as and when expected increases the risk of employees not understanding the college's expectations of them and missing employee growth and coaching opportunities.

For Southeast College, on page 96, we recommend that Southeast College require the review and approval of bank reconciliations by someone other than the preparer of the reconciliations. We found that although bank reconciliations were completed, no one reviewed them. Review and approval of bank reconciliations by a second person provides a check that accounts recorded in the bank accounts are appropriate and also checks on the accuracy and reliability of the accounting records.

On page 96, we recommend that Southeast College implement a policy for recording journal entries in its accounting records that includes review and approval of entries by someone other than the preparer. We found the college's records do not always indicate who entered entries into the accounting records and who approved them. A second person's review and approval of journal entries checks that the journal entry is appropriate, properly supported, and coded to the correct account. Lack of independent review and approval of journal entries increases the risk of undetected errors in the financial records or fraud.

On page 97, we recommend that Southeast College requires staff that make bank deposits to leave evidence of their involvement. We found that they do not do so. Leaving evidence such as initials helps show who completed each task in the process and demonstrates to supervisors that two individuals were involved in the deposit process. Involvement of two individuals decreases the risk of misappropriations and errors. That concludes our overview.

The Chair: — Thank you, Mr. Deis. Ms. Greenberg, if you'd like to make some comments on this chapter.

Ms. Greenberg: — Yes, I will. For these two new recommendations, the ministry agrees with the Provincial Auditor's assessment. These changes will help strengthen aspects of both the managerial and financial operations in the two regional colleges.

In each case, the regional college in question has indicated to us that changes have been already made to address these

recommendations and we will be following up with each college in the near future to ensure that the recommendations keep on being adopted, along with the necessary changes. I know it's been outlined in the report that we gave on the individual work that's been done for each of the colleges pertaining to the specific recommendations, so I won't go into the specifics unless asked.

The Chair: — Sounds good. Thank you. Are there any questions on this chapter? Mr. Wotherspoon.

Mr. Wotherspoon: — No questions. Everything looks like it's been implemented by the regional colleges, so certainly thanks to those at Northlands and certainly thanks to those at the Southeast Regional College for their efforts on that front. But I think more importantly from all of us, just thanks for their efforts throughout the year and, you know, historically and into the future in what they provide for students in our province as a whole.

The regional college network is highly nimble, highly flexible, provides accessibility to education for many throughout the province, and understands that local context in a, you know . . . and some of the unique needs and diversity of our province in a way that makes things happen in a good way in education across the province. And certainly it builds our economy. So certainly thanks to these two regional colleges, but all the others as well.

The Chair: — Mr. Doke.

Mr. Doke: — College enrolments, are they up? Down? Flat? Where are we at?

Ms. Greenberg: — I'll get the stats in a minute. I don't have the enrolments of course for '15-16, but the enrolments over time when I include all of the seven regional colleges, there has been slight decreases across the board for enrolments for the regional colleges.

Mr. Doke: — Okay. Thank you.

The Chair: — Are there any further questions on this chapter? Seeing none, could I have a motion for this chapter? Mr. Doke.

Mr. Doke: — Madam Chair, in regards to the 2015 Provincial Auditor report volume 2, chapter 18, recommendations 1, 2, 3, and 4, we would concur with the recommendations and note compliance.

The Chair: — Thank you, Mr. Doke. Mr. Doke has moved, for the 2015 Provincial Auditor report volume 2, chapter 18, recommendation 1, 2, 3, and 4, that this committee concur with the recommendations and note compliance. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. You know what, we'll just take a very brief recess to let the officials just get settled here. So a five-minute recess.

[The committee recessed for a period of time.]

The Chair: — Hello everyone. Welcome back to Public Accounts. We'll be moving on to the next chapter. Here, right away, we are moving on to the 2015 Provincial Auditor report volume 1, chapter 32. Welcome to Dr. Vianne Timmons, the president of the University of Regina and her officials. Thank you for getting here a little more quickly than we had told you originally.

Ms. Timmons: — It was very difficult, but we did it for you.

The Chair: — Well I thank you. Before moving on to the chapter, I just want to recognize some special guests who are here today. We've got three of the SLIP [Saskatchewan Legislative Internship Program] legislative interns here: Bram, Marnie, and Maeve. I understand Marie is missing. So welcome today and thanks for being here. PAC [Public Accounts Committee] is a very interesting committee of the legislature, as you'll find out.

But with that, I will pass this off to Judy Ferguson, our Provincial Auditor, to make some comments.

University of Regina

Ms. Ferguson: — Thank you, Madam Chair. I just want to just pause, before Mr. Deis makes a presentation, to really thank President Timmons and her team for the co-operation extended to us during the work that we're going to be discussing here and the work that we're doing at the university. So without further ado, I'm just going to pass it to Mr. Deis here.

Mr. Deis: — Chapter 32 of our 2015 report volume 1 is on pages 295 to 306. This chapter reports the results of our follow-up of 26 recommendations we made in our 2013 audit of the University of Regina's processes to protect its interests as it fosters research and a commercialization of research.

Your committee considered these recommendations on December 9th, 2014. We found that by March 10th, 2015 the University of Regina had made excellent progress on implementing our recommendations. It had implemented 13 of these recommendations. Some key areas of improvement included improved executive oversight over research, better reporting to the board about university research initiatives, updates to key research-related policies and procedures, and clearer communications of expectations. We also found that it was actively working on all the other recommendations. This concludes our overview.

The Chair: — Thank you, Mr. Deis. Dr. Timmons, if you'd like to make some comments.

Ms. Timmons: — Yes, I want to thank, echo the positive comments, but give it back to you, the Provincial Auditor, and thank you for working with us on this.

This was an issue that we found our research endeavours had grown much quicker than our controls, and we needed some help. And in our discussions with the Provincial Auditor, we welcomed them into the university. It was a challenge because it, you know, exposed some of the areas we needed to work on, publicly. But we took it very seriously, and I am pleased with both the depth and breadth of the review that we received and

pleased with the progress.

I want to introduce Dr. Dave Malloy, our vice-president of research, and Dale Eisler, my government relations adviser.

We set up an advisory audit task force after we received the recommendations at the university. And 11 members of the university sat on this task force, and their role was to act in an advisory capacity to the vice-president of research with respect to the implementation of the 26 recommendations over 21 months. They did complete their work in March 2015, and we were pleased with the progress.

Since the last report to the Public Accounts Committee, we've implemented an additional seven recommendations, partially implemented four recommendations, and are continuing on one final one, as indicated in the status update that we'd given you. And again I want to acknowledge the support of the Provincial Auditor in this. And you know, this is an example of how an audit can come into an institution, and collaboratively we can make the institution stronger. And I think it's a wonderful thing that happened.

I will mention that one we say is partially implemented, and it is recommendation 7, I would just say that that education will be ongoing. This will never be fully implemented. It is about an education process, about our policies, and our policy review will happen every five years. So even though we say partially, it's just a continual process. And I think that's important.

And the other one I want to mention to you is the one, no. 20, that says, "We recommended that the University of Regina regularly evaluate external directorships held by staff." We did a new conflict of interest report, conflict of commitment and conflict of interest, and 98 per cent of my staff have completed it. And in there, they have to list directorships. So they've been reviewed.

So even though it says partially implemented — I have to get those other 2 per cent to fill those forms in and some are, on principle, having a difficult time, seeing us a bit of a Big Brother — I think through continual education, we'll get those 2 per cent on board. So you know, even though it says partially, I'm very pleased with the progress that has been made by the campus. And I want to acknowledge all the hard work of our vice-president research on this, Dave Malloy. So thank you, Madam Chair.

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

Mr. Wotherspoon: — Just thank you so much. Thank you to the auditor of course for your constructive engagement. Thank you to the university for your constructive engagement and collaborative process to address these recommendations.

And I think that at the end of the day, you know, when you look at the body of work that's gone on, this hasn't been a small task for the university. And if you think of the autonomy and the complexity of that, the independence of the university as well and that environment, this is not-easy-to-make advancements. So I think that we really should be recognizing the good work that has been taken on by the university; as well, the

collaboration and, I suspect, listening within the university to find the best way to go forward to address these recommendations. The timelines that you've laid out, the actions that have been taken are very reasonable.

And I think that, as you identified at the front end, that there was some analysis that as you grow and as you have really exciting things going on, there's also a chance to sometimes review and make sure that systems and controls are in place to mitigate risks and to ultimately make sure that you're able to be as effective as you can be, now and on a solid footing well into the future. So I think that this body of work is a very important one.

I know that there's continued collaboration to deal with some of the matters at the university that are outlined with actions and timelines before us here today, but I would just want to say thanks so much to the University of Regina, certainly to the auditor as well, and just wish you well in your work and to thank you for what you provide, certainly students but our province as a whole.

Ms. Timmons: — Thank you. Thank you so much.

The Chair: — Are there any further . . . Mr. Marchuk.

Mr. Marchuk: — Yes thanks, Madam Chair. Dr. Timmons, I'm really interested in the intellectual property and the commercialization of intellectual property and our research. Could you just expand a little bit on that, either Dr. Malloy or you, in terms of some examples maybe of intellectual property that may be commercialized or that we've done, and what our return is on that endeavour.

Ms. Timmons: — Okay. I'll begin, and then I'll ask Dr. Malloy.

Mr. Marchuk: — Sure.

Ms. Timmons: — This was an area we needed to do a significant amount of work in. We had over 100 patents that we had put in place. We had to pay ongoing to support them, and they were not returning any revenue to the university. So under the leadership of Dr. Malloy, he took a look at every single, reviewed every single patent, and we divested ourselves of a large number of them. And he has now a small number that he's monitoring, working with an industry team that's working with him on that.

You know, commercialization in university, if you have an agricultural school, a medical school, you tend to see much more commercialization happen because they're looking at new seeds and hybrids and medical procedures. But with us being a comprehensive university, you know, it's usually in engineering or computer science or geology that we'll see it. But remember, we're a young university, 40 years old, and this is an area we need to grow and build and work with our faculty on.

But I'll ask Dr. Malloy if we have any that are viable, that are showing any profits back to the university.

Mr. Malloy: — Well before I make a comment on that, what we're really gearing toward is any time we have a

commercializable idea, our go-forward position is that we get industry involved right at the get-go so that we know that we're going forward with a product or a service or a widget that is industry viable. So you know, we accumulated patents and that's an indication that while it may have been a heck of an idea and it may be quite unique, but it's not marketable. So if we're going to really go down the innovation or commercialization path, we want to make sure that we've got buy-in from industry. So now our go-forward position is that we collect a group of industry experts as part of a commercialization advisory group. And they get together and decide, okay this is a heck of an idea; we need to take the next step.

And if they say, no this isn't viable; wonderful idea, but it's not commercially viable, then we throw it back completely in the hands of the faculty member or staff member. And if they want to run with it, they can, but it's not something the university wants to invest in.

Ms. Timmons: — So the one example of one that may be of interest to the committee is carbon capture technology. So we did sign a contract with Doosan, which is one of the largest companies, you know, Korean company. And they took our carbon capture technology and they utilized, implemented it.

We're now trying to again get away from them because what we had done — and again, we didn't have the controls and things in place — is we had committed to all the next generation of technology that Doosan would have ownership of. And our researchers felt trapped by that because they wanted to be able to have more options. So we're now attempting and are working through a process of pulling back from Doosan.

Again, this is when we were in the early stages, even before I came, of commercialization with our faculty. We didn't . . . I don't think we were skilled enough or smart enough at the time or experienced enough in it, and we made some mistakes. Thank goodness we're a learning institution and we won't be making them again.

And so we don't have, I don't think, any royalties coming back to the campus right now on any of our commercialization efforts.

Mr. Malloy: — That's correct.

Ms. Timmons: — So we've almost started over again, you know, being much more, I think, careful and smarter about which ones. So how many patents do we have that we're watching now?

Mr. Malloy: — Four, I believe.

Ms. Timmons: — Four, and we had over 100 before. So now we have four that we're working with industry on. Does that help?

Mr. Marchuk: — Yes it does. And I don't want to belabour it but there's, you know, as you said, U of R [University of Regina] is a comprehensive university. So there's all kinds of examples of intellectual property that is created by our faculty and students. Are there any examples? Like we have a

wonderful school of journalism, for example. We have a wonderful business school, for example. Are there examples of intellectual property and the specialized resources that go into the development of that property? Does that question make sense?

Ms. Timmons: — Yes it does. There are lots of examples, I would think.

Mr. Marchuk: — Are there?

Ms. Timmons: — You know, many of our . . . Just trying to think of any that I've just recently . . . Like even our computer science students, they end up setting up their own companies and often from the work and what they've learned at the university and . . . [inaudible].

[09:45]

You know, Waterloo — it's Waterloo university? — that has completely given intellectual property to faculty and said, we don't want to do it anymore, in the hope that if one of the professors ends up with a very successful enterprise, they'll give back, rather than being tied into trying to negotiate it and hold on to it. And many of them that don't come to fruition, the university then has invested a lot of money in it and it hasn't gone anywhere.

So I know there are a lot of our students who are now in business or have gone on, in particular business students — you would think, you know, what they have learned on the campus has helped them in many ways; they've done projects that have led to businesses — that end up becoming good alumni and donors to the university. And that's the approach, I think, most universities are moving towards rather than setting up these big commercialization units.

Mr. Marchuk: — One final, if I may. Who actually owns the property then? Does the creator own the property, or does the university own the property, whether it's intellectual or hard? Who owns the property?

Mr. Malloy: — At U of R, and we're rather unique in this, at U of R it's the individual who owns the IP [intellectual property], unless they're using specialized equipment. And we're working on a policy for specialized equipment. You know, what is the level of the university's investment in this specialized equipment? And if it's substantial, then the university has essentially first right of refusal to be involved anywhere further. But no, we give intellectual property to the professor and the staff member, and the notion is that what we're trying to do is create an environment, an environment of innovation.

But the university doesn't want to be in the business of commercialization because the record across North America is not good for universities getting involved in commercialization. You know, there is Gatorade and BlackBerry but they're few and far between, and the amount of resources invested in this kind of venture is typically not a good return on investment. So what we're trying to do is create an environment where we indicate what could be successful, and then we say, off you go.

Mr. Marchuk: — Thanks for that. I think it's an area that's

extremely intriguing and obviously universities are talking about it a lot because it's the future obviously. So I thank you for that. Thanks, Madam Chair.

The Chair: — Thanks, Mr. Marchuk. Are there any further questions on this chapter? Mr. Wotherspoon.

Mr. Wotherspoon: — I didn't think I had any more and now that . . . Because it is interesting the projects that you engage with, and I appreciate how you've evaluated which projects that, you know, which patents you're going to continue to maintain. And I didn't want you to go through an extensive list, and now that I know there's only four, just out of interest — and we're always sort of Saskatchewan-proud-type people; we like to cheer along some of these ventures — are you able to share what those four patents are at this point in time?

Mr. Malloy: — I can tell you they're all related to clean energy technology and carbon capture outside of the Doosan venture. They're all dealing with carbon capture coming out of the engineering faculty.

Mr. Wotherspoon: — Great. Well we wish certainly those directly engaged in the projects well on the venture.

I still remember that there's a great, deep geothermal well that's dug deep on the campus, I think back in the '70s, that sits there that, you know, might be ripe for further study. Anyways . . . Yes. You do lots of good work. Anyways, thank you to your leadership team for what you do.

You have a high presence within the community as well. That is important for a university to have that engagement and to be engaged in the dialogue of public interest in the community at large. And as well, your involvement . . . Certainly I think of, you know, our president involved in campus life. And you know, whether it's welcome weeks or whether it's campus sport, your presence is valued by the community. And I think of last night, a reconciliation event over at Thom Collegiate. And Jennifer Tupper and a whole bunch of folks from the Faculty of Ed over there who have, you know, are certainly innovative and strong leaders in education, as well had a strong presence there. It's valued by the community and it's important.

Ms. Timmons: — Madam Chair, maybe I'll just end . . . I don't know if we're ending, but if we are, I just wanted to say that, some good news. Our research revenue is up. A number of researchers who have Tri-Council federal peer review grants are up. We're seeing . . . [inaudible interjection] . . . Pardon me?

A Member: — Contracts.

Ms. Timmons: — Contracts are up. So on our dashboard that we're giving to our board right now, research is all green, not red. So you know, we spend a lot of time looking inwardly to set up the structures to support our research and to make controls, and now I think we're reaping all of that work in terms of results. So we're pleased. So just to let you know that.

The Chair: — Well very good. Thank you for that. Are there any further questions on this chapter? Seeing none, could I have a motion? Mr. Doke.

Mr. Doke: — Well there is no new recommendations here, right?

The Chair: — There are no new recommendations.

Mr. Doke: — So I just move the . . .

The Chair: — We can conclude . . .

Mr. Doke: — Conclude, yes.

The Chair: — Sorry, Mr. Doke. There are no new recommendations in this chapter so we can conclude our considerations if there's no further questions. Could I have a motion to that end?

Mr. Doke: — So moved.

The Chair: — Mr. Doke has moved that for the 2015 Provincial Auditor report volume 1, chapter 32 that this committee conclude its considerations. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you.

Ms. Timmons: — Do I need to come back again?

The Chair: — Not on this chapter, no.

Ms. Timmons: — Thank you. Thank you very much.

The Chair: — Thank you very much for your time. We're going to take a brief recess. We have some officials to switch around here so we . . .

Ms. Timmons: — Thank you very much, committee. Really appreciate the hard work you do on your committee. Thank you.

The Chair: — Thank you, Dr. Timmons. So just a 10-minute recess.

[The committee recessed for a period of time.]

The Chair: — Welcome back everybody to PAC. We have a slight agenda item change here, just a shifting this morning in order to make some time for witnesses a little bit later. Our Provincial Auditor, Judy Ferguson is actually in the witness chair today for consideration of the Provincial Auditor *Business and Financial Plan for the Year Ended March 31, 2017* and the *Annual Report on Operations for the Year Ended March 31, 2015*. I know the auditor will have some introductory remarks, if she'd like to make those.

*Business and Financial Plan
for the Year Ended March 31, 2017
and
Annual Report on Operations
for the Year Ended March 31, 2015*

Ms. Ferguson: — Thank you very much. It's a privilege to be

here this morning here. First off I just want to introduce the team that I have with me now. On my immediate right is Ms. Angèle Borys. Angèle is our chief operating officer and a deputy within our office. Behind I've got Ms. Heather Tomlin. Heather's our office manager. And beside is Ms. Kim Lowe who's the committee liaison, and on the side is Ms. Mindy Calder, who's our communication manager, is also with us this morning.

This morning what we're going to do is cover two documents. What we'd like to do is talk about our annual report on operations first because it's later in history, and I think it also provides a good context for our business and financial plan. So I plan to talk about that first, then pause and then talk about our business and financial plan, if that's okay with the committee. Okay, so I'll do that.

So starting with the annual report on operations, we use our annual report on operations to explain both our non-financial performance and our financial performance. So you'll find it's broken into two spots. The operational non-financial aspects are on pages 14 to 37 and the financials from pages 40 to 59.

You'll actually find that, you know, us as the auditor, we're audited. You know, you'll find we've got seven different audit reports of an independent auditor that audits our office. They audit both financial and non-financial aspects of our office. Those audit reports are included in both the business and financial plan in our annual report on operations, and they cover a range of different topics.

And the reason that we provide you with audit reports is initially it was a suggestion of this committee to get our information audited on a broader basis. What we've done is we've continued with that practice. We think it is a good practice because it provides you with the committee additional assurance besides just our office saying our information is reliable and accurate. It gives you, again, independent advice. And I think it's fair that the auditor's audited. So you know, it's part and parcel of that.

Because all of our audit reports . . . We're very pleased that all of the reports are unqualified or clean and that we've operated within our approved appropriation. I'm going to focus my comments on our operational performance as opposed to the financial performance.

So our office group sets related goals, measures, and targets into five perspectives of a balanced scorecard approach. And if you turn to exhibit 2, which is on page 15 of our annual report, you'll see it provides a summary of each of these perspectives and sets out the related goals and measures. So I plan to highlight our performance for the year ended March 31st, 2015 using each of these perspectives.

So the first perspective is stakeholders and clients. The office's primary clients are really you, as members of the Legislative Assembly, and the people of Saskatchewan, along with the management staff of the organizations that we audit. Through our office and our work, our goal is to strengthen and advance the government's ability to achieve its intended results and accountabilities.

For the three measures that are under this perspective, and they're on pages 16 to 18 if you're following along in the report, we indicate that we've either exceeded or met the targets, in that the government has acted on 91 per cent of our type 1, which is the easier recommendations, and 96 per cent of the type 2, ones that we think will take longer to implement. The agencies that responded to our survey have satisfaction and value with the work of our office, in that we've provided 85 per cent of the reports to agencies within the agreed upon time frame. Although we've met the target in this area, this is one area that I think as an audit office we need to continue to work on and improve. It's an area that we, you know, it's an area for future growth for sure.

The second perspective is organization. So the office must continually improve the overall effectiveness of its effectiveness. For the five measures under this perspective, which are again on pages 18 to 20, we indicate that we've met the targets for each of these measures. For example the actual audit working hours were generally used as planned.

We completed the majority of our work set out in our 2015 business and financial plan and tabled our reports within the expected time frames. And the CPA [Chartered Professional Accountants] Saskatchewan practice inspection results report of our office, which is basically as an office . . . Because as a CPA [chartered professional accountant] and now under the new regime I'm a licensed CPA, we are subject to regulation by the provincial institute. And so we are very pleased that their last report shows that we've complied with professional standards.

So moving on to that third perspective, which is people, learning, and development, in common with any audit firm, really the people are our most valuable resources, the employees of our office. You know, the fact is is that the quality of people highly impact the quality of the work that we do. So it's critical that we have the right balance of knowledge, skills, and expertise and access to that to carry out our work.

Our office's goal is to be an employer of choice. So this means that our staff must view our office as a good place to work. We must have a strong training and development program and our staff must have skills beyond the traditional audit set of financial statement auditing.

For the four measures under this perspective of people, learning, and development, and those are on pages 21 to 23, we indicate that we've met three of the four measures. In the surveys of our staff, our staff indicate a very positive level of satisfaction with the office, and the majority of the students have passed the necessary education and experience requirements to obtain their professional designation. And the extent of staff with non-accounting backgrounds exceeds our targets.

Consistent with prior years, there is one area that we haven't met our target, and that is really the amount of available working hours that we're spending on training development. We're 2 per cent less than our target. This is an area that in our recent strategic planning process, you'll see that we've actually reduced that because what we're seeing is that staff are . . . With the advent of webinars, etc., we're finding that staff are using webinars more than they have in the past. And so embedded in

those working hours was travel time before, and so we're able to capitalize in terms of that.

Also what we found in this last cycle, there was more courses available in Saskatchewan for specialty areas than there has been in the past — for example, pension. Those types of courses tend to happen more on a cyclical basis, you know. So in 2015, we were able to capitalize on the fact there was just more in Saskatchewan. So if you guys have any levers to help bring those courses in, please help to do that because it certainly helps save us time and money.

For the fourth perspective, which is resources, our goal is to provide relevant, reliable, and timely reports on services at a reasonable cost. The three related measures for this one are on pages 23 to 24, and we've indicated that we've met two of the targets. We've completed our work as planned and PAC has accepted 100 per cent of the recommendations.

Now this is the one measure that we talked about last year that we need to change how we measure it because that measure has been based on the reports that go to the committee, as opposed to the actual meeting. So this next planning cycle, we're going to change how we actually measure that. So we're expecting to see a drop, in terms of that percentage, because in actuality this is based on a 1993 report. Like, it's just way, way back there, way out there; it doesn't make any sense. 2011 reports, sorry, wrong year.

The last perspective is public and social. So our goal is to raise the awareness about the office as an accessible, independent office serving the Assembly and the people of Saskatchewan. For the four related measures, which are on pages 24 to 26, we've indicated that we've met three out of the four related targets. And with respect, the one that we haven't met is the one that's related to the website and the hits on the website and the downloads. And this is one that, again, that we are relooking to see whether or not it is a valuable measure, especially in today's world where, you know, people are operating differently.

You know, I'm sure you're aware that, like social media has a huge impact in terms of your traffic on your websites, etc. Our office hasn't entered into the social media realm, and we're trying to figure out, does that make sense for a legislative office. Some of our colleagues across Canada have entered into that forte, so over this next planning cycle we're trying to . . . we'll have a more concerted look at that. That in part will be . . . Mindy is tasked with that job, and so we'll be looking to see what we can learn from other offices in that area to see what is a better measure in that regard.

So that concludes my presentation on our *2015 Annual Report on Operations*. We'd be pleased to respond to any questions.

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

Mr. Wotherspoon: — I think Twitter guru, Emma Graney, would be a perfect model to sort of emulate — quick, to the point, witty, funny, and like, her own folksy charm to all that she . . . And of course, she's sitting behind as a reporter here today.

Ms. Ferguson: — A witty auditor?

Mr. Wotherspoon: — I'm not sure if she's a CPA as well, but . . .

Thank you so much for your work. Thank you for the report out to the public. Your office has an exceptional reputation in the province, and certainly an incredibly important role to fulfill and one that you take on in an earnest way and deliver for Saskatchewan people. So thank you.

The importance of that independence that you and your office has from the political environment and government environment, there to serve all Saskatchewan people, something that we all, that's certainly something that I recognize and I think that most people recognize is of great value and importance for good management of government, good stewardship of resources, and actually ensuring some democratic trust as well in the processes. So thanks for your work.

Just a question about where you're at on . . . and maybe it'll go into the business and financial plan for next year, but where kind of performance auditing, if I'm using the proper terms, where things were at last year out of the Saskatchewan office. And, you know, where is your office headed from sort of a percentage of work or sort of how you're approaching that work?

[10:15]

Ms. Ferguson: — If you recall, one of the things that was set out in our business and financial plan was a target of 20 per cent, and we have achieved that target in this last planning cycle. In our business and financial plan you'll find that we haven't adjusted that. What we've done is, you know, when I talk about the business and financial plan, you'll see that it sets out the same goals and objectives as last time around and really, as indicated in the preamble to that document, it's because of the timing of the preparation. We were still really very much in the midst of our strategic planning. We're getting near to the end of that and hoping to do some vetting on that.

The strategic planning committee doesn't see the need to do significant adjustments in that regard. I think what we want to make sure we're doing more so is taking more of a longer term view as opposed to . . . and looking at perhaps putting out what we're planning to do for the next three years. And we'll kind of gear into that as opposed to just an annualized basis, and make that public, frankly, make it public through our business and financial plan but also post it on our website.

This is an area and a direction that some of the other offices have gone in. I think it's prudent in that it alerts . . . You know, it makes the office very transparent and open in terms of what we're doing and lets the organizations, alerts them what we are planning to do too. So I think our office, we're not in the job for creating surprises. You know, I think our job is really to facilitate your role, you know, and to try to make sure that you're providing the information in that regard.

So I'll pause on that and probably we can talk about that a little bit further when we get to the business plan.

Mr. Wotherspoon: — You do a great job of, it would appear, of retaining your staff, the team, and you do things like the workplace survey. So you have it seems a very positive culture that's built out of that office and that's important.

Are there specific skill sets or expertise or challenge right now to attract and retain . . . And I know sometimes that means you have that person fully within your office. Sometimes it might mean partnering on a project with a certain skill set or individual or organization. Maybe just speak to if there's specific areas that are a challenge for you to ensure you have the expertise that you need to engage in your work.

Ms. Ferguson: — What we find is that our CPAs in our office are sought after, frankly. So it's something that we have to very much watch, you know, and the stats that we have is that the market for the CPAs and even the salaries for the CPAs, although there may be a bit of a downturn in the economy, but they don't seem to be a downturn in the economy for the CPA sector, frankly. You know, that sector, we're finding that people are leaving our office for much higher paying jobs than what we're able to offer. So that part we're having to manage.

But in saying that, we've deliberately decided to be a training office. And I think that helps us in our cost equation, but it's to try to keep the right staff. So that means that we always have to be alert to what we're paying, you know, and if we need to make market adjustments as opposed to losing staff, you know, I think we're going to have to be very careful in that.

On the non-financial front what we're finding is that there's a mix. We seem to be able to keep certain people a relatively longer period, and then there's others that we bring in. They stay with us for about three years and then they use us as a springboard, which isn't all bad but it does take a bit of learning and start-up and such. And so, you know, that's an area that we're reassessing. We do need some non-financial skill sets on board all the time.

But what we've done a little bit more as of late — and I think it's working — is that, because we deal with all these diverse areas, we go and contract specialized expertise. Like you know, whether or not you realize it, you know, we have contract dietitians and pharmacists, and people that, you know, basically their line of business is to deal with the people in long-term care. Engineers, IT, like IT niches that . . . We have IT niches in the office but there's some that are beyond the scope of what we're doing. And I like to think we rent those skills sets, you know, and personally I think it's a cheaper approach than to try to have them on staff on a full-time basis, you know. But again, we're finding that those contracts are, they're asking for more money, you know, on those. So it's a balance all the time.

Mr. Wotherspoon: — Thanks so much.

The Chair: — Mr. Doke.

Mr. Doke: — Thank you. When you say you contract and you engage technical people, I fully understand that and see the need for that. What's your policy, or do you engage front-line workers, like in health care, in education? Would you talk to teachers, and so on? Do you engage them at all?

Ms. Ferguson: — We don't engage them in terms of hiring them, but part of the audit process is talking to the people within. Let me use South East Cornerstone, the student behaviour audit. In that audit our teams went directly into the schools, you know, and part of those findings, frankly, are from talking to the teachers — you know, the findings in terms of not knowing who to ask when something comes up, that there's not a resource; there's no list; they don't know who's trained; you know, some schools expressing the fact that they're not sure if they have enough people at their school, you know, to handle these situations.

So those types of recommendations, frankly, are coming from talking to the front line, the people that are on the front line. And we find that they provide us with insights, sometimes that are consistent with what management is saying, but sometimes not, you know. And so it's always do the back and forth on that. You know, sometimes management are aware, and other times not too. So again, it's . . . At times I think the audit office becomes a little bit of a conduit of information within the organization. Not all of that hits the public report, nor do I think it need be in that public report.

Mr. Doke: — Thank you.

The Chair: — Are there any further questions? Seeing none, Ms. Ferguson, if you'd like to move on to your business and financial plan.

Ms. Ferguson: — So it's moving on to our 2017 business and financial plan. The Speaker tabled this report in the Assembly on December the 16th of this past year, so it is a public report. And like our annual report on operation, it's posted on our website.

So the 2017 plan contains the information that's required by *The Provincial Auditor Act*, along with additional supporting information to assist you as members in understanding our funding request and our work plans. This plan sets out the work required to discharge the responsibilities under *The Provincial Auditor Act*. It includes our request for resources for the year ended March 31st, 2017 for the committee's consideration and approval for submission to the Speaker, and in turn for inclusion in the estimates to be tabled in the Legislative Assembly.

We prepared the business and financial plan using the Public Sector Accounting Board's *Statement of Recommended Practice* [it's the] *SORP-2 Public Performance Reporting* as published by CPA Canada [Chartered Professional Accountants of Canada]. The reason that we use this statement, it helps us make sure that the robustness and the content of the report will provide you with relevant information to help assess our request.

Consistent with prior years, the plan contains three main sections. Before I provide an overview of each section, I just wanted to, you know, just reiterate what I just said, in that this plan is based on the strategic plan that has been in place. It doesn't reflect our new strategic plan. In saying that, we're not thinking that will be a significant adjustment in what we're doing. So you know, we think that the funding requests that we're asking for, you know, we won't need to come back and

circle that with a new plan in that regard.

So looking at section 1 of the report which starts on page 2, this section briefly describes the purpose of the office including who we serve and what we do. It highlights key accountability mechanisms in *The Provincial Auditor Act* and in particular it highlights our responsibilities to the Legislative Assembly and our relationship to this committee here.

In section 2, which starts on page 8, it sets out a request for resources for the year ended March 31st, 2017. Our funding is based on the amount reflected in our audited financial forecast and work plan which is contained in section 3.0. Since the 1998 request of the Board of Internal Economy — that is, for the last 18 years — the office has included the audited financial forecast in conjunction with our annual business and financial plan. This financial report provides legislatures with assurance or advice independent of our office that the information that we provide is reliable.

Section 3.2, which is on page 15, contains Virtus Group's unqualified audit report on our financial forecast for the year ended March 31, 2017. It reports that our financial forecast is consistent with and reasonable in relation to our annual work plan and our strategic plan.

The financial forecast details our planned 2016-17 revenue and both planned expenses, which is on page 16, and planned expenditures which is on page 19. Just to keep in mind, it's planned expenditures that goes into our funding request and into the estimates. That's the approach that's requested by the Ministry of Finance. We used the Act, our strategic plan, and the risk-based model to set our priorities and allocate our resources to develop our annual work plan and in turn our annual financial forecast.

If you could turn to page 9 of the plan you'll see that, consistent with *The Provincial Auditor Act*, our request includes two appropriations: the first is our main appropriation and then there's a contingency appropriation. When determining our main appropriation, we looked for opportunities to reduce and control spending given the government's current and anticipated fiscal situation. We kept this in mind when looking at the external factors that affect our spending.

These factors are listed on pages 10 to 12. Those are the key ones. They include the number and size of government agencies; market conditions and inflation affecting staff salaries and benefits and the cost of goods and services; the quality of and changes to government's records, systems, practices, and personnel and their level of co-operation; the use of appointed auditors; changes to professional accounting, auditing and assurance standards.

For the 2016-17 year, we are requesting a main appropriation of 8.205 million. It reflects a very modest increase of \$18,000 which is frankly less than 1 per cent. It's point two two per cent from prior year.

As set out in section 2.4, the appropriation starting on page 10, our request does not include general salary increases previously authorized by the government and public service. We are aware that last year that authorization was rescinded. At this point in

time, the authorization hasn't been rescinded but we haven't included it within the funding request.

As already indicated, we are aware that the market for financial accountants and auditors remains strong and as such, we know that as an office we're going to have to continue to monitor those activities so that we're not at risk of losing key people in the office.

In addition, the request does not include the impact of anticipated increases in audit costs related to some changes in methodology. Frankly, the biggest change in methodology is for the performance audit work as opposed to the financial statement audit work. There's a new set of standards that are coming, that are rolling in. We've been aware of those new standards and so, even before they're coming into place, we've been putting things into that earlier. So we're planning to look for efficiencies so that we can absorb those additional costs.

So overall, our request reflects the increases in two items offset by a decrease in one. So the first increase is for \$19,000 and it's increases related to employee cost of benefit plans. So just to remind you that under *The Provincial Auditor Act* our staff are to have similar benefits that are afforded to the public service, you know. So the increase relates to an \$8,000 increase that we're anticipating for the WCB [Workers' Compensation Board] employer premiums.

We're anticipating a \$6,000 increase for extended health care, or the employer portion of the extended health care plan premiums, and a \$5,000 increase for the increased matching for the government's plan that we participate in. It's the public employees pension plan, and it's the matching contribution. That's based on the June 2013 decision of the government to increase that employer contribution.

[10:30]

The second one, which just happened to be 19 again, relates to inflation. So this is using the anticipated inflationary rate of 1.7 per cent on certain goods and services. And we didn't apply it right across the piece. We used 1.7 per cent. It was the information that was provided by the Speaker, which in turn was provided by the Minister of Finance. So we applied that to a portion of our contracted staff assistance, but not all of it.

Office software, the big one for us is our security licensing for IT systems. What we're finding is that the cost of those licensing are really escalating. And for us, we need to have secure IT systems because of the nature of our office and confidentiality. And then the last area is audit travel. We're finding changes in hotel rates for our staff.

As already mentioned, our office, what we're doing is we're using contract staff. And you'll see that we've probably used it a bit more than in the past, you know, when we have changes in staffing. We use it for two main reasons. One is to get those expertise that we need, for skill sets that we don't have in the work that we're doing.

And the second is to help us in peak audit times. So instead of staffing our office to be able to handle those peak periods in our financial statement audits, what we do is we reach out to the

firms and we contract staff in from them to help us during that peak time. That'll be critically important for us in this upcoming year, given the change of the Crown corporation year-end. Our peak during that March, I guess April, May, June period will be higher than in the past because of the changing in that year-end. But as indicated earlier, I still do think it's a more cost-effective approach than to carry staff all year long to handle those instead of . . . to handle those peak periods.

Then the decrease, it relates to really the net impact of government agencies that were wound up during this, or that we're anticipating to be wound up during this cycle. As previously indicated, the changes in the number of government and really what is our audit universe does impact our work plan. So that's the main appropriation.

So the second appropriation is that appropriation for unforeseen expenses. Internally we call it contingency. So just to remind you that *The Provincial Auditor Act* requires the inclusion of that second appropriation for the office along with the estimates that are presented each year. Its purpose is to provide our office with resources in order to respond to unforeseen circumstances such as unplanned work, including requests from this committee, and to respond to pressure to improve our timeliness of work and also unplanned salary and benefit increases. If you recall, sometimes in the past, the government has announced increases that we aren't aware of at the point in time that we're preparing our appropriation. And if you look in terms of in the past, you'll see that our office has used the contingency in that regard too.

When we use this contingency, we report the amount that we used and why. And you'll find that we do that in our annual report on operations. We didn't use the contingency in the prior year. If we don't use the money, we return it to the General Revenue Fund.

So on pages . . . For 2016-17, we are requesting 545,000 for unforeseen expenses, consistent with prior years. Our request reflects our previous net financial asset target of one month's salary and benefits. And given that we're planning to reduce that salary equation, you'll see that we've reduced that appropriation request accordingly.

So overall, if you look on an overall basis, we're asking for an increase of \$8,000 from prior year. So you know, in our view, I think it's a very . . . It's almost remaining flat. So our office respectfully asks your committee, you know, to approve our request for estimates. And you'll find that the amounts that are summarized and set out in section 2.3, page 8, that's the format that we've been requested to use by the Ministry of Finance.

So this concludes my presentation. We'd be pleased to respond to any questions you may have.

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

Mr. Wotherspoon: — I'd like to know if you have an adequate IT disaster recovery plan.

Ms. Ferguson: — We do. Do you want . . .

Mr. Wotherspoon: — That'll be sufficient.

Ms. Ferguson: — Do you want Angèle to elaborate?

Mr. Wotherspoon: — Of course it's critically important. And I say it an ounce in jest because it's probably one of your most consistent focuses and recommendations with those that are at the other end of the table.

Ms. Ferguson: — And user access.

Mr. Wotherspoon: — And user access.

Ms. Ferguson: — And user access. I think in some respects our support services team grimaces at the operation divisions because at the executive table, you know, we get findings elsewhere, and then we turn to Angèle and say, and how are we doing? You know, so it is fair to say at times we create work for ourselves. You know, we really do. But it's good; it moves our practice forward too.

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

Mr. Wotherspoon: — Thanks as well for laying out the external forces and different trends that you're pressured by and that you're planning for. I guess my question is, your budget is quite modest for the scope of work that you do, the billions of dollars that you audit and the growth of that audit work, the complexity of some of it. If you look at some of the different types of arrangements that government may enter into, are your resources sufficient?

Ms. Ferguson: — I think we've got . . . I think, as always, you could always ask for more, you know. I think everybody could do that, right? But I think, given our current fiscal situation for the province, you know, and the mandate that we have, I think we're doing a fair job. I really do. We've got good feedback from the organizations that we audit.

We also are alert that we can't overburden organizations with too many recommendations; like they have to be able to manage too. I noticed Terry's nodding. But you know, I think as an office we do . . . because what we want to do is we want to really . . . Our objective is the same as yours; we want to see that the government is managing well. And I think what we're trying to do is carry out our audits in a manner that are constructive, as opposed to being punitive, so that people are moving forward and can advance. And I think, you know, the presentation of Dr. Timmons this morning, I think shows that we can accomplish that as an office.

Mr. Wotherspoon: — Well thanks so much. It's a very modest budgetary increase. Thanks for your stewardship. But ultimately thank you to you and everyone in your office for their work.

Ms. Ferguson: — Thank you.

The Chair: — Any further questions? Seeing none, do I have a motion for the subvote (PA01)?

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

That the 2016-2017 estimates of the Office of the Provincial Auditor, vote 28, Provincial Auditor (PA01) be approved as submitted in the amount of \$7,980,000.

The Chair: — Thank you, Mr. Doke. If I could just read that motion into the . . . Thank you. Mr. Doke has moved:

That the 2016-2017 estimates of the Office of the Provincial Auditor, vote no. 28, Provincial Auditor (PA01) be approved as submitted in the amount of \$7,980,000.

Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. Can I have a motion for the subvote (PA02)?

Mr. Doke: — Madam Chair, I move:

That the 2016-2017 estimates of the Office of the Provincial Auditor, vote 28, unforeseen expenses (PA02) be approved as submitted in the amount of \$545,000.

The Chair: — Thank you, Mr. Doke. I will just take the motion. Thank you. Mr. Doke has moved:

That for the 2016-2017 estimates of the Office of the Provincial Auditor, vote 28, unforeseen expenses (PA02) be approved as submitted in the amount of \$545,000.

Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. Could I have a motion that the 2016-2017 estimates, as approved, be forwarded to the Speaker as the Chair of the Board of Internal Economy, pursuant to section 10.1(4) of *The Provincial Auditor Act*?

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

That the 2016-2017 estimates of the Office of the Provincial Auditor, as approved, be forwarded to the Speaker as the Chair of the Board of Internal Economy, pursuant to section 10.1(4) of *The Provincial Auditor Act*.

The Chair: — Thank you. Mr. Doke has moved:

That the 2016-2017 estimates, as approved, be forwarded to the Speaker as Chair of the Board of Internal Economy pursuant to section 10.1(4) of *The Provincial Auditor Act*.

Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Correspondence From the Board of Internal Economy

The Chair: — All right. We'll just let Ms. Ferguson come back to her usual chair here. We do have one other item, another item

of business here that wasn't on the agenda. We had received some correspondence which you all have in front of you. So I'll let you know what's in the correspondence.

On December 17th, 2015 I received a letter from the Board of Internal Economy informing the Public Accounts Committee of a motion the board agreed to requiring all officers of the Legislative Assembly to provide additional information with the tabling of their human resources and financial management policies. This was in relation to *The Officers of the Legislative Assembly Standardization Amendment Act, 2015* that was adopted by the Assembly in May 2015.

The board is requesting that the Public Accounts Committee consider requiring that the Office of the Provincial Auditor human resource and financial management policies tabled with the committee include by June 30th, 2016 an explanatory note for each policy that differs from the standard human resource and financial management policy of the Government of Saskatchewan, along with an explanation and rationale for the differences.

So I'm wondering if there's any questions or comments on this particular letter. Seeing none, can I have a motion to that effect to deal with this?

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

That pursuant to *The Officers of the Legislative Assembly Standardization Amendment Act, 2015*, the Office of the Provincial Auditor human resource and financial management policies tabled with the Standing Committee on Public Accounts include an explanatory note for each policy that differs from the standard human resource and financial management policy of the Government of Saskatchewan with an explanation and rationale for the differences; and further

That June 30th, 2016 is established as the final date for tabling the said documents.

The Chair: — Thank you, Mr. Doke. Is the committee in favour of the motion as read by Mr. Doke?

Some Hon. Members: — Agreed.

The Chair: — Agreed. All right. The motion is carried. I almost forgot to say that. All right. So we will take a short recess here. We have . . . oh, Ms. Ferguson.

Ms. Ferguson: — Just to clarify, because we've already tabled our policies, I think not all the legislative officers had tabled them when the Board of Internal Economy had made that motion. So if it's acceptable to the committee, what we'll do is we'll summarize. Instead of giving you another full document of listing the policies in detail, we'll do a summary with what's different for each of them, so as opposed to . . . You'll get less paper.

The Chair: — Yes, that's acceptable, and I think that's the way the motion is worded. Well thank you, Ms. Ferguson, and to all your staff for all the work that you do.

And we will take a recess now until 11 o'clock until the Water Security Agency is here.

[The committee recessed for a period of time.]

The Chair: — Welcome back to Public Accounts everyone, and welcome to the officials from the Water Security Agency. We are reviewing four chapters this morning from the Water Security Agency. So with that I will pass it off to the Provincial Auditor to make some comments on the respective chapters.

Water Security Agency

Ms. Ferguson: — So good morning, Madam Chair, Deputy Chair, committee members, and officials. I'm just going to briefly introduce who I have with me for this session. Beside me is Ms. Regan Sommerfeld. Regan's the deputy responsible for our environment and infrastructure division and has oversight in terms of the Water Security Agency audits. And behind her is Ms. Kim Lowe who is our committee liaison; Ms. Tara Clemett who led some of the work that's presented before you this morning; and Ms. Mindy Calder. Mindy's our communication manager who's observing this meeting here.

[11:00]

Before we launch into our presentations, I just want to take a moment and thank the president and his team for the co-operation extended to our office during the course of this work.

In terms of presenting these chapters, what we're going to do is we're going to group the first two, make one presentation for the first two chapters, in that there's no recommendations in those first two chapters and they both reflect the results of our annual integrated audit. So in terms of efficiency, we're grouping those together.

So then we'll move into chapter 40, which is dealing with flood mitigation. It's a new audit with new recommendations. Then after that move into chapter 56, which is drinking water, and it's a follow-up with no new recommendations. So there'll be three presentations. So without further ado, I'm going to turn it over to Regan to present the first two chapters.

Ms. Sommerfeld: — Thank you, Ms. Ferguson, Madam Chair, and members of the committee, and officials. I'll first present the results of our annual integrated audits of the Water Security Agency for the years ended March 31st, 2014 and 2015.

In chapter 28 of our 2014 report volume 2, and chapter 30 of our 2015 report volume 2, beginning on pages 157 and 143 respectively, we found the agency complied with the authorities governing its activities and had reliable financial statements in both fiscal years. The agency had effective rules and procedures to safeguard public resources, except it needed to complete and test its business continuity plan. We have made this recommendation since 2010 because of the importance of the agency's IT systems that support its flood forecasting, water supply, and dam management and drinking water regulation. Since that time the agency's progress has been steady but slow. Without a complete and tested business continuity plan, the agency is at risk of not being able to deliver its critical business

programs and services in a timely manner. That concludes my presentation on the integrated audits.

The Chair: — Thank you. Mr. Dybvig, president of the Water Security Agency, if you would like to introduce your officials and then make any comments.

Mr. Dybvig: — Good morning and thank you, Madam Chair. To my right is Susan Ross, our senior vice-president and general counsel; and to my left is Irene Hrynkiw, is our executive director of corporate services. Behind me I have on my right Sam Ferris, executive director of municipal and environmental services; Dale Hjertaas, executive director of policy and communications; Clinton Molde, the executive director of integrated water services; and John Fahlman, executive director of hydrology and groundwater services.

The Water Security Agency is a treasury board Crown established in 2012. We have about 220 full-time staff located in about 15 locations around the province. We have a broad mandate related to water, including infrastructure management, owning and operating 49 dams, monitoring and assessing water quality in lakes and rivers, managing the regulation of community drinking water and waste water effluent, allocating water use through licences, and contributing to flood and drought response. When we were established in 2012, we released the 25-year water security plan to guide our activities in the delivery of our mandate.

With respect to a business continuity plan, we accept the importance of having a tested business continuity plan, and we continue to actively work on its development. Because of the potential scope of such a plan, it takes time to develop and implement. This past year we hired a consultant and then had them help us develop a plan to assist us in making progress. The consultant noted three primary areas to address: clear identification of business functions, development of a disaster recovery plan, and development of an emergency management plan. Using the general approach provided by the consultant, we reviewed our business functions and established disaster recovery of our IT system as our first priority area, and we are developing options for a backup and recovery of our IT-based data. With our head office in Moose Jaw, we are developing backup capacity in our Regina office.

As part of our data recovery, we also have been working on the development of a plan for digitizing our 14,000 surface water licences and plans.

With respect to emergency management preparedness, we've also made progress with the establishment of emergency preparedness plans for our major dams under our dam safety program. With the range of priorities that we have, we feel we've made some good progress, but we appreciate that we're not yet complete.

The Chair: — Thank you, Mr. Dybvig. I'd like to open up the floor for questions on these first two chapters. Mr. Wotherspoon.

Mr. Wotherspoon: — Could you just highlight I guess maybe the greatest risks identified by Water Security as you speak to dams and disaster protection, understanding how to mitigate

risks? What are the biggest risks that we're dealing with in the province?

Mr. Dybvig: — Well certainly. We've done risk assessments on an annual basis looking at the various functions that we have, and we've certainly spoken to the importance of maintaining a proper dam safety program. We follow the Canadian *Dam Safety Guidelines* in trying to adhere to a program to ensure that our 49 dams are properly evaluated and maintained to ensure their safety. In accordance with that, with some of the major dams like Rafferty and Alameda, Gardiner and Qu'Appelle dams, we have prepared emergency preparedness plans and emergency response plans to deal with those kinds of hazards.

Other kinds of risks, we regulate drinking water and waste water. And certainly we — and this has also been the subject of Provincial Auditor review as well — but certainly we see the importance of maintaining proper regulation of the several hundred drinking water facilities in the province and the waste water discharge facilities. Certainly we take very seriously, following up from the situation in North Battleford back in 2000, the importance of regulating drinking water to ensure the safety of that drinking water for the citizens of the province.

Other risks in terms of our own system, as we've indicated, because of the work we do around flooding in particular and flood forecasting and maintaining information about water for the people of the province, maintaining our IT system is certainly important to our business functions. And we've identified that as one of our main priorities to ensure that we have proper backup in the case that we should lose our head office facility.

Mr. Wotherspoon: — Thanks for that information as it relates to one of the outstanding recommendations that's identified here. Thanks as well for I guess identifying for us some of the actions that you've been engaged in, the planned activities as well, and your timelines through to implementation.

So are you confident with the timelines that have been laid out here? It says that the system will be built out, in one case for records management in 2016-17, that there'll be a complete review in 2017-18. So that would be another year down the road. Maybe just speak to what the challenge is, you know, to allow us to understand the complexity of what you're dealing with and to understand those timelines.

Mr. Dybvig: — I'd ask our executive director, Irene, to speak to it.

Ms. Hrynkiw: — In regards to records management, we are currently working on establishing a schedule and working with the units in our area and working with the public records management group doing some training around that. So I am fairly confident that we can meet the schedule that we're setting forth.

Mr. Wotherspoon: — Thank you. Thank you for the information.

The Chair: — Are there any further questions on these two chapters? Seeing none, there are no new recommendations in

either of those chapters, so this committee can . . . If there's no questions, this committee can conclude considerations. Could I have a motion to that effect?

Mr. Doke: — I so move, Madam Chair.

The Chair: — Thank you, Mr. Doke. Mr. Doke has moved that for the 2014 Provincial Auditor report volume 2, chapter 28 and the 2015 Provincial Auditor report volume 2, chapter 30, that this committee conclude considerations. Are there any further questions? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right, I shall pass it off to Ms. Ferguson again.

Ms. Ferguson: — Ms. Sommerfeld will make this presentation here.

Ms. Sommerfeld: — Flooding is Saskatchewan's second most common cause of disasters. Reducing or preventing flood damage can reduce impacts on the health and safety of residents and reduce the cost to government for disaster assistance. As part of its mandate, the Water Security Agency is responsible for coordinating flood mitigation in the province.

Chapter 40 of our 2014 report volume 2 can be found starting on page 317 and relates to our audit of the Water Security Agency's processes to coordinate flood mitigation. We concluded that for the period August 1st, 2013 to July 31st, 2014, the agency had, other than two areas highlighted in our recommendations, effective processes to coordinate flood mitigation. I'm going to touch on each of these recommendations.

On page 325, we recommend that the Water Security Agency work with others, for example municipalities and the Ministry of Government Relations, to determine and document municipalities with ongoing flood risks.

We made this recommendation because we found the agency did not have a formal record of municipalities that have experienced damage from floods or that faced an ongoing risk of damage from floods. Such a record would aid the agency in determining where to plan and prioritize future flood mitigation initiatives with others such as the municipalities and the Ministry of Government Relations, and could reduce the need for the government to use emergency programs to pay for damage from flooding.

On page 326, we recommend that the Water Security Agency work with others to evaluate gaps in flood mitigation initiatives in municipalities with ongoing flooding risks. We made this recommendation because we found that the agency's regional offices had only informal knowledge about some municipalities that face flood risks in terms of what the municipalities are doing or would like to do to mitigate the risks. It is important that the agency not only know about areas at risk of flooding but evaluate what has been done and what remains to be done and at what cost to protect developed areas at risk. Such an evaluation is key to determining where to plan and prioritize future flood mitigation initiatives with others. That concludes

my presentation on this chapter.

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

Mr. Dybvig: — Thank you, Madam Chair. So with respect to coordinating flood mitigation, I guess since 2011 our staff have been actively involved in some of the most severe flooding situations ever experienced in this province. New record water levels on lakes and streams have been set in most locations of the province during this time period.

Provincial response to flooding is led and coordinated by Government Relations, which maintains a provincial emergency plan. We provide a range of services in support of the overall provincial response, including flood forecasting of lake and stream levels, administration of the emergency flood damage reduction program, helping individuals and communities undertake mitigation to prevent flood damage, monitoring stream flow and lake levels with over 300 hydrometric stations across the province, providing safe building elevations for new subdivisions using 1 in 500 flood criteria, mapping flood hazard areas, and operating 49 dams to try and reduce flood impacts downstream.

Through the emergency flood damage reduction program we have developed, through individual community assessments, an inventory of over a hundred communities with a description of the flood hazard they face and what mitigation would be required to prevent damages. This information currently resides in our database. Now with a full-time position established this year to coordinate our overall flood mitigation response, we will be able to ensure effective coordination of our flood mitigation response, both internally and with other agencies like the Ministry of Government Relations.

To round out our database, we are developing some modifications and will be improving our ability to extract information. And we should have those changes in place by the end of March 2016.

We now have the ability to identify communities most at risk and what the rough cost would be to deal with the flood hazard. This will allow us to effectively respond to applications under the national flood damage mitigation program to seek federal funding for a community with flood mitigation actions.

Because we work firmly with Government Relations under the provincial emergency plan, we will be able to share information on an ongoing basis. We feel in general we work very closely with Government Relations to ensure the provincial disaster program and our emergency response program work together effectively. Given our progress on developing an inventory of the communities at risk, we feel this recommendation has been implemented. Thank you.

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

Mr. Wotherspoon: — Thanks for the work in this really important area, and thanks as well to the auditor for their focus. Thanks for the actions you've laid out, the timelines that will ensure implementation.

My question around the emergency flood damage reduction program and the 100 communities that you speak of, and the various projects that have been assessed with a cost as well to address these risks, will that become a public document?

[11:15]

Mr. Dybvig: — It could be. I mean, we don't . . . If people are interested in seeing the information, I don't think we'd have any problem with sharing that. It's an ongoing, it's a living database that's regularly updated, and its purpose is just keeping ongoing attention to what new information we might have on individual communities.

Mr. Wotherspoon: — Appreciate that, and I think that certainly the public would appreciate it as well. Are you able to endeavour to . . . It's not posted and live and public right now, is that correct?

Mr. Dybvig: — That's correct.

Mr. Wotherspoon: — Would you endeavour to provide that resource or that information to committee members around this table, obviously not at this very moment, but in a reasonably timely way following this meeting?

Mr. Dybvig: — Yes, for sure.

Mr. Wotherspoon: — Thank you very much.

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

Mr. Doke: — Just a clarification or so on recommendation 1. That's partially implemented and 2 is implemented?

Mr. Dybvig: — Yes.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — So you've had some assignment of risk within, through this; we spoke a little bit about it in a general way just before. I'd like to hear just a little bit about what the plans are with the Quills. Then I'd like to just hear if you've identified the top three risks that you're dealing with out of this assessment that you've done.

Mr. Dybvig: — And by risks you're referring strictly to the flood risk areas?

Mr. Wotherspoon: — Right, yes.

Mr. Dybvig: — So with respect to the Quill Lakes, we've been quite engaged with that issue over the past number of years, and we've looked at a few different initiatives. We did propose a project last summer and took it out for consultation, and we have since, based on the feedback from the public, have decided to look at other options. So we continue to look at additional options there, including additional flood storage in the watershed. We are also looking at deep well injection and looking at closing some of the existing drainage works that reside in the basin.

With respect to overall risk or the three top risks, I guess there's different ways that we could portray that. I don't think we've really identified, from a flood risk basis, the three top risks. I mean, Quill Lakes is certainly one of the highest risk areas right now. The risk really changes in accordance with the anticipated hydrologic situation. So every year the risk situation will be re-evaluated and considered in consideration of the precipitation and the hydrologic events that we have going on. So it's kind of an ongoing and a living kind of assessment.

In general I think one of the characteristics that we've had in this province with the amount of undrained areas — as we'd call areas that don't naturally drain as dead storage, like the Quill Lakes, like some other places in the province where water levels have built up, and certainly in places running from North Battleford east over to the border and from Saskatoon north to Prince Albert — in that sort of band, we have a lot of areas where water levels have continued to rise. So that whole area is kind of currently a high-risk area, and many of that relates to not only some communities but individuals that have never experienced water levels this high before. And as the water accumulates in some of these areas, every year it becomes a different situation and the new potential for runoff adds to that risk.

Mr. Wotherspoon: — And just as far as it goes with the Quills, so the one plan was shelved after significant concern, but where is the Water Security Agency or government at on the alternatives? I mean, we don't have a whole bunch of snowfall this year, which is rather helpful and I guess hopefully that sort of continues this year. But outside of that there's a big risk there that has an urgency to it. Are you satisfied that the plans that Water Security Agency and government is working on are going to be able to be acted and implemented in a timely way to actually address the risk that exists?

Mr. Dybvig: — Well we're working on it as quickly as we can. We currently have a consultant engaged in helping us examine these options. We continue to be in consultation with groups within the watershed like the newly established watershed association. We have met with them, and they have upcoming meetings again that we'll be working with them to hear what some of their responses are to our approach.

You know, the lake is still about a metre from spilling naturally. It would take a very extreme event to cause it to spill naturally in one year. So we don't anticipate, and certainly given the situation that we're looking at this year, we would not see a high risk of that occurring this year. But there's certainly ongoing risks to infrastructure, to the highways. We continue to work with the Ministry of Highways. There was a raise done last year, and I believe they have done some anticipatory work in preparing for this year's runoff to ensure that we can maintain that infrastructure in an operating fashion.

Mr. Wotherspoon: — Are you confident that you have the resources available, will be made available by government when the right and appropriate plan has been found?

Mr. Dybvig: — Well as we currently sit, we certainly have the resources to do the evaluations that we're doing. And when we've got some options, we will bring those back to government for government to consider.

Mr. Wotherspoon: — How engaged will the public be in this discussion as you lay out the options?

Mr. Dybvig: — Well I think we're kind of constantly engaging with the public on this. There has been a number of groups that have established themselves over the past couple of years, and we maintain contact with them. Certainly we have tried to help in the organization of this watershed association that is just getting up and running. We see that as one of the best vehicles that we have to work with in getting public input on various options. And certainly the experience we gained with the consultations we did last fall, I think we would certainly take that and build upon that if we were to look at implementing any more projects.

Mr. Wotherspoon: — Well thanks for that information. Certainly I'm sure that you and your officials understand the urgency of the circumstance there. And we wish you well with your work and, you know, are ready to advocate to make sure the resources are there when you need them.

The Chair: — Are there any further questions on this chapter? Seeing none, could I have . . . We have two recommendations with which we need to deal. Could I have a motion please?

Mr. Doke: — Thank you, Madam Chair. In regards to the 2014 Provincial Auditor report volume 2, chapter 40, recommendation no. 1, we would concur with the recommendation and note progress towards compliance.

The Chair: — Thank you, Mr. Doke. Mr. Doke has moved, for the 2014 Provincial Auditor report volume 2, chapter 40, that this committee concur with recommendation no. 1 and note progress to compliance. Any further discussion? 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 40, recommendation no. 2, we concur with the recommendation and note compliance.

The Chair: — Thank you, Mr. Doke. Mr. Doke has moved for the 2014 Provincial Auditor report volume 2, chapter 40, recommendation no. 2, that this committee concur with the recommendation and note compliance. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. Thank you for that. We shall move on to the last chapter here before us, chapter 56. Ms. Sommerfeld.

Ms. Sommerfeld: — I'll now present the results of our audit, follow-up of the audit we did on regulating drinking water. We first reported on regulating drinking water in our 2013 report volume 1. The objective of the audit was to assess whether the Water Security Agency had processes to effectively regulate public waterworks to ensure drinking water was safe. We made six recommendations.

Chapter 56 of our 2015 report volume 2, beginning on page 367, reports the results of our first follow-up of these six recommendations. We are very pleased to report that by May 31st, 2015, the agency had implemented all six recommendations. Key improvements were as follows: the agency established the waterworks and sewage regulations that outline the new provincial water quality standards. These new regulations align with national guidelines. The agency did inspections in accordance with its policy, inspecting all waterworks at least once, and waterworks serving major cities at least twice within the past year.

For three waterworks owners with ongoing instances of submitting late health and toxicity samples, the agency had identified these three instances and was taking appropriate actions to address them. The agency developed, implemented, and was following its enforcement protocol designed to take consistent action when waterworks owners do not comply with operating permit conditions.

The agency developed an enforcement policy for waterworks that do not fulfill their commitments to upgrade waterworks for new residential developments. And finally, the agency's participation in the rapid growth communities committee led by the Ministry of Government Relations demonstrated coordination efforts between Government Relations and the agency over ensuring waterworks owners have feasible plans for upgrading water infrastructure as development occurs. This concludes my presentation on chapter 56.

The Chair: — Thank you, Ms. Sommerfeld. Mr. Dybvig, do you have some comments?

Mr. Dybvig: — I don't really have many more comments, given that they were all identified as being fully implemented. We're satisfied with that result.

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

Mr. Wotherspoon: — Just thanks so much for the work on this. Thanks to certainly the auditor, but to everyone that's been working at the Water Security Agency to put together the actions that have implemented the recommendations and protected the public on these fronts. They're important recommendations, and thank you for that work.

The Chair: — If there are no further questions . . . Oh, Mr. Doke.

Mr. Doke: — First Nations, do you inspect and regulate water plants and whatever on First Nations?

Mr. Dybvig: — We do not, but I'll ask Sam Ferris to speak to that more fully.

Mr. Ferris: — Yes, we currently do not inspect First Nations' waterworks. There are seven shared systems in northern Saskatchewan where the water plant is either on the First Nation or the adjacent non-First Nation community, where there's some interaction and some agreement with the First Nations. And we likely will be engaging with INAC [Indian and

Northern Affairs Canada] on helping to provide some background information on requirements in Saskatchewan related to a waterworks upgrading and standard requirements as they move forward to develop regulations under the federal First Nations safe drinking water Act.

Mr. Doke: — So as it stands right now there is no regulation on-reserve?

Mr. Ferris: — We do not apply our provincial regulations on the reserve. And as far as I know, there is no First Nation actual hard and fast regulations. That's what Health Canada is developing at present, INAC and Health Canada.

The Chair: — Are there questions on this chapter? Seeing no further questions, 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 that for the 2015 Provincial Auditor report volume 2, chapter 56, that this committee conclude its considerations. Any further comments? Seeing none . . . Oh, Mr. Wotherspoon.

Mr. Wotherspoon: — Just a question around the assessment that's been done on water levels and flow levels in our south basin, as commitments are being made to certainly communities of course which are requiring that water. And I think of Buffalo Pound itself, you know serving the two cities, but then also operations like the proposed Yancoal operation that's being discussed. I guess, where are things at by way of consideration of a commitment to that site? Has that been approved now from Water Security Agency, or where is that process at?

Ms. Ross: — I'm trying to recall where Yancoal is at right now. I think that there . . . I'm not sure if there's an application being made. But I think there's been an assessment of whether there is sufficient water for that project, and I believe that the outcome of that assessment is that there is. I guess I would have to ensure that my information today is correct, and if it isn't correct.

Mr. Dybvig: — I believe there's been an assessment done through the environmental assessment process, and we've identified . . . We'll be providing that water via the Upper Qu'Appelle conveyance system from Lake Diefenbaker. But the next step then is that then they have to formally apply for a licence, and I don't believe they have formally applied yet.

Mr. Wotherspoon: — You know, there's lots of concern just making sure that we understand the adequacy of our supply in that watershed. So you know, we have the current environments. We have a little bit of the recent history that we can look at, but we certainly do have periods of more extreme weather that we're dealing with, which include the problems we're dealing with right now which is, you know, a period of three, four years of incredibly excess water which has created issues.

But it seems that a lot of study and a lot of those, you know, that are observing these matters and commenting would suggest that just as quick as we may be dealing with a period of excess

water, we could be dealing with drought and prolonged drought. And we also know what's going on with glacial melts and everything else with the supply we've received from the West.

Has the appropriate assessment done, as far as forecasting and understanding really worst-case scenarios and putting that in context with the commitments that are being made?

[11:30]

Mr. Dybvig: — I think so, you know. First of all, this particular system is probably one of our most reliable systems we have in the province, given the fact that the primary source of the water is from Lake Diefenbaker. But we certainly acknowledge and appreciate and regularly consider the potential for variation in our water supply going forward into the future.

So normally what we would do in evaluating these demands is we look at the historical record. And we certainly have situations from the 1930s when we measure and evaluate the ability of our system to continue to meet demands during a period like that. We will test these licences against that.

In consideration of a future climate change, we did complete a water demand study for the province and undertook to forecast demands for the next 50 years in all of our watersheds and then did an assessment of that against what we anticipate. And there's still lots of unknowns as to what the outcomes are going to be with respect to climate change, but did some evaluation of what do these demands mean in terms of our available supply in consideration of drought impacts and of climate change. And in general, coming out of that work, we feel that we're really in pretty good shape.

So I think the important thing is that when we are making these allocation decisions, we are looking at the implications of drought and we are trying to give, given as much as we know about what's going to happen in the future, consideration of the potential impacts of climate change.

And in many cases what we're doing is noting that many of these industries may require alternate water supplies. So we're not in a position to be able to guarantee water. We know that we could experience conditions that may put us in a situation sometime that we can't meet the demand through our system. So we're certainly cautioning industries to be looking at where they could possibly get alternate supplies as well.

Mr. Wotherspoon: — Thanks for the information. It's a really important area for the province going forward.

And just looking at, you know, what we've experienced of course by way of excess water in, you know, what were once observed as sort of a one-in-100-year event or you'd have the data — or one in whatever, you know, very significant events — and then all of a sudden having these happen in a very frequent and regular way all of a sudden is sort of throwing out a lot of the old modelling and the historical trends' usefulness, to some extent, or at least causing many to question and challenge, you know, the usefulness of relying on that sort of information.

So you know, I appreciate the effort and thanks for the

information. And I wish you well on continued focus on these areas. I think that it's really important for us to understand sort of some fairly challenged environments, both excess water but also shortages of.

Mr. Dybvig: — If I might make a further comment on the Yancoal. We just clarify that there is . . . A temporary water approval has been provided, but that's not our final licence yet.

The Chair: — Thank you for that. We have a motion before us to conclude considerations of this chapter. Are there any further questions? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Well thank you for that. And thank you to the officials, Mr. Dybvig and everyone else from the Water Security Agency, thank you for your time this morning. We appreciate that. We'll take a very brief recess, just a couple of minutes. We have one more item on the agenda with which we need to deal.

[The committee recessed for a period of time.]

The Chair: — Welcome back everybody to Public Accounts. This is our last item of business for the day. We need to look at the third report of the Standing Committee on Public Accounts. And this report reflects the work of the committee for the period from September 17th, 2015 to January 14th, 2016, so today. It's a full accounting of the work of the committee in that time. Every member has a copy of that report before them. Do you have any questions regarding the report? It's fairly straightforward. Seeing none, I need a motion.

Mr. Doke: — Madam Chair, I move:

That the third report of the Standing Committee on Public Accounts be adopted and filed with the Clerk pursuant to rule 136(6).

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

That the third report of the Standing Committee on Public Accounts be adopted and filed with the Clerk pursuant to rule 136(6).

Any further discussion? Mr. Wotherspoon.

Mr. Wotherspoon: — You know, just thanks to you for your work as Chair, to the Vice-Chair, to the steering committee, to the Clerk's office certainly, and all participating members to make this thing work. I do think that Public Accounts is, I would argue, the most constructive committee of the legislature. And I think it comes out of both the approach members bring to it and some structural aspects that make it such. So thanks to everyone.

The Chair: — Thank you. Mr. Doke.

Mr. Doke: — I would also like to concur with that and thank the Clerk's staff and you, Madam Chair, for your work. And it's worked out very well. Thank you.

The Chair: — Well with no further questions or comments, is that agreed that we carry this motion?

Some Hon. Members: — Agreed.

The Chair: — Agreed. All right. Well we are done for this sitting of the Legislative Assembly. Again just to echo my comments from yesterday and Mr. Doke and Mr. Wotherspoon's, it's been a really wonderful experience having the opportunity to Chair the committee and to get to know everybody a little bit more and be a part of, as Mr. Wotherspoon said, I think a very productive committee. So thank you everyone. It's been a privilege to work with you.

And again, the Clerk's office is awesome, or the committee branch, pardon me. The committees branch has been hugely supportive and helpful in making sure that this committee moves along very well. So with that, could I have a motion of adjournment?

Mr. Steinley: — Yes.

The Chair: — Mr. Steinley. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — All right. This committee stands adjourned until the call of the Chair.

[The committee adjourned at 11:51.]