



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Mr. Warren Michelson
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Mr. Kevin Phillips
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Mr. Randy Weekes
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[The committee met at 10:32.]

The Chair: — Good morning everyone. Welcome to Public Accounts. I'm Danielle Chartier, the Chair of Public Accounts. We have with us today actually some new members and some members who have sat on PAC [Public Accounts Committee] for a little while. Today we have Mr. Weekes. We have Mr. Michelson. We have Mr. D'Autremont who is substituting for Mr. McMorris. We have Lori Carr who is a new member. We have Mr. Phillips, and we have Ms. Beck who is a new member. So welcome.

Welcome today to the Provincial Auditor Judy Ferguson and her team who will be introduced too a little bit later.

Our agenda is pretty full today, but we're going to start with the Ministry of Highways and Infrastructure. And we have today Mr. Antunes, the deputy minister for Highways and Infrastructure here, so welcome. And we will get this show on the road. Ms. Beck.

Ms. Beck: — Thank you, Madam Chair. First of all, this is my first time, as you mentioned, sitting as a member of this committee. And prior to coming to this meeting today, I had the opportunity to attend the Canadian Council of Public Accounts Committees conference with colleagues, which was a very valuable experience and I learned a lot. I know the member opposite, Ms. Lambert, was there as well.

And there were a couple of things that really stood out for me at that conference and two points in particular. One, that PAC is the most important oversight committee in parliament. So I think that we all have a very important role to play here at this committee.

The other one was that public money has no political affiliation, that we are charged here, that people across the province expect to know how their collective tax dollars are being spent, and they expect that this committee will uphold its mandate to ensure stewardship over public assets. To that end, it seems like we ought to charge ourselves with getting to the bottom of what happened at the GTH [Global Transportation Hub] land purchases and to look fully at the concerns that were raised in the auditor's special report and to satisfy the public's concern.

The Chair: — Sorry, Ms. Beck, do you have a motion?

Ms. Beck: — I do have a motion.

The Chair: — Okay.

Ms. Beck: — Would you like me to continue with my preamble or present the motion?

The Chair: — I think you could please present the motion.

Ms. Beck: — Okay, I will present that motion.

The Chair: — Would you like to read your motion?

Ms. Beck: — Sure. The motion reads as follows:

That the Standing Committee on Public Accounts use all of the measures at its disposal, including the calling of witnesses and requesting of records, to fulfill its duty to scrutinize the fiscal management and stewardship of public assets as they relate to the purchase of land for the Global Transportation Hub, including the three parcels of land recommended to cabinet for purchase in December 2012 as referenced in the auditor's *Special Report: Land Acquisition Processes: Global Transportation Hub Authority and Ministry of Highways and Infrastructure*.

The Chair: — Thank you, Ms. Beck. We'll just confirm. I think here that motion actually is out of order. If you look at the terms of reference for PAC, 142(2):

The Standing Committee on Public Accounts shall review and report to the Assembly its observations, opinions and recommendations on the Reports of the Provincial Auditor which are designated for referral to the Standing Committee on Public Accounts by *The Provincial Auditor Act*, and on the Public Accounts, which shall be deemed to have been permanently referred to the committee as they become available.

So we can look at public accounts and we can look at Provincial Auditor's reports. And so we've already concluded considerations on the GTH stuff so that we don't actually have the authority. So that motion is ruled out of order.

Yes, Ms. Beck?

Ms. Beck: — I do understand that. And I understand that there have been a number of attempts to call for a similar motion and similar witnesses. This is where I stand: there is a very strong desire on the part of the public to get some clarity around this issue.

And particularly since the last time this committee met, there have been a number of updates, a number of happenings. We have seen some very high-level resignations, some changes, some very public calls by members opposite, members of government, calling on a higher level of scrutiny about these land acquisition deals. And I think that there is a very strong call on the part of the public. And I would be certainly open to suggestions about how we might effectively, as this committee . . . if it would be asking the auditor to look into the deals in light of new information. I seek honest answers about how we might provide the oversight role that we are charged with and provide answers to members of the public as has been so persistently and consistently asked for.

The Chair: — Thank you, Ms. Beck. Maybe, Ms. Ferguson, I know that you've already done a special report. Are there any other tools at your disposal?

Ms. Ferguson: — At this point in time our office doesn't contemplate doing further work in this area. We are aware of the RCMP [Royal Canadian Mounted Police] investigation that's under way and that there was an update in the media about that. And so, you know . . . But I think that's where we're at at this point is that we think that would be, you know, we'll let that go through its due process.

The Chair: — Ms. Beck.

Ms. Beck: — Would there be a request on the part of this committee, or perhaps other mechanisms that would allow your office, or would have your office involved again at a level of scrutiny given this new information?

Ms. Ferguson: — I think, you know, from that perspective, I'd look to the wishes of the committee as a whole if there's direction that they want to provide my office in that regard. You know, if they provided that direction, I'd have to give it due consideration.

The Chair: — Yes, Ms. Carr?

Ms. Carr: — I believe that Premier Wall has publicly stated that he's not ruling anything out, including inviting Mr. Pushor to appear before this committee. However we've been advised that he wants to wait until the RCMP process is concluded and go from there.

The Chair: — Just one further question here around *The Public Inquiries Act*. Could you maybe explain to the committee how that works with respect to your office?

Ms. Ferguson: — So the legislation in *The Provincial Auditor Act* makes reference to *The Public Inquiries Act*. And so basically it's not the Act as a whole. It basically gives our office the ability to call people that are uncooperative and use that as a mechanism. It is more of a legal mechanism. It is also a mechanism that our office has never used in the history of the office. So the use of it would be, frankly, first-time use.

The Chair: — Thank you, Ms. Beck. And we'll have one more comment here and we'll move on with the agenda.

Ms. Beck: — Just a clarification, a question of clarification. So if I understand correctly, the public inquiry would only be required should we have witnesses who might be called but not co-operative in coming forth with information?

Ms. Ferguson: — Really what it is is like *The Public Inquiries Act* is a tool that's available not only to our office. You know, our office does a cross-reference into that Act so there's other mechanisms under *The Public Inquiries Act* to initiate a public inquiry. It wouldn't be something that would be initiated by our office.

The Chair: — Thank you. And just in light of ruling this motion out of order, this may not be the correct committee. It would be better perhaps in a policy field committee anyway to be having this discussion because we don't have at the moment an auditor's report from which to work, or public accounts. But thank you for the discussion.

I realized in my haste here this morning that I didn't introduce Chris Bayda who is the executive director of the financial management branch. And we have June Borland . . . Jane. My apologies, Jane; my handwriting and my lack of reading glasses are an issue. Jane Borland who is also with the Provincial Comptroller's office. So welcome. We appreciate your attendance here. At every meeting here, you are here.

We do have a document that needs to be tabled. We have the Ministry of Finance: Government response to Standing Committee on Public Accounts first report of the twenty-eighth legislature, dated September 7, 2017. And that's document PAC 35-28 and that is tabled . . . [inaudible interjection] . . . Oh, I think that I did, that Mr. Fiaz is substituting for Lisa Lambert. Yes, thank you.

We shall move on with the agenda. Thank you everyone for your patience, and I will pass this off to Ms. Ferguson for our first chapter here on Highways and Infrastructure.

Highways and Infrastructure

Ms. Ferguson: — Thank you very much, Madam Chair, committee members, and officials. With me today is Mr. Victor Schwab. Ms. Regan Sommerfeld is unable to join us this morning here. Victor's got responsibilities in the division that is responsible for the audit at Highways and Infrastructure. And in addition is Ms. Kim Lowe who is behind, who's the office liaison with this committee, and Mr. Kelly Deis. Kelly is here for a later agenda item, so he'll be at the table shortly.

We have a very brief presentation on the Highways and Transportation here. Before I do that, I would like to actually welcome the new deputy minister to the committee. I think it's his first time appearing at the committee. It's very short this morning; you're lucky. And I'd like to thank him and his staff for the co-operation that they afford to our office in the course of the work that we do.

So before us this morning is one chapter, and it contains a recommendation that the committee has seen before at a number of different ministries, and at this ministry once again. It relates to the prompt removal of unneeded user access to IT [information technology] programs and such. And we continue to report that this is an area of concern to our office. Really, it's important that unneeded user access gets removed promptly and appropriately, you know, and we continue to see incidents such as at the ministry here where that's not occurring.

You know, I think it's . . . You'll see it. It'll be on the agenda item again later today. It's raised again today. And what we're really looking for is people to work together in the ministries and across ministries to come up with a solution in this regard because it just continues to . . . We continue to find problems in this area. So that concludes my presentation this morning.

The Chair: — Thank you, Ms. Ferguson. I would like to pass it off to Deputy Minister Antunes, if you'd like to make some comments.

Mr. Antunes: — Sure, thank you. Before I begin, I just want to take a moment to introduce my colleague, Wayne Gienow, who is the executive director of corporate services division. He's with me here today.

I'd like to begin by thanking you for giving me the opportunity to provide a response to the Provincial Auditor's report. You know, our ministry definitely appreciates the insight and input of the auditor and ongoing effort to improve our processes and controls. As the auditor has correctly identified, systems and data could be at risk from not removing access to computer

systems on a timely basis, and we are working diligently with the supervisors to make sure that that's where it starts.

It actually starts with the supervisors making sure that they fill out the appropriate paperwork to make sure that the access is terminated at the moment the employee leaves. And I think we have a pretty good record of doing it, you know, where you know that the termination is one that's a perhaps involuntary termination because you pay more attention to it. It's the ones that are more routine that are probably where there's a bit of a lack of awareness perhaps. But we continue to work with our supervisors to make sure that that is being done.

[10:45]

And we have done some other things. What we've done is we've worked with the IT department where they have a process in place now where they actually will take reports from people that are off the payroll system and compare them to the people that are on the IT system, and then they'll produce a report at the end of every month and say, hey there's a discrepancy where you've got some people that are terminated off of the payroll but they're still in the IT system. And they'll send that over to us, any discrepancies, and we notify the supervisors and ask them to fill out the appropriate paperwork. Or sometimes the . . . our security officer will actually do it himself. And that happens monthly, so we have that process in place every month.

And we're continuing to work with other ministries, as you mentioned, to improve the process of removing user access. You know, ultimately if you could have some type of an electronic system that's tied to when they lose their payroll access they lose their IT access, that would be an ideal world to be in. We're not quite there right now but we continue to work with other departments to make sure that . . . to move in that direction.

And I think it should be noted that, you know, there have been no instances of unauthorized access. So even though we've had this citing or this noting, there haven't been any issues with people having unauthorized access at this time. And as I said, we'll continue to monitor and track our progress on the measures we've put in place, make improvements as you've requested.

In closing, I'd like to thank you for the opportunity to discuss this and continue to work with the Provincial Auditor and this committee in the future.

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

Ms. Beck: — Thank you, and welcome. It seems a number of us are here for the first time today. The only question I had . . . and I note that this is a recurring theme through several of the chapters, around the timely removal of IT access. There is, as I said, repeated reference to timely removal of access. Is there a time frame that's sought out here for how quickly you would want the access to be removed? I noted one of your processes was to review monthly. Was there a time frame that you were aiming for?

Ms. Ferguson: — Well ideally I think, you know, it's as the deputy minister expressed, you know, like the ideal world will be if somebody comes off payroll their access should be removed at that same point in time, right? You know, it's where we're hitting situations where it's like 63 days. You know, that's a couple of months later, so it shows that the monthly process isn't quite working yet.

Where we're at is that, you know, ideally when somebody comes off payroll they should no longer have access, or within several days of their last day of employment. Where a person is retiring or you know their termination date, it seems like, you know, it shouldn't be that hard to just factor in, let people know that take the access off at this particular date. You know, I think it's a matter of coordination and just making sure it's on people's radar.

It's just as much . . . important as a person getting their final paycheque, an accurate paycheque, is to taking them off the system. You know, that's kind of where we're at, is that this is important. It's really important because what it does is it exposes you to unnecessary risks, you know, and it shouldn't really be that complicated.

Checklists are good. People aren't quite filling them out when they should be filled out yet. It's just that continual reminder, you know, and it's more of the routine ones. You know, it's not the ones where people are being terminated quickly. They seem to think about it then, which is good. We're happy about that. But it's that routine piece, you know, and it's just to ingrain that. It's just another thing that needs to be done when somebody puts in their resignation and you know their last day of employment. People give notice. Most people give notice. You have lots of advance notice. Just work it into the system.

The Chair: — Thank you, Ms. Ferguson. Are there any other questions? Seeing none, we actually just need a motion to conclude considerations. Could I have a motion to that regard?

Mr. Michelson: — I so move to conclude consideration of this chapter.

The Chair: — Thank you, Mr. Michelson. Mr. Michelson has moved that for the 2016 report volume 2, chapter 10 that this committee conclude consideration. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you, Mr. Antunes. Have a great day. We'll just take a moment here. We'll briefly recess for our next set of witnesses. Thank you.

Mr. Antunes: — Thank you.

[The committee recessed for a period of time.]

Environment

The Chair: — Welcome back, everyone. That was a very brief recess. We've got with us now Mr. Kevin Murphy, the acting deputy minister for Environment. So welcome to Mr. Murphy and your officials here today. Ms. Ferguson will make a few

comments and then I shall pass it off to you. Ms. Ferguson.

Ms. Ferguson: — Thank you very much, Madam Chair, committee members, and officials. You know, first off I'd like to welcome you as acting deputy minister to the committee here and thank you, you and your officials, for the co-operation that's extended to our office during the course of the audit.

The matter that's before the committee is actually the same matter that we just raised with the Ministry of Highways and so, you know, our views are the same as what I expressed on Highways on this one here.

We are seeing some progress. There's less incidents in terms of the easier access than the prior audit, but they're still occurring here. And it's just, you know . . . It's in common with a couple, a number of other ministries. It's an area that the Ministry of Environment here, is an area that they need to continue to work on. That concludes my comments.

The Chair: — Thank you, Ms. Ferguson. Mr. Murphy, would you like to make some comments?

Mr. Murphy: — Thank you very much. First of all, on behalf of our deputy minister Lin Gallagher, she sends her regrets.

Thank you, Madam Chair, to the committee and to the auditor's office. With me — I would like to introduce my officials — is Veronica Gelowitz, executive director of corporate services division; Cheryl Jansen, director of corporate services division; and Zac Solomon, director of corporate services division.

We support the recommendation that the ministry must promptly remove unneeded user access to systems and data, and we've implemented this recommendation. As part of this implementation, the ministry has reminded managers to request unneeded user access immediately. Ideally, managers will always send this request forward. However we've also implemented a series of controls to ensure that this is occurring. These include a weekly review of emails from the Public Service Commission, which identifies employees who were terminated, as well as a biweekly review of interactive user reports from Central Services.

The four users identified in the report as being removed between two and seven days after they left the ministry were users that were identified by these additional controls. One user was missed during a review of weekly reports and no unauthorized access occurred during that incident. This recommendation continues to be a priority for the ministry. Thank you very much.

The Chair: — Thank you very much. I'd like to open up the floor for questions. Ms. Beck.

Ms. Beck: — Thank you, Madam Chair, and thank you. Welcome. I did have one question for the auditor, and this may just be me being new. In chapter 6 you noted under the third point that during the year in which you conducted this audit, there were several areas that you paid particular attention to. So one was Environment's processes to levy and collect lease fees from a number of different sources. The other was around the ministry's process to estimate environmental liabilities related

to contaminated sites, as well as the accuracy and completeness of contractual obligations. And I just wanted to confirm that there . . . I noted that there were no recommendations made around those. There weren't any concerns in any of those areas.

Ms. Ferguson: — That's true. What we've done is we've added that aspect into our reports in the last couple of years, and really what we're trying to do is to give the committee members and the public a little bit more insight in terms of some of the key areas that we're looking at in these annual audits. And you're quite correct: if there's no findings underneath, silence is good. So you know, it means these are areas that the ministry, you know, is doing a good job on.

The Chair: — Thank you for that. Any further questions? Seeing none, these are not new recommendations, so this committee only needs to conclude considerations. Could I have a motion to that regard?

Mr. Michelson: — I'll move consideration of this chapter.

The Chair: — Thank you. Mr. Michelson has moved for the 2016 report volume 2, chapter 6 that this committee conclude consideration. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. Thank you, Mr. Murphy. And we will take a very brief recess once again, just to change officials. Thank you.

[The committee recessed for a period of time.]

Agriculture

The Chair: — Welcome back. That was again the world's shortest recess. Welcome to the officials from Agriculture now. We've got the deputy minister, Mr. Rick Burton. Thank you for your attendance today. I'll pass it off to Ms. Ferguson and then give you an opportunity to introduce your officials and make some remarks. So, Ms. Ferguson.

Ms. Ferguson: — Thank you very much, Madam Chair, committee members, and welcome to the officials also. Just again extending a thank you to the deputy minister and his staff for the co-operation extended to our office in the course of the work that's before the committee today, and also the other work that we're doing as an office here.

There's two chapters that are on the agenda here for the Ministry of Agriculture. It's chapter 2 of our 2016 report volume 2, which is the result of our annual integrated audit, and then chapter 32 in our 2016 report volume 2, which reflects a follow-up of work that we did in relation to irrigation infrastructure maintenance. Because in the second one there, the follow-up, the recommendations are all implemented, I'm going to present those two chapters together here.

So first off, the chapter 2 of the 2016 report volume 1, it's really dealing with the same matter that we just discussed for the prior two ministries. It relates to, you know, the prompt removal of unneeded user access, you know, in common with the other two

ministries. This continues to be an area that the Ministry of Agriculture, in our last looks, continued to need to work on there.

On the second one, which relates to the chapter 32 in that same report, we're reporting that by September of 2016 the ministry had implemented both of the recommendations that we had made with respect to our 2011 audit of the processes to maintain irrigation infrastructure at Lake Diefenbaker.

I draw to the committee's attention that although the ministry transferred the operations of this infrastructure to the applicable irrigation districts, it does remain responsible for the infrastructure itself along with the maintenance. And so we're quite pleased to report that they have implemented both recommendations in that regard. So that concludes my comments for this morning here.

The Chair: — Thank you, Ms. Ferguson. Mr. Burton.

Mr. Burton: — Thank you, and it's a pleasure to be here today.

I'd like to thank my officials and introduce them. There's Bill Greuel, the assistant deputy minister for regulation and innovation; Lee Auten, assistant deputy minister for programs; Cammy Colpitts, assistant deputy minister for policy; Shawn Jaques, CEO [chief executive officer] and president of Saskatchewan Crop Insurance Corporation; Michele Arscott, executive director of corporate services branch; and Robert Pentland, senior manager, financial services, corporate services branch. So I want to thank them for being here to support here today.

Just to report on the one outstanding recommendation, we certainly agree with the Provincial Auditor, and I think we've taken steps like other ministries to address the concern that was raised. The ministry reminds all managers and supervisors to delete user access to computer systems on a timely basis. The ministry also receives a weekly termination report from the Public Service Commission to ensure that user access has been removed on a timely basis. And like the other ministries, we have found no unauthorized access has been reported to date.

So with that, I'll just open up for questions.

The Chair: — Thank you, Mr. Burton. Are there any questions? Ms. Beck.

Ms. Beck: — Thank you, and welcome. So one of the questions — and I'm not sure if it's best posed to the officials or to you — but when was this issue first identified, the IT users, the removal of, the timely removal of IT users?

[11:00]

Ms. Ferguson: — I don't have a specific year, but I want to say a long, long time ago. I'm looking to Victor here, because Victor is in our IT area. You know, I want to . . . You know, I think it probably would be . . . Well he's pointing, for Highways it was in 2009. I would even suggest it might even have been earlier than that. So this is an area that our office has raised for a considerable period of time.

Since that point in time there has been progress. I want to make sure that's clear. There are certain things that . . . You know for example, the deputy minister reference to reports that were coming out, the weekly reports. Those were tools that weren't previously available. Checklists, they weren't previously in place. So we have seen progress in this area.

In some cases, it's ebbed and flowed a little bit in that the organizations have been provided with additional tools, but people weren't always using them as yet. You know, might have been a bit of a training issue in terms of turnover of staff, etc. But you know, there has been progress but, as I expressed earlier, not as fast as the audit office would have liked to have seen.

So I think they're getting closer, but it's to keep it priority, you know, of staff. And I think that's the trick. You know, it's great to have the tools, but there is turnover in staff in organizations all the time. It's something to keep on people's radar, and we recognize that's challenging, but we think it's important that they do that.

Ms. Beck: — I guess that was the follow-up question that I had, if it was the case that each ministry was left to their own devices to come up with a process to ensure compliance, or if there were a set of best practices or something similar, a checklist, provided to the ministries that would ensure that those accesses were removed in a timely fashion.

Ms. Ferguson: — We are seeing a lot more coordination between the ministry. They have shared, I think, more practices as to what's working, what's not working.

As was referenced a little bit earlier this morning, you know, the ultimate would really frankly be the IT solution: you know, that when a person was terminated from the payroll, at that point in time, the rest happens at the same point in time.

In situations a lot of this is handled by central agencies, right. Central Services does, you know, provide the hosting of a lot of the systems. To do coordination between the two is ultimately sort of the best answer, you know. But they're not quite there yet, you know, not quite there yet. So in between it's using generation of reports and people manually reviewing them and getting the paperwork in. And it's, you know, it's making progress but we're not quite there.

Ms. Beck: — Thank you.

The Chair: — Any further questions? Seeing . . . Oh, Ms. Beck, sorry.

Ms. Beck: — Thank you. This was in chapter 4 around the approval for grazing agreements obtained, and I noted that the status is implemented here. The concern that had been raised previously was around obtaining orders in councils for entering into grazing agreements for land in excess of 25,000 acres.

There were, I believe, in 2015 and '16, two instances where those OCs [order in council] had not been obtained prior to entering into those. I was just wondering if that was just a case where that was missed or this was a change in policy that got you to the point where this is now implemented.

Mr. Burton: — Thank you for the question. Yes, those two particular ones, there was just an oversight in the process. We've implemented a process for reminders in the system, and we don't see that being a problem going forward.

The Chair: — Thank you, Mr. Burton. Any further questions? Okay, Ms. Beck.

Ms. Beck: — So just to clarify, we're dealing with both chapter 4 and chapter 32 at this time?

The Chair: — Chapter 2 and chapter 32.

Ms. Beck: — Okay, chapter 32. So the irrigation infrastructure maintenance, I did have a question just in the preamble in the main points. One of the things that was noted that the ministry has developed long-term irrigation objectives, and I was just curious about how that's arrived at. Is that weather mapping? Is that based on changing crops? Or what are the factors that go into that long-term objective?

Mr. Burton: — Thanks. And I'm going to let Bill Greuel, the assistant deputy minister for that area, respond.

Mr. Greuel: — Yes, thank you very much. So that's really referring to our overall irrigation strategy, which focuses really on three areas. It's increasing the value of crops on an irrigated acre. It's looking at sustainability of our assets, and it's looking at the long-term growth of a sector.

So we're really working with irrigators in those areas, irrigation districts, and looking at the economics of crop production, and certainly looking at changes to crop production over time to develop the strategy, which is currently published on our website and drives a lot of the work that we do in the irrigation sector in the province.

Ms. Beck: — Thank you.

The Chair: — Thank you for that. Any further questions? No? Seeing none, we have two chapters here that we actually have no new recommendations, so we can conclude considerations. Could I have a motion to that end?

Mr. Michelson: — I so move that we accept consideration of chapter 2, volume 2 of the 2016 report and chapter 32 of volume 2 of the 2016 report.

The Chair: — Thank you, Mr. Michelson. Mr. Michelson has moved that for the 2016 report volume 2, chapter 2 and the 2016 report volume 2, chapter 32 that this committee conclude considerations. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. Thank you to Mr. Burton and your officials. Have a lovely day.

And we'll take a brief recess again, just to switch chairs.

[The committee recessed for a period of time.]

Advanced Education

The Chair: — Welcome back again. Welcome this time to Mr. Mark McLoughlin, the deputy minister of Advanced Education, and your officials. Ms. Ferguson will just make some comments and then I shall pass it off to you for comments as well. Ms. Ferguson.

Ms. Ferguson: — Thank you very much, Madam Chair. With me this morning I've got Mr. Kelly Deis. Kelly is the deputy that's responsible for the education sector within our office, which includes Advanced Education. And Ms. Kim Lowe still remains with us this morning here, and she's our committee liaison.

As the Chair indicated, there is two items on the agenda here, two chapters. Both of them are from our 2016 report volume 2. One relates to the annual integrated audit that we carry out each and every year, and the second one relates to a second audit that we did on approving capital projects at the ministry. Before we launch into that I'm going to briefly present the annual integrated audit and Mr. Deis will present the performance one. We'll pause after the first presentation to allow for committee's questions, if any, on that one.

Before I launch into my presentation I'd just like to thank the deputy minister — and welcome him to the committee; I think it's probably his first time coming to the committee here too — and his officials for the co-operation extended to our office here.

So without further ado I'm going to discuss chapter 1 of our 2016 report volume 1. And so it includes the results of the annual audits of the ministry, Student Aid Fund, Sask Training Completions Fund, and Sask Polytech too. We're pleased to report that the agencies that prepare financial statements have prepared reliable financial statements and that they've complied with legislation too.

So we're really only raising one matter and it's with respect to the ministry. And we continue to report that the ministry hasn't signed an adequate agreement on disaster recovery with the Ministry of Central Services, and that the agreement in place does not address security concerns in one of the ministry's key IT systems. And the IT system is called the one-client service model. Some people refer to it as "awesome" or OCSM [one-client service model]. This system does contain sensitive financial information about post-secondary students and their relatives, so we think security on systems that contain confidential information is absolutely utmost.

We first made this recommendation in 2008. Since that point in time, the ministry has been working with Central Services, you know, to try to advance and to get an agreement in place, but at the point in time in the audit, they still didn't have one in place. It's working on trying to complete the related schedules on disaster recovery with a time frame of the end of March of 2018. So it's moving forward — not quite as quickly as the audit office would have hoped, but we're pleased with the direction that . . . It looks like we actually finally have an end date as to when this will be implemented. So that concludes my comments on this first chapter here.

The Chair: — Thank you, Ms. Ferguson. Mr. McLoughlin, would you like to make some comments on this chapter 1?

Mr. McLoughlin: — Yes, thank you. And I'd just like to introduce my colleagues here with me this morning: David Boehm, assistant deputy minister, corporate services and accountability; Todd Godfrey, director of capital planning; and Duane Rieger, executive director of business systems and risk management.

Thank you for the opportunity to be here. I'll put my comments into two categories. The first one we'll deal with in respect to the IT as designed in chapter 1. And then I'll stop and address any questions, then we'll move on in respect to chapter 24.

Chapter 1 relates to a recommendation that the ministry sign an adequate agreement on disaster recovery of computer systems with the Ministry of Central Services. The ministry's IT system — or what we refer to as OCSM, short for the one-client service model — continues to undergo enhancements. Working with the information technology division of the Ministry of Central Services and our OCSM stakeholders, a three-phase risk management plan was created in 2011 to mitigate infrastructure risks, update and stabilize the system, and modernize it.

Phase 1 enhancements to mitigate infrastructure risks were completed in 2011. Phase 2 included application upgrades to hardware and software which were completed in 2016. Database upgrades were completed in March 2017.

Phase 3 planning started in 2016 and includes modernizing the system to provide digital service to our citizens by using current information technologies. Although the ministry has a memorandum of understanding with the Ministry of Central Services regarding the OCSM system, detailed disaster recovery service levels are not provided as system upgrades were required. To ensure timely services to the public, the ministry define broad, comprehensive disaster recovery requirements for responding to disruptions to the development of a business continuity plan.

Now that phase 2 upgrades have been completed, we can continue to investigate and develop extensive disaster recovery processes for our computer systems as part of a comprehensive service agreement with the Ministry of Central Services. The new comprehensive service agreement is targeted to be in place by the end of the 2017-2018 fiscal year.

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

Ms. Beck: — Thank you. Thank you for being here today. So my questions just stem from a desire to seek a better understanding. So back in 2011, you entered into a three-phase agreement around protection and hosting and utilization of IT systems and data. And the fact, the concern that was raised by the auditor was the third part, the disaster recovery portion of that agreement. Was it the case that . . . Were there roadblocks or anything that caused that not to happen at an earlier date, or was just . . . this was planned as the third phase of that agreement, the disaster recovery?

Mr. McLoughlin: — Going to pass that to David.

Mr. Boehm: — Yes. So there certainly, as part of that plan, was the need to take a number of preliminary steps before we could work on disaster recovery. One of the challenges that we faced as a ministry was that both our application hardware and software were out of date and needed to be updated prior to that disaster recovery program being implemented. And so that took a number of years to get that work done, over two fiscal years.

But we are pleased to report that now that we have an updated and modern system in terms of the IT requirements and hardware requirements, we can now focus on a more comprehensive disaster recovery program.

Ms. Beck: — And is that something that's common? I'm just thinking that the time between 2011 to 2018 that a ministry is entering into this type of agreement, there'd be that type of a lag while systems were updated before the disaster recovery plan could be implemented.

Ms. Ferguson: — I think what we saw in this case, and actually we've done additional work in this area on that particular IT system, is that there was a lot of complexities around the system itself, you know. It is a system that the ministry . . . It's the lead on it, but it involves other stakeholders. Like Sask Poly is involved in it, which added complexity. I think there was a lot of discussion as to who would be responsible for the upgrades in terms of who pays, which in our regard is the value of having a good agreement and a sound agreement. And so all of these factors I think, you know, added complexity, and so we did see that this particular situation was taking longer than a number of other ones in terms of types of systems that would fall into these categories.

Ms. Beck: — Thank you.

The Chair: — Any further questions on this chapter? Seeing none, we shall move on to the next.

Ms. Ferguson: — I'm going to turn it over to Mr. Deis to present this one please.

[11:15]

Mr. Deis: — Thank you, Ms. Ferguson. Chapter 24 on pages 113 to 122 reports the results of our performance audit on the Ministry of Advanced Education approving capital projects. We concluded for the 12-month period ending August 15th, 2016 that the Ministry of Advanced Education had, except in the following area, effective processes to approve post-secondary capital projects.

In our recommendation on page 121 we recommend that the Ministry of Advanced Education give post-secondary institutions timely feedback about capital project requests that are not approved. We found the ministry communicated to institutions when projects were not approved, but it did not tell them why their requests were not approved. Submitting project proposals takes time and effort. Such feedback would provide educational institutions with insight on to what to change when making future requests and advice on the next steps — for example, resubmit or find alternative solutions. And that concludes our overview.

The Chair: — Thank you, Mr. Deis. Mr. McLoughlin, would you like to make some comments?

Mr. McLoughlin: — Yes thank you. Previously we did not have a formal process to provide feedback on why projects may have not been approved. While we relied more on our informal processes, we agree that a more comprehensive process can be beneficial. We have now established formal meetings implemented by our capital planning unit, which are important to clearly outline capital planning requirements with our sector partners working to strengthen future capital submissions. Thank you.

The Chair: — Thank you. Ms. Beck.

Ms. Beck: — Thank you. Again in an attempt to seek further understanding . . . I'm not that familiar with the post-secondary capital grants. I'm more familiar with the K to 12 [kindergarten to grade 12] system and how those requests work. Is there . . . So the institutions would submit . . . in the K to 12 system it was called a B-5, so a capital request submission to the ministry. And then there's criteria for ranking those requests and decisions are made on those.

Is there an inventory of the requests that have been made and a ranking? Do we have an idea of how many outstanding capital requests there are within the post-secondary sector?

Mr. Boehm: — So the ministry has developed a set of criteria to evaluate the capital proposals that we do receive. But I think in the context of this discussion, it also reflects some of the preventative maintenance and renewal funding that we have available for the system because certainly there are needs within the system to upgrade equipment and buildings and systems from time to time. And it's important from our perspective to have a set of criteria that, you know, then allows us to make decisions to select the items that are most critical. Health and safety, for example, risk issues would rank at the top of the list in terms of the weighting.

And so each of the submissions would be evaluated, and of course those at the top of the list would receive funding and support. But in some cases we weren't as diligent in the past about providing that feedback to those that were not successful.

Ms. Beck: — You had mentioned, and I'm just looking at the updates here, there were a number of measures that were taken in light of the auditor's report around providing that feedback. You mentioned formal meetings and communications.

Do you have any feedback on your feedback? Have you heard from those stakeholders if those meetings have been satisfactory in terms of answering their question?

Mr. McLoughlin: — I'll pass that question over to Todd.

Mr. Godfrey: — Certainly at the meetings, we've . . . They seem to be quite appreciative of having had the opportunity to hear about the processes, what we see coming forward and what projects were or were not approved.

Ms. Beck: — Again just in a typical year — maybe there isn't such a thing as a typical year — what percentage of the requests

that would be made to the ministry would be approved? Is there a percentage that would be approved? Again, is there . . . I'm trying to get a sense of how big a backlog of requests might be.

Mr. Godfrey: — We break the system down into two things. One is preventative maintenance and renewal, and for that we give base grants to the institutions and leave it up to them to do the prioritization of how that's done. We have at times had funding for programs where we would do an intake of projects and do a prioritization of those as well.

Then on the other side there's the capital program, where every year we ask them to submit a 10-year capital plan. That's consistent with how all ministries across government do that 10-year capital planning process. So the 10-year capital plan tends to contain a lot of the things, but we sort of break them down as per SaskBuilds' instructions: is this just an idea? Has it reached the needs assessment phase? Not many projects reach the needs assessment phase. I think last year we had three.

Ms. Beck: — Thank you very much.

The Chair: — Okay. Any further questions on either of these two chapters? Seeing none, perhaps we'll deal with the first chapter for which, chapter 1 of the 2016 report volume 2, there were no new recommendations, so this committee can conclude considerations. Could I have a motion to that end?

Mr. Michelson: — I move that we conclude considerations of chapter 1 of the 2016 report volume 2.

The Chair: — Thank you. Mr. Michelson has moved that this committee conclude considerations for the 2016 report volume 2, chapter 1. Any further discussions? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. May I have a motion for the next chapter, chapter 24? It is a new recommendation which has been implemented, the minister's officials have said here today.

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

The Chair: — Thank you, Mr. Michelson. Mr. Michelson has moved that for the 2016 report volume 2, chapter 24 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. Thank you. Thank you to Mr. McLoughlin and your officials today. We appreciate your time, and enjoy the rest of your day.

A Member: — Thanks for the opportunity. Thank you.

The Chair: — Thank you. You bet. We'll just take . . . Actually, thank you. And we have no further witnesses, but Ms. Ferguson is going to be presenting on the next three chapters.

So I shall pass it off to Ms. Ferguson here.

Summary of Implemented Recommendations

Ms. Ferguson: — Sounds good. So the next one that's on your agenda is the chapter 24, relates to Saskatchewan Impaired Driver Treatment Centre. It's in our 2015 report volume 2. This one is a result of our annual audit that we do, the annual financial audit.

In the chapter we make two new recommendations. The first recommendation relates to the centre providing training and guidance to staff for maintaining accurate accounting records and preparing interim financial reports. During the course of the audit we identified that this was an area of challenge for the centre, and then they needed to spend more attention on that.

And the second one is that we're highlighting to you that, you know, that they were submitting their annual report, including the financial statements, later than the law required.

In both cases, as we report in chapter 23 of our 2016 volume 2 report, in the subsequent year we found that they had implemented both of these recommendations to our satisfaction. So that concludes my presentation on the centre.

The Chair: — Thank you, Ms. Ferguson. Does anyone have any questions for the auditor? Ms. Beck.

Ms. Beck: — Thank you. One of the first questions that I had when I was reviewing this was just a point of clarification. In the main points on the first page notes that the centre's 2014 and 2015 financial statements are reliable, and then on the next page it notes that the centre did not keep accurate accounting records. And I'm just wondering about the different threshold there.

Ms. Ferguson: — So what we did is in the course of the audit when . . . and that's one of the reasons actually we're reporting on both years here, is that as an organization they had a difficulty preparing their financial statements. And part of the problem is that they had inaccuracies in their financial records. And so it took a lot of time and effort for them to prepare accurate statements, and it required adjustments to their records.

So they did get there. They did actually, you know, prepare those statements, and they made adjustments to their records. And basically at the end of the day the statements that were finally presented, the final set of statements presented for audit, we were able to say that they were reliable and that the public can use them as good information. And those are the statements that are made public.

Ms. Beck: — So part of the . . . How they ensured compliance was that they hired additional staff. Is that correct? They hired specific staff?

Ms. Ferguson: — Exactly. You know, I think what was happening there is that I think they needed some more expertise at the table and more understanding at the table in terms of what it takes to do proper record keeping, to understand the adjustments that you need to make to prepare statements — you know, the difference between cash accounting and the accruals,

right, what you owe and what's owed to you, that type of stuff. So as I indicated, you know, we do think that they've gotten there. They were able to prepare the next year's statements and did a much better job.

Ms. Beck: — So this is a relatively small organization. I think the budget's about \$1 million. So did those funds to hire those additional staff, they came within their existing budget? Maybe I'm asking questions that . . .

Ms. Ferguson: — I actually don't know that off the top. I don't know if maybe comptroller's office knows? No, they're shaking their head too. Sorry. I don't know that off the top, sorry.

Ms. Beck: — I guess my curiosity was just around impact with . . . if there were budget allocations that were moved from programming to hire those staff. But I . . .

Ms. Ferguson: — I'm not sure, sorry.

Ms. Beck: — I understand.

The Chair: — Thank you. No further questions, Ms. Beck? No? Okay. Anybody else? All right, maybe we'll deal with that chapter right now. So we have two new recommendations and both of those have been implemented. Could I have a motion with respect to the will of the committee?

Mr. Michelson: — I will move that we concur with the recommendations and note compliance on these two.

The Chair: — Thank you, Mr. Michelson. Mr. Michelson has moved that for the 2015 report volume 2, chapter 24 that this committee concur with the two recommendations and note compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. We shall move on to chapter 27 and I shall pass it off to Ms. Ferguson.

Ms. Ferguson: — So chapter 27 relates to Saskatchewan Research Council. It's in our 2015 report volume 2, and it relates to the year ending March 31st of 2015. In that report we draw two new items for the committee's attention. The first one relates to the area of incentive bonuses that it provides to its senior executives.

[11:30]

What we found in the 2015 audit is that when they did that particular bonus, they didn't have a second person check the calculation before they made the payment, and that actually they had errors in the calculation. And so as a result, they actually overpaid. They did recover the amount of the overpayment. And as reported in chapter 23 of our 2016 volume 1 report, they have put in processes now where they are making sure that they are checking the accuracy of the calculation by a second person before the payment is made. So that is just frankly just good practice that one person prepares, a second person checks. So that is in fact in place.

The second item that we brought to the committee's attention is

that it relates to the use of a bank account. There is requirements in place, like a number of organizations, in order to open a bank account you have to seek approvals, prior approvals. In this case, you know, what they did is they changed their bank account and they did not follow, you know, the right protocols in terms of seeking the approval of treasury board prior to doing that. And so what we've done is we've reminded them as an organization that this is part and parcel of what you need to do, and they in fact have embedded reminders into their systems now, you know, in the event that they do make changes to future bank accounts that they will remember to seek the proper approval.

So for us as an audit office, we always treat it important when organizations aren't following the legislative requirements and making sure that they know that those legislative requirements are important and they should be complied with. So that concludes my presentation.

The Chair: — Thank you, Ms. Ferguson. Ms. Beck.

Ms. Beck: — Thank you. So as you noted, to come up in the auditor's report with several recommendations is significant for a board, and there were some concerns that were raised here. One of the questions I did have was around how it noted that the approvals were made without verification. And you mentioned that now there would be at least two people responsible for verifying and looking over that approval. So that's been remedied, in your evaluation.

There is a note here that in 2014-15 SRC [Saskatchewan Research Council] identified that an error was made in the calculation. How did that error come to light? How was that caught, that error?

Ms. Ferguson: — Actually it was a couple of years ago. Actually I think, you know, I actually think that the president themselves might have paused on the amount that was paid and brought it to the attention of the organization. I think that's . . .

Ms. Beck: — It's a fairly significant amount.

Ms. Ferguson: — Yes.

Ms. Beck: — \$130,000. Okay. And the other question I had on this chapter was just around the reason to not follow the . . . obtain treasury board approval before changing bank account. I'm not sure how often that happens, changing the bank account. I just was wondering if there was a reason that the bank account was changed or just a matter of course.

Ms. Ferguson: — I am actually not privy as to why the reason for the change in the bank accounts. I know organizations do sometimes change their financial institutions just as a matter of course and as a matter of renewal. You know, in this case it was an oversight on their part and that they, the person, the individuals that were responsible for doing this, they weren't aware of the rules. And for us as an audit office, we always think it's important for people to be aware of what their requirements are and to make sure that's embedded in their processes. Okay.

The Chair: — Any further questions? Ms. Ferguson did you

comment on the . . . So there were two new recommendations, but there were two outstanding recommendations. I don't know if I missed that.

Ms. Ferguson: — Sorry, no, I didn't do that. I guess I just focused on the new ones. With respect to obtaining an order in council with respect to the remuneration it paid to the board, as indicated in chapter 23 of our 2016 report volume 2, it subsequently did obtain an order in council for that too. And again it's the same concept as for the bank accounts aspect is to make sure that you have processes that where you are required to follow the law and particular rules, to make sure that's embedded in your processes. So it's in essence the similar type of a point.

The Chair: — Thank you. Ms. Beck.

Ms. Beck: — I just have one follow-up question. And it was on the bottom of, or the second paragraph on page 134 noted that as such, the rates it pays to the board have not been approved as required by the Act and have not been made public. They've subsequently been made public?

Ms. Ferguson: — You know, in essence what an order in council does, it does two things. You know, it provides cabinet approval with the concurrence of the Lieutenant Governor, but an order in council is also a public document that is posted on Sask Publications. So it does make it public, you know, and so from our perspective, it's important that when a piece of legislation requires an order in council it recognizes that both of those things are occurring at a point in time. So the Assembly has in essence instructed the organization not just that it needs cabinet approval, but this is something that it should be disclosing to the public.

The Chair: — Thank you, Ms. Ferguson. Are there any further questions on this chapter, chapter 27? Ms. Beck.

Ms. Beck: — Just one more. I'm just reading my notes that I scribbled down. A run loss is reported, noted in 2013-14. There was a loss that was incurred from sale of assets. Was there a particular asset that was sold there that loss was incurred?

Ms. Ferguson: — You know, I didn't write that down. So we actually don't remember what the asset was. But what it was is that they used an organization . . . They put the asset on consignment with an organization, and that organization that they utilized went bankrupt, and they actually lost possession of the assets in conjunction with that. So it was a little bit of a . . .

Ms. Beck: — So it was sold through a third party, and before they . . .

Ms. Ferguson: — And the third party had possession of the asset.

Ms. Beck: — Of the asset. Okay. Okay, thank you.

The Chair: — Thank you. The Provincial Comptroller's office is here, and it notes in the report that it was reported to the Provincial Comptroller's office. In light of your question about who or what that asset was, is there any answer at that end of the table?

Mr. Bayda: — No, I don't have that information with me. It dates back a little ways. So more current loss report information, I have some with me, but I don't recall.

The Chair: — It was worth a shot anyway. Thank you. All right. Well we have two new recommendations in that chapter; both have been implemented. So for the 2015 report volume 2, chapter 27, could I have a motion of the will of the committee? Mr. Michelson.

Mr. Michelson: — I will move that we concur with the recommendations and note compliance.

The Chair: — Thank you. Mr. Michelson has moved for the 2015 report volume 2, chapter 27, that for recommendation no. 1 and 2, 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. So for the 2015 report volume 2, chapter 27, the committee is . . . I already did that. That was moved and carried. Sorry about that.

We will move on to the 2016 report volume 2, chapter 23 now.

Ms. Ferguson: — Thank you very much, Madam Chair. So as the title of the chapter indicates, it's really a summary of implemented recommendations where we don't have a chapter for that entity otherwise. And so you'll find that it lists a number of organizations, including the two organizations that we talked about, and closes the loop really for the public and the legislators in terms of the status of those recommendations. And so in each of the ones that are listed here, the organizations have implemented the recommendation that our office has made. So just a quick summary of each of those.

The Chair: — Thank you, Ms. Ferguson. Are there any questions on chapter 23? It's a pretty straightforward chapter and there are no new recommendations, so we can conclude considerations. Could I have a motion to that end?

Mr. Michelson: — I will move that we conclude consideration.

The Chair: — Thank you. Mr. Michelson has moved that for the 2016 report volume 2, chapter 23 that this committee conclude its considerations. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right, thank you. We are moving on to the Ministry of Justice. We'll just take a brief moment here, a brief recess while they get set up.

[The committee recessed for a period of time.]

Justice and Attorney General

The Chair: — Welcome back. Again, a very short recess once again. Welcome to the officials today from the Ministry of Justice and the Attorney General. We have today the associate

deputy minister of custody, supervision, and rehab services. That's Mr. Dennis Cooley. Welcome to you and your officials. Ms. Ferguson will make some remarks and then I shall pass it off to you for your comments on the recommendations. So with that, Ms. Ferguson.

Ms. Ferguson: — Thank you, Madam Chair, members, and officials. With me this morning is Mr. Kelly Deis who I just introduced for the prior agenda item, and behind is Ms. Charlene Drotar. Charlene led, was very involved with the work that we're going to discuss here this morning. And Ms. Kim Lowe remains with us this morning here.

So we've got one item on the agenda here. It relates to work that we did at the ministry in terms of the Justice inmate capacity system. Mr. Deis is going to make the presentation this morning. I do want to take a moment to thank the associate deputy minister and the officials for the co-operation extended by his team and the various other officials in the ministry during the course of this work. So without further ado, I'm going to turn it over to Mr. Deis.

Mr. Deis: — Thanks, Ms. Ferguson. In 2014-15, Saskatchewan's adult incarceration rate was twice the average of other provinces and the territories. Over the past 10 years, the number of adult inmates in Saskatchewan has increased by about 51 per cent, with the bulk of the increase due to increases in the number of inmates on remand. Inmates on remand are individuals who are awaiting trial or sentencing by the courts. The length of time an individual is on remand varies from a few days to several years. Correctional facilities are expensive to build and operate. It costs Justice about \$166 per day per inmate.

Chapter 28 of our 2016 report volume 2, on pages 169 to 187, reports the results of our audit of the Ministry of Justice's processes for planning for inmate capacity of adult correctional facilities. We concluded that for the 12-month period ended July 15th, 2016, the Ministry of Justice had, except for the six areas reflected in our recommendations, effective processes to plan for inmate capacity of provincial adult correctional facilities.

I'm going to focus my presentation on the six recommendations. In our first recommendation on page 177, we recommend that the Ministry of Justice establish written guidance for use in planning capacity for delivering correctional services and programs to inmates in its adult correctional facilities. As reflected in the figure on page 176, correctional facility planning involves multiple areas within the ministry and various organizations and agencies external to the ministry.

We found that the Ministry of Justice was carrying out various correctional planning activities to respond to the growth in Saskatchewan's adult inmate population without the benefit of written guidance. Written guidance for facility capacity planning supports a coordinated approach that makes expectations clear and sustains the planning process. This is especially important when planning involves a large number of parties and is complex. Without written guidance to plan space in correctional facilities, Justice may not complete timely and effective capacity plans for delivering services in its adult correctional facilities.

[11:45]

In our second and third recommendations on page 180 and 181, we recommend that the ministry define how it will determine the inmate capacity of its existing adult correctional facilities to guide facility capacity planning decisions. We recommend that the Ministry of Justice promptly forecast demand for rehabilitation program space in its adult correctional facilities. Justice had not determined the number of inmates that its existing correctional facilities can effectively house or rehabilitate as such. It could not calculate if it was operating within capacity.

In addition, Justice had a practice of converting program space like gyms into living space for inmates. The ministry advises that it converted space to provide beds for the increasing inmate population, in particular increases to inmates on remand. We found that it has done this without consideration of minimum space standards. Conversion of program space to living space directly impacts space available to rehabilitate inmates. Thus, as the number of inmates grows, the space available to deliver rehabilitation program to sentence inmates shrinks.

Not defining the existing inmate capacity of its adult correctional facilities increases the risk that Justice may not make effective decisions about utilization, modification, or construction of facilities. It may result in inmates in different facilities having different and insufficient space available for living and programs. Poor facility decisions can potentially result in inhumane or unsafe conditions for inmates or correctional officers, ineffective rehabilitation of inmates, or inefficient use of public funding.

Inmate capacity planning must consider space needed for rehabilitation programming at the present and in the future. Not having timely forecasts of demand for rehabilitation programs increases the risk that Justice may not have sufficient and adequate space when needed to rehabilitate inmates.

Our fourth recommendation: on page 183 we recommend that the Ministry of Justice promptly complete its analysis of alternatives to meet needs for adult correctional facility space, including those alternatives that do not require major construction or renovation of the facilities.

For a number of years, Justice had a number of projects and initiatives related to inmate capacity planning. Justice had done work to understand the reason for remand inmate population growth and forecasting. In its 2015-16 remand analysis, it identified a number of root causes for the growth of inmates on remand. We found that Justice had not completed its analysis of alternatives or developed strategies to meet needs for inmate living and program space in its correctional facilities. Given the continued growth of inmates on remand and the large number of concerns expressed by correctional workers and inmates about security, living conditions, and impacts of crowding on rehabilitation programs, we find it important that Justice complete this analysis promptly.

Analysis of alternatives, including those that do not involve major construction or renovation of facilities, provide a foundation for developing long-term strategies to plan for inmate capacity in facilities. Without timely and effective

analysis of alternatives for planning facility capacity, Justice is at greater risk of spending public resources that address issues only on a short-term basis, such as renovations to convert space that are not sustainable over the long term.

Our final two recommendations are on page 184. We recommend that the Ministry of Justice regularly update written contingency plans to meet unexpected changes in demand for living and program space in its adult, secure-custody correctional facilities. We recommend that the Ministry of Justice develop a written long-term plan to manage inmate capacity in its adult correctional facilities.

For three of Justice's secure-custody adult correctional facilities, Justice had written contingency plans. We found these plans were designed to address unexpected changes in demand for living space without consideration of impact on program space, that is rehabilitation programming. The fourth secure-custody adult correctional facility did not have a written contingency plan.

We noted that strategies varied between secure-custody facilities. For example, one secure-custody adult correctional facility converted its gym into dormitories for inmates while another used visiting rooms for beds as it cited the importance of preserving gym space for inmates.

We found that Justice did not centrally review these contingency plans to identify inconsistencies in space prioritization and ensure all facilities use acceptable or best practices. Without effective written plans to address unexpected changes in demand, and long-term planning, Justice increases the risk of adult inmates not being provided with adequate housing or receiving the required rehabilitation programming at the right time. Inadequate planning also increases the risk of incurring higher operational or construction costs than necessary.

That concludes our overview.

The Chair: — Thank you, Mr. Deis. Mr. Cooley, if you'd like to introduce your officials and make some remarks about this chapter.

Mr. Cooley: — Thank you. First off I would like to pass along regrets from Deputy Minister Dale McFee who cannot be here today. I can tell you that Deputy Minister McFee is fully aware of the auditor's report and the recommendations, and is monitoring the work of officials as we respond to the document.

I have a few officials accompanying me today. I'd like to introduce Ms. Heather Sriver, executive director of custody services; and Ms. Delaine Clyne, to my right, who's director of capital planning.

Regarding chapter 28, "Planning for Inmate Capacity of Adult Correctional Facilities," I will speak briefly to the actions that the ministry has taken in response to the Provincial Auditor's recommendations. Inmate facility capacity planning is complex and involves a large number of stakeholders both within the ministry and outside. Combined with substantial growth in the number of inmates on remand, this causes challenges in planning facility capacity for housing and rehabilitation of adult

inmates.

In their report the Provincial Auditor noted six recommendations where the ministry needs improvements. With respect to recommendation 1, the ministry considers this recommendation implemented. A steering committee and a project charter had been created in June of 2017 to manage correctional facility capacity planning outcomes, so we now have that written model for guidance. A seven-step written planning model was approved which follows correctional facility planning and design processes. Deliverables are defined and roles and responsibilities are assigned in the project charter.

With respect to recommendation 2, annually the minister will review each facility's infrastructure to determine the range of inmates that can be accommodated within the facility. So this is pursuant to the plan that we're developing with respect to recommendation 1. The ministry is compiling facility inventories — which includes the number of beds, toilets, showers, sinks, and other programming areas and other usable spaces within the facility — and we've got both the count and the measurements of those spaces. Once inventories are compiled, information will help guide the completion of the written long-term capacity plan. In terms of a timeline, inventories will be compiled I think by this fall. I think we're actually . . . we've got three of four facilities done now. The last facility will be completed, I think the scheduled end date is October the 3rd.

With respect to recommendation 3, the ministry considers this recommendation not yet implemented. The ministry is investigating forecast models and plans to undertake forecasting by the end of fiscal year 2017-18.

As part of our long-term written plan that will be developed pursuant to recommendation 6, the ministry will undertake an offender population forecast that will be used as a basis to determine the rehabilitation space that's required on a unit-by-unit basis. We'll be commencing our forecasting by the end of 2017-18 and have fully implemented this recommendation by the end of the fiscal year 2018-19.

With respect to recommendation 4, the ministry considers this recommendation partially implemented. The ministry has completed its analysis of alternatives to incarceration through the custody services review that we started in February of 2017 and has created a work plan for those recommendations. The capacity audit plan is included in the work plan. In addition, the ministry is continuing its work on reducing the demand for short-term remand. This is ongoing work and will result in tools and strategies that can be implemented across a spectrum of stakeholders, including policing and corrections. We expect to fully implement this recommendation by the end of '18-19.

With respect to recommendation 5, the ministry considers this recommendation implemented. In May of 2017, a contingency plan template was created. All secure-custody facilities now have written and updated contingency plans. These contingency plans will form part of the implementation strategies for recommendation no. 6. Senior ministry officials review the contingency plans on a regular basis.

With respect to recommendation 6, the ministry considers this

recommendation not yet implemented. The planning model, as noted under recommendation 1, was the first step in implementing our written long-term plan. Based on supporting definitions and data from recommendations 2 through 5, the ministry will develop a written long-term plan to manage inmate capacity in its adult correctional facilities. So once we do complete the work in recommendations 2 through 5, we can roll it up into the plan. We expect to have the full plan fully developed by end of fiscal year 2018-19.

Overall, the ministry feels confident in the actions taken since the release of the auditor's report in December of 2016. This concludes my initial remarks on the chapter before us today. Thank you.

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

Ms. Beck: — Thank you, and thank you for being here today and your officials. Certainly, thank you to Kelly as well for that overview.

There's certainly a lot to unpack in this chapter. And I think initially just struck by some of the statistics that were contained in the chapter in terms of the growth in the number of inmates that we have in Saskatchewan, and the note that we have incarceration rates, I believe that you said twice the national rate, and such a huge growth in remand that's obviously driving some of these issues and concerns, just both with the physical space in terms of how we physically house inmates but also the impact then on things such as safety and programming and all of those.

And certainly the number of inmates coming into custody is not a single and direct cause. This is something that has many, many factors that impact it. So I certainly appreciate the complexity that we're dealing with here and welcome the opportunity to explore this with you, and the auditor's recommendations.

With regard to the first recommendation that the ministry establish written guidance for the use of planning capacity for delivering correctional services and programs to inmates in adult correctional facilities — and I note that this is deemed to be implemented — one of the things that I was wondering about, looking at the capacity planning incomes, were around the forecast for offender demands and the trends. How far into the future are you forecasting? And what are the trends that you're seeing within that forecasting? What are you expecting with regard to those trends?

Mr. Cooley: — So the forecasting component of our plan, we haven't actually done the forecast. We're now in the initial stages of planning and mapping it out for this iteration. I mean, forecasting for corrections population is complex. There are many different ways of doing it. Typically what we'd like to do is to forecast out 10 to 15 years, maybe 20 years into the future, to get a sense of the longer term growth.

[12:00]

My experience with forecasts of 10, 15, 20 years is that they provide good guidance, but they can be unstable over time. The

further out you go, the less reliable the forecasting numbers are. So what our plan is, is to look at a number of different models, forecasting models, looking at . . . You can look at crime rates. You can look at demographic data. You can look at, you know, sort of related variables. So we can put those variables into the model and we'll probably come up with maybe three or four different scenarios that we can . . . forecasting scenarios that we can look at into the future and then use those as maybe a high/low and a moderate scenarios for our planning purposes.

So they are important . . . The forecast is an important tool. It's a necessary tool, but at the end of the day the forecast itself, once you go out to 10, 15 years, it becomes less reliable over time.

Ms. Beck: — Thank you. And reading again, I certainly do appreciate how the subsequent recommendations feed back into this overall plan, and so I'll try to hit them one at a time.

Going on to the second recommendation. We note that the ministry is compiling facility inventories which include the number of beds, toilets, showers, sinks, and measurement of cells and program space. So that's something that's happening now within all 12 facilities, but is yet not complete. Is that correct?

Mr. Cooley: — So that work is ongoing in our adult, our four adult correctional facilities. So that was the scope of this report. So we're going to be starting with those facilities and getting them done, but I anticipate that over time we'll do the same type of exercise in our youth facilities.

So absolutely what our staff have done, they've walked through the facilities with tape measures and inventory sheets and, you know, counted the number of cells, measured the number of cells, measured the number of toilets, sinks, program areas etc., so that we'll have that full inventory by early October.

Ms. Beck: — So I guess a follow-up question to that. Has there been a determination of the number of inmates that can be accommodated within existing correctional facilities?

Mr. Cooley: — I think that's the next step. We'll look to see . . . We'll look for best practices and guidance that can provide us some assistance in determining, you know, standards or guidelines for those types of measures, and then we'll likely come up with a range of inmates that could be housed within a particular facility, knowing that, on any given day, we have to provide accommodations for all offenders that the courts send to us. So that's the legislative bind that we're in. That's our mandate, and we have to work within the constraints of that mandate.

Ms. Beck: — Do we have a high-level indication . . . Are we near capacity? Are we past capacity? And then also wondering with that trend, looking 10 to 15 years out, are we assuming that same level of growth, 104 per cent in the last decade? Are we assuming . . . or what is the forecast with regard to that trend? Or do we expect to see that same level of growth over the next decade? And what will that . . . how will that impact the needed number of beds within those facilities?

Mr. Cooley: — So we know, as of August 31, 2017, we had

2,057 operational beds in our four adult facilities plus an additional 326 contingency beds. Those contingency beds are beds in classrooms, in overflow units, etc. So that brings us to a total of 2,383 beds. Our peak count for the past year occurred on May 1, 2017, and we had 2,026 inmates. We know right now we have 2,383 available beds, and we have . . . at our peak level, we had 2,026 inmates. Now our count has dropped since that peak count. Right now as of September 19, 2017, our secure custody count was . . . Or our total count was 1,960. And that count fluctuates on a regular basis. So that's where we are today.

Now with respect to what the future holds, you know, we will do our modelling and we will do our forecasting, but I can tell you that we now . . . We do have a concerted effort to try to deal with the remand issue. At the time of the audit, we were in the planning stages, and we were developing the partnerships and the relationships with stakeholders, with the police, our Crown partners, with Legal Aid and community agencies. As of January of this year, we are now into implementation stage where we're actually working directly with our partners to try to lower the number of individuals in remand. So that really is our goal is to, you know, is to not continue on with that growth rate, and particularly in terms of remand, but to actually lower that count.

Ms. Beck: — One of the things that I am wondering about, you noted I think a capacity of about 2,050 beds and an additional 325 or so contingency beds. And I think one of the concerns that was noted in the report was the impact that those contingency beds might have on programming. So say if you're moving bunks into gym spaces or visiting spaces or . . . I'm not sure. I think that there have been concerns raised previously about double-bunking and some of the concerns that are brought up there with regard to access for inmates to programming, but also safety and their ability to access visitors and those things.

Just confirming that as we move into those contingency spaces, that does have impact on both the programming and potentially the safety within the facilities. And I'm just looking for a comment on that.

Mr. Cooley: — I think that's correct. As we move into using classrooms and chapels and gyms as living accommodations, then we have to adjust the way our programming is provided. So for example, in where we are using a classroom for accommodations, we then change the way we're delivering our education program and the teachers go on to the units and deliver the programming on the units. So it does change the way we have to deliver our programming, but we still try to maintain the same level of programming as best as possible.

Ms. Beck: — Just a point of clarification, for those who are in remand, do they have the same level of access to programming? Or is there a different level of access to programming for those who are in remand as opposed to those who have been sentenced?

Mr. Cooley: — Offenders on remand have access to — in theory — have access to programming, but there are certain limitations with respect to their conditions of confinement and the way the programs are operated that limit their ability to

participate in programming.

So for example, if we know a particular program is on an intake and it may last six to eight weeks or three months, it's difficult to schedule a remand offender into that program when you don't know what's going to happen with that offender at the next court appearance. That offender could be . . . That remanded individual could be released in a week or ten days or two weeks, or that individual could stay in the facility for another six months. So that kind of uncertainty makes it difficult to put offenders into some programs.

Having said that, there are programs in which offenders do participate. They participate in our work programs where available. I think they're participating in the education programs where it's not an intake program; it's sort of a continuous intake, and they can benefit from it. So there are opportunities for remand offenders to participate.

Ms. Beck: — I'm just noting the time and cutting into people's lunch breaks here, but thank you. Appreciating the answers.

I wanted to move on to recommendation no. 3, and that was around ". . . that the Ministry . . . promptly forecast demand for rehabilitation . . ." And we touched on it briefly before, but you had mentioned that the forecasting is something that you're working on now. Currently, what is the status of that forecasting for future needs within the facilities?

Mr. Cooley: — So we're in the planning stages of the forecasting, sort of mapping out the, developing the project plan for that. Once we get . . . We'll have to work with, you know, the social scientists that are involved in developing the forecast to develop the models. And that work is going to take place over the course of the next, say, six months or so. And then we can start to develop the forecasts and look at the different models and results that are produced by that model.

Once we then know what, you know, the results of that forecast, what the different scenarios are suggesting, we can then look at our . . . be able to use that forecast to develop, okay, we know we need this number of beds. And then we can look at it also to develop, get a better understanding of our requirements for programming, for security, for staffing, for a whole range of other issues.

So we have to get . . . It really is a core to get that . . . It's a core idea to get that forecast done. And then from there, we can then use it for a number of different reasons including programming.

Ms. Beck: — So currently that forecasting doesn't exist. But I mean obviously you must have some forecasting, for example, for the next year's budgeting or for HR [human resources] requirements. How far in advance now are you able to forecast?

Mr. Cooley: — We have a sense of what the population is. We knew historically what our growth rate will be, you know, if there's going to be 3 to 4 per cent per year. So we have that understanding. But the longer term, the 10 to 15 years out, that's a different type of forecast. That's sort of much more sophisticated type of statistical analysis that we're going to have to undertake.

Ms. Beck: — And I wonder about this. So of course if, you know, if we're near capacity now within the facilities, and we're seeing rates of growth at 110 per cent over a decade . . . You had mentioned partners before and the fact that the drivers to this growth are complex. Is there forecasting based on status quo and then forecasting based on potentially more root-level interventions at the community level?

I'm wondering, you know, if there are different scenarios based on different levels of intervention against things like . . . For example, some of the drivers of crime might be gangs or drug use or some of those, you know, social determinants of health. Are there different scenarios based on different levels of co-operation or integration with other partners in other ministries, is what I am asking. I'm sorry, that's not . . . It's a rather complex question.

Mr. Cooley: — No, I understand the question completely, and it's a really good question. And that's indeed exactly the type of scenario building that we want to look at. So what if we just did a straight line? You can do a sort of a straight-line forecast based on historical trends is one way to do it. Then you can start to look at other different variables. What if you put in, started to look at demographics, and, you know, age demographics and shifts over the next 15 years in the prediction? What impact might that have?

Then you could look at, well what if we took an aggressive strategy. Okay, we've started our remand initiative, and if we continue along with our projections, we could say, well what might the impact of that be 10 to 15 years down the road? Would that have a downward pull on the forecast? What if we dealt with some of these? What if the crime rate, which increased over the past two years, if it went back to its sort of downward trajectory, what impact might that have? So those are the types of scenarios that we have to play with.

So you can develop these models, and that's, you know, if you go back to my earlier comment, you can develop different scenarios: so you know, a conservative scenario that just maybe does a straight line; a different scenario that forecasts a more aggressive response on remand, for example. And you see what the impact of that is, and then use that, you know . . . Then it's taking those forecasts and using sort of your reasoning and intellectual ability to see which one makes sense to use down the road. So there are different ways of doing it.

[12:15]

Ms. Beck: — Would it seem, on the surface again, I'm rather new to this, but on the surface there's a potentially, you know, one line that leads us to needing to build facilities. And in that investment — I think it was \$166 a day — you know, in a status quo scenario, or at least two different scenarios potentially investing in another area that might have impact in terms of the number of people coming into the system in the first place, or those numbers going into remand, so I'm glad to hear that those different levels of forecasting are going on, as I suspected. But it's very, very interesting to think about this issue. And obviously the scope of the issue is I think maybe something that people might not be aware of fully, so I certainly appreciate the opportunity here to dig into it a little bit.

You did mention some of those strategies in terms of reducing the demand on remand. Were there some highlights in terms of some of those strategies and some of the strategies that seem promising to bring those numbers down?

Mr. Cooley: — The province developed the remand provincial steering committee in August of 2015. The committee is co-chaired by representatives from the Attorney General and Corrections and Policing, and it consists of senior officials from Legal Aid, prosecutions, Corrections, municipal police, and the RCMP. And the terms of reference, the goal of that committee was to reduce unnecessary use of police detention in court processes, reduce unnecessary remand, and reduce remand time where appropriate. It was also to develop effective community alternatives to police detention, court reviews, and short- and long-term remand, and then reduce the rate of new charges and breaches while the accused is awaiting trial in the community. So the remand initiative, essentially what the remand initiative was, you know, if you look at that, is reduce the number of people in remand and do so in a way that doesn't compromise public safety. Find a way to deal differently with individuals on remand.

So one of the things that we've been working on is developing a validated pre-trial screening tool for police to assist them in determining who should be released pending a court appearance and who should stay in remand. This project is a collaboration between the Saskatoon Police Service, Corrections and Policing, and the University of Saskatchewan. So at that project, we're currently collecting the data now, and we will then be able to move on to the next stage, which is actually developing that risk assessment tool, which can then be used by police officers at stations to assist them in making the decision to release or to hold on remand.

If I could just go on, starting in January of 2017, the Saskatoon prosecutor's office and Legal Aid began meeting on Sundays at the Saskatoon Police Service to review files of those arrested on the weekend with the intent to determine which files could be resolved at first appearance on Monday morning, and where not possible, to reduce the time to trial. So the goal of this initiative is to find ways of dealing with . . . So for those individuals who come in on a Friday or Saturday, officials can meet on Sunday so that they're ready, documents are ready in court on Monday. And hopefully a majority of the . . . some of the, you know, the percentage of those individuals who are dealt with in court can be released safely into the community because of their file. Their files had been reviewed and their documents are ready.

So to date — we know it's very early on; you know, we started this in January — but we have seen a reduction in the remand count during the first part of the week. We've been able to see that we have some impact by doing that work up front on Sunday. We can see our remand counts on the early part of the week are reducing.

So this initiative is, I think . . . It started in Saskatoon. We'll then move on to P.A. [Prince Albert] and then the P.A. court, and then hopefully in the fall or early into the new year we'll be doing it in Regina.

So as part of that weekend remand initiative, we've also developed community partnerships to help us, to help manage,

provide a short-term case management or residential support to those individuals who are arrested. So if they're arrested and brought into police cells, that they don't have a place to stay or they need some support, we can then immediately activate those community partners and provide them with the support they need as a way of showing the court that they can be safely dealt with in the community and they don't have to move them into remand.

So the remand strategy now which, you know, as the report noted was in development, we're now actually on the implementation stage. So we're seeing, you know, it's early days, but we're seeing some impact. We'll have to see how that plays out over the next year, two or three years.

Ms. Beck: — Okay, and you'll be reporting back on that. This sounds promising, some of the initiatives. Good.

I am cognizant of the time, so I think I do have one more question if . . . This is moving on to the fifth recommendation, which is noted to be implemented. In particular, 2017 of this year, a contingency plan template was created. And I was just wondering if you could just give us a high-level highlights of some of the things that are noted in that contingency plan.

Mr. Cooley: — Perhaps I'll ask Ms. Scriver, executive director of custody services, to provide a response to this question.

Ms. Scriver: — So the contingency template identifies, when our counts get over a certain level, where we will be placing offenders. It's basically an escalator clause. So if it gets, you know, yes, a certain level, then we have to increase beds in such a unit, increase staffing in that unit, and the administrative functions that go along with it as well. So we consider this one implemented at the time, that the auditor was in the facility and meeting with us. There was one facility that did not have their contingency plan complete, and we have all four now.

Ms. Beck: — So when you get to that level that you have to bring in the contingency plan, are there extra resources that are required or that you can pull in, in order to accommodate that excess capacity?

Ms. Scriver: — Absolutely. Additional staff are brought in. If we have to bring in health care providers to come in, we will do that as well. And it's all outlined in the contingency plans.

Ms. Beck: — And is it all costed then within the contingency plans as well? Just in terms of the impact of those periods when the growth hits that point that you're having to convert spaces, that just noting that, you know, there are the impacts to the programming? But also there's obviously an increased cost involved with bringing those additional offenders or folks who are on remand into the system.

Ms. Scriver: — For sure, like food costs, health care, everything. Yes, we have expenditure management plans and forecasting that's done every month, and so any additional costs over and above the base is identified in those documents so that we can actually . . . We're accountable and we know, you know, we have a fiscal responsibility. If we're ever asked why we spent money where we did, it's all identified in those documents.

Ms. Beck: — Thank you.

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

I actually have one, and I'm cognizant of the time as well, but just on recommendation no. 4 around completing "... analysis of alternatives to meet needs for adult correctional facility space, including those alternatives that do not require major construction or renovation of the facilities."

I don't have a background in justice. I'm curious what some of those ... And you've completed your analysis of alternatives. What would some of those alternatives include, if you could give us some examples?

Mr. Cooley: — So certainly one of the focal points of the ministry is to reduce the flow of inmates or the flow of clients into the correctional ... [inaudible]. We can't, you know as our deputy minister says, we can't continue with the current trends. They're not sustainable. Our rates of crime are considerably higher than other provinces. Our incarceration rates are considerably higher than other provinces. There is, you know, for a variety of reasons that's not a good position to be in.

So we're all working since the past five years, and it's part of our strategic plan, it's looking at ways of reducing that inflow. So you know, it's a focus on mental health and addictions through the partnerships that we're doing with our colleagues in Health. And we're focusing on early intervention through hubs and CORs [centre of responsibility], through, you know, family initiatives to try to deal with problems at the root so that the children and the young adults don't end up in our system. We're looking obviously at remand as a way of turning down the tap.

So there are a variety of ways and strategies that we're looking at in order to ... What we really need to do is to stop the inflow, to turn off the tap at its source, rather than react on the back end by building more facilities because if we only do that, it's a losing proposition. We will never stay ahead. We will not be able to build fast enough if we don't deal with the front end of the problems.

The Chair: — You'd mentioned some of your partners in Health dealing with the mental health, obviously that early intervention piece. What are some of the things that you're doing with respect to mental health and addictions and working with the Ministry of Health?

Mr. Cooley: — We have partnerships with health regions, or now the health region, to deliver mental health programming for our clients. We also have partnerships, a very successful partnership with the Qu'Appelle Regional Health Authority to provide an addictions program at Regina, for example. And that program, the dedicated substance abuse program, has demonstrated results. We know the impact, the positive impact that a dedicated substance abuse program has on offenders. And we've done the evaluation, we've done the cost-benefit analysis of that, and we're now looking at expanding that program into other facilities if possible.

The Chair: — Thank you for that. Are there any further questions? Seeing none, we have six recommendations with

which we need to deal. I'm just following Mr. Cooley's comments and speaking with the auditor here, we have no. 1 and 5 have been implemented, and basically 2, 3, 4, and 6 are in various states of progress to compliance. Just to clarify that, that would be the case that 2, 3, 4, and 6, I know on your status update you said are not implemented, but it looks like from your notes and your conversation that it would be safe to say those are all in progress.

Mr. Cooley: — In progress.

The Chair: — You bet. Okay. So with respect to that, could I have a motion on recommendations no. 1 and 5 that have been implemented?

Mr. Michelson: — I move that we concur with the recommendations and note compliance on 1 and 5.

The Chair: — Thank you.

Mr. Michelson: — But I'm not sure how you did it because in the recommendations it's "... update written contingency plans to meet unexpected changes ..." So I'm not sure how you do that, but good for you.

The Chair: — Thank you, Mr. Michelson. Mr. Michelson has moved that for the 2016 report volume 2, chapter 28 that this committee concur with recommendations 1 and 5 and note compliance. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. And now with respect ... Could I have a motion with respect to no. 2, 3, 4, and 6 which are in progress?

Mr. Michelson: — I move that we concur and note progress on recommendations 2, 3, 4, and 6.

The Chair: — Thank you, Mr. Michelson. Mr. Michelson has moved, for the 2016 report volume 2, chapter 28 that this committee concur with recommendations 2, 3, 4, and 6 and note progress to compliance. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you very much, Mr. Cooley, and to your officials today, for your help. We really appreciate that.

And just with respect to the committee, are you good with half an hour for lunch or would you like an extra 15? You're good? Okay. This committee stands recessed until 1 p.m.

[The committee recessed from 12:31 until 13:06.]

The Chair: — Good afternoon. Welcome back to Public Accounts, and this afternoon we have several chapters in Finance and in Education, but we will start with Finance for this afternoon. And welcome to the officials from Finance here. We have the associate deputy minister, Denise Macza. Welcome. Ms. Ferguson will make her presentation and then we will give

you an opportunity to introduce your officials and respond in kind. So thank you and welcome, and with that I will pass it off to Ms. Ferguson.

Finance

Ms. Ferguson: — Thank you very much, Madam Chair. This afternoon we've got a number of chapters that relate to the Ministry of Finance. And generally speaking, we're going to present them in the order that they're presented on the agenda with a couple of exceptions I just want to draw your attention. So if you look at the listing, we're going to group the very first one and the very last one together because they relate to the same topic matter. They both deal with IT governance follow-ups. And then we're going to group the second and the third one together. Again they both relate to annual integrated audits, and you'll see that there's repeat in the information and the recommendations there. So other than that, we'll be pausing after each presentation.

Before we launch into our presentations, I just want to take a moment and thank the associate deputy minister and actually deputy minister also, who is unable to join us, and the rest of the staff at Finance for their co-operation and support of their office in the body of work that's before us today. And there's quite a bit of stuff here, lots of different topics, and we'll just move from there.

I'm going to start with the very first presentation on the IT governance, so it's the 2015 report volume 1, chapter 21 and the 2016 report volume 2, chapter 36. I have a very brief presentation on that and then after that I'll turn it over to Ms. O'Quinn who is with me this morning. She's a deputy provincial auditor in charge of the Finance division and behind her is Ms. Melanie Heebner. Melanie also has led in a number of the work that's before us today, and Ms. Kim Lowe, our committee liaison, is once again with us this afternoon.

So starting with our very first presentation, chapter 21 in our 2015 report volume 1, which starts on page 249, reports the results of the third follow-up of two recommendations we first made in 2009 related to our audit of the ministry's processes for IT technology oversight. Chapter 36 in our 2016 report volume 2, it reports the results of the fourth follow-up on that same subject matter. And we're very pleased to report, by September of 2016, the ministry had improved its processes relative to IT governance and they had implemented both outstanding recommendations. This is a ministry that has a number of key IT systems for the government, and so we think having strong IT governance is quite important. Thank you.

The Chair: — Thank you. Ms. Macza, would you like to make some comments?

Ms. Macza: — Sure. I'm going to start by sending Clare Isman's regrets for not being able to attend today, but also by starting to introduce my officials from the Ministry of Finance that are here with me today. I have Karen Allen; she's assistant deputy minister of corporate services. I have Chris Bayda; he's the assistant provincial comptroller. Behind me, I have Deanna Bergbusch; she's the assistant deputy minister of the office of planning and performance and improvement. I have Joanne Brockman; she's the executive director of economic and fiscal

policy. And then on this side, I have Brent Hebert; he's the assistant deputy minister of revenue division. And then Arun Srinivas; he is the assistant deputy minister for taxation and intergovernmental affairs.

I want to thank the Provincial Auditor and her staff for their work and for the constructive approach that they have taken with the audit. Today we're covering, as she said, about seven chapters. Three chapters are in volume 1 and 2 from 2015, and then four chapters from volume 1 and 2 in 2016. As she said, there's several items that are carried over in 2016 from 2015. We provided you with the summary documentation so, rather than going through all the information, I would be just happy to answer any of your questions.

The Chair: — Okay, thank you very much. I'd like to open up the floor for questions. Ms. Beck.

Ms. Beck: — Thank you first of all for being with us here today, and I guess congratulations on the implementation as noted by the auditor. With regard to the first recommendation regarding the development of an IT risk management plan, one of the things that's noted is that the IT strategic plan was developed including mitigation strategies. And I'm just wondering if you just could walk us through some of those mitigation strategies at a very high level.

Ms. Macza: — I'll let Karen Allen answer that.

Ms. Allen: — One of the really fundamental things that we've done is taken . . . And for each of our major systems, we have done a five-year plan and we're trying to follow through on implementation or changes or improvements that need to be made.

Ms. Beck: — So some of the items that would be involved for each of those major systems in the five-year plan, what would be some of the . . . some that would go into reviewing each of those major systems into your five-year plan?

Ms. Allen: — In the actual plan, one of the steps was to do a five-year plan for each of the major systems that we have. We have maybe three or four major systems; it depends on where you count them. One is MIDAS [multi-informational database application system], which is the financial system. The one is how we manage the treasury and debt. And then the third that I'm counting is the revenue system, and we're in the middle of an implementation of replacing the revenue system.

When it comes to some of our more minor systems, again we came up with a five-year plan of what we're going to do, whether we're going to stop doing something, whether we're going to continue, whether we need to bolster it. And a lot of the systems that we have actually were periphery systems for the old revenue system, and so that project will take care of many of the issues that we had.

Ms. Beck: — So moving to that new system would . . .

Ms. Allen: — Right.

Ms. Beck: — Okay. Great. Thank you.

The Chair: — Thank you. Any further questions on these two chapters? Seeing none, both those chapters, so we have the 2015 report volume 1, chapter 21 and the 2016 report volume 2, chapter 36, that there are no new recommendations in those chapters so this committee can conclude consideration. Could I have a motion to that regard?

Mr. Michelson: — I will move that we conclude consideration of these two chapters.

The Chair: — Thank you, Mr. Michelson. Mr. Michelson has moved that for the 2015 report volume 1, chapter 21 and the 2016 report volume 2, chapter 36, that this committee conclude its considerations. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. All right, we shall move on to the next two chapters. Ms. O’Quinn.

Ms. O’Quinn: — Thank you, Madam Chair. I will now move on to the chapters related to the Ministry of Finance annual integrated audits. Chapter 8 in our 2015 report volume 2, which starts on page 45, reports the results of our annual integrated audits for the year ended March 31st, 2015, of the Ministry of Finance and eight agencies and funds that the ministry is responsible for. Chapter 7 in our 2016 report volume 2, which starts on page 37 of that report, reports on the results of those annual integrated audits for the year ended March 31st, 2016. These chapters contain no new recommendations. Instead they highlight recommendations for the Ministry of Finance that we previously discussed with this committee and the status of each.

[13:15]

In 2015 the ministry implemented one of our five outstanding recommendations. It documented its key treasury management procedures in sufficient detail so it can continue to operate effectively in the event of staff turnover. By March 31st 2016, four recommendations remain.

First, the ministry needs to establish a better process to estimate and record resource surcharge revenue earned during each quarter. In 2015 the ministry developed and tested a preliminary model for estimating uranium and potash resource surcharge revenues. It determined that this model provides reliable annual estimates with minimal estimation errors. By March 2016 it had not begun using this model to estimate and record resource surcharge revenue. We noted that the ministry continues to develop and test models for estimating the oil and gas surcharge revenues.

Second, the ministry needs to confirm in writing the processes and policies that the Ministry of Central Services uses to address Finance’s specific IT security and disaster recovery requirements and then identify and set up additional policies unique to the Ministry of Finance as necessary.

At March 2016 the ministry’s agreement with Central Services did not set out the expected frequency of Central Service’s disaster recovery testing of Finance’s systems and the sharing of those test results with Finance. As a result, Finance did not

know if Central Services was capable of fully recovering certain of its critical IT systems that Central Services hosts.

Third, the ministry needs to follow its processes for removing unneeded user access to its IT systems and data promptly.

Fourth, the ministry needs to improve its public reporting on the performance of its investments in sinking funds. Although Finance actively monitors the performance of its investment in these sinking funds, the public information provided on such performance remains limited as compared to The Canadian Public Sector Accounting Board’s *Statement of Recommended Practice on Financial Statement Discussion and Analysis*.

This statement of recommended practice suggests governments include an analysis of the rates of return on investments. For example, a comparison of the planned rate of return to actual with reasons for significant differences to help further the understanding of the nature and magnitude of resources available to the government.

That concludes my overview of these two chapters.

The Chair: — Thank you very much. Ms. Macza, would you like to make some comments?

Ms. Macza: — I’ll just open it up for questions.

The Chair: — Okay. Ms. Beck.

Ms. Beck: — Okay, thank you. I believe that both chapter 8 and chapter 7 contain the same recommendations, so I’m just going from the chapter 7 updates here. Regarding the first recommendation, and that is “. . . that the Ministry of Finance establish a process to better estimate resource surcharge revenue earned during each quarter and record this estimate each quarter.” It’s noted in my notes here as being partially implemented.

In reviewing this, one of the things that caught my attention with regard to the first column here, actions taken to implement since the auditor’s report, noted that there were models that were developed, tested, and refined for oil and gas, uranium, and potash that appear to provide reliable estimates of revenue earned at each quarter. The word “appear to” did stand out a little bit there and I was just wondering if you could speak to your level of confidence in terms of the evidence you’re getting that these are reliable models.

Mr. Hebert: — Hi. Do I need to state my name?

The Chair: — Yes, please.

Mr. Hebert: — Brent Hebert, assistant deputy minister, revenue division, Ministry of Finance. In response to the word “appear,” it takes some time when we establish the models to align them and check them back to the actual results. So at the time when we test the model and we determine what our forecasted amounts are, as the corporate capital tax returns come in — and they’re due six months after their fiscal year-end — we look at those forecasted estimates and we compare them to the actuals that come in through those capital tax returns.

And so when we say “appear” there, at that time they appear to deliver decent results. But when we’ve checked them back to the actual results six months later, we’re seeing certainly large variances between what we forecasted and what the actual results were. So it’s that process of tinkering with our model, checking back six months later in terms of the results that we have, and then trying to determine how we might alter it or improve it to provide, you know, better estimation results.

Ms. Beck: — This is a process that’s ongoing, obviously. And I do note in the planned actions for implementation that there appears — now I’m going to use that word — to be a higher level of confidence in the models for potash and uranium, and perhaps, and I’m looking for clarification, a somewhat lower level of confidence in the reliability of the models for oil and gas. And I’m just wondering if you could first of all confirm — I see you nod your head — what some of the reasons might be for the higher level of difficulty in modelling the oil and gas prices.

Mr. Hebert: — I think in terms of production, it’s the volatility in the market. So with uranium, potash, it’s a little bit more predictable. The data that we get at year-end from those industries as they complete their tax returns is a little bit more reliable than the oil and gas side. And so certainly we would like more reliable data from that industry, in the oil and gas industry, and we’re seeking that out. But at this point, the volatility in the market in that sector is really . . . and the unpredictability of it is really what causes the higher unreliability in the estimates in the models in oil and gas at this time.

Ms. Beck: — Okay. And certainly I think we can all appreciate that there’s a high level of volatility. One thing that you did note was around, I believe you said, the reliability on the tax returns. Could you just elaborate a little bit on the differences between the uranium and potash as opposed to the oil and gas?

Mr. Hebert: — So the information that we gather from Economy and the production information that we get from Economy, that’s what we’re using to test our models. And so the data that Economy collects at year-end is, I would say, more reliable in terms of forecasting than the data that they’re collecting from an oil and gas industry. There are so many interests involved in the oil and gas industry, from the producers to the manufacturers. There’s working interest that we have to consider. So there’s a lot more moving parts, and so the data collected from that industry just isn’t there yet in terms of providing us with a comfort level that we can take that data and then accurately in some, you know, in some reliable fashion, forecast out with it.

And that’s something we’re going to struggle with, you know, for the future. And certainly we base it on instalment payments right now. And if we can find a model that will work for us, certainly we’re going to use that. But from what we’re seeing right now, it’s still a work-in-progress.

Ms. Beck: — Are there models elsewhere that might have a different level of reliability that you’ve noted, other places in Canada or elsewhere?

Mr. Hebert: — Yes. We’ve looked and done some

jurisdictional reviews. Everyone struggles with having the crystal ball, unfortunately. And so we have reached out to other jurisdictions to try to learn from them and improve our processes. It really comes down to the industry’s ability to project and the information that they’re willing to share because it’s competitive information as well.

So we found . . . And in some of the work that we’ve done, we’ve actually reached out to these corporations and phoned them and said, well what are you projecting three, four months down the road? And we’ve taken that information and built it into our models only to find out that their instalment payments didn’t change or they didn’t follow that direction. So that’s sort of what we’re faced with in terms of getting it as accurate as possible, is just the uncertainty in the information that we receive as well.

Ms. Beck: — I see where that has a major impact. One of the things that I was curious about with regard to . . . You mentioned the importance of getting these estimations, the modelling, as close to accurate as possible, again acknowledging the volatility for a number of reasons that you’ve mentioned. When budget predictions are made on a certain number, for example, the price of a barrel of oil for example, every dollar that that projection is off, what is the impact? So say every dollar, high or low, on a barrel of oil for example, what is that impact with regard to budgeting?

I’ll just give a . . . And I know that there’s some information there. I was just wondering . . . And I’ll have — just to give a heads-up — a question, a similar question with regard to uranium pricing and potash pricing, just in terms of the impact for every dollar that that modelling is high or low.

Ms. Brockman: — Joanne Brockman, economic and fiscal policy, Ministry of Finance. We did, as you know, include those sensitivities in our budget summary document. I believe . . . Let me just find the right page so I don’t give you bad information.

As of budget, every one US [United States] dollar change in the annual average fiscal year WTI [West Texas Intermediate] price reduced oil revenue by \$16 million. As of the forecast at first quarter, it’s \$17. For potash, a \$10 US per KCl tonne change in the annual average price resulted in a \$37 million change in potash royalties. And for the exchange rate, a 1 cent US change in the fiscal year average resulted, at budget time, in a \$22 million change in the opposite direction in resource royalty. As of first quarter, that change is \$26 million. And that was included also in the first quarter report.

Ms. Beck: — So very significant impacts, and I can see why that crystal ball that you mentioned might be helpful. Thank you. I appreciate that.

The Chair: — Ms. Beck, do you have a few more questions, or you’re just thinking about it?

Ms. Beck: — I do, yes.

The Chair: — Okay. No worries.

Ms. Beck: — I’m just going over my questions here.

The Chair: — I actually do have one, if you want a few minutes to formulate. With respect to the recommendation on investments in the sinking funds from the 2009 report volume 1, you've not implemented with respect to reporting publicly on performance of investments in the sinking funds. And so I'm wondering why not.

Ms. Macza: — Thank you for the question. Sinking fund earnings are in the summary financial statements. They're calculated using the amortized cost method of accounting which is prescribed by PSAB [Public Sector Accounting Board]. The amortized cost differs from the market-based return information, and there is no relevant comparison can be made between the amortized cost and the market cost.

Market-based returns do not directly affect the current year surplus and do not allow for a comparison to budget figures. The Ministry of Finance is not aware of any province that publicly reports market-based returns for sinking funds.

The Chair: — Thank you for that. I wonder if we could just get a comment from the auditor because obviously there is a reason why this is a recommendation. So I'm wondering, from the auditor's perspective, where her office is coming from.

Ms. Ferguson: — Sure. First off you know, the sinking funds is . . . actually it's a portfolio of investments. In Saskatchewan, that portfolio of investments is netted against the public debt. And so as a reader in the statement, if you look on the face of the statement, you won't see the term "sinking fund" at all. You have to work your way through the notes and the schedules, you know.

Sinking funds is something that not all provinces have. We are in actually, I think, a privileged position that our government has put aside investments to use to extinguish the debt called sinking funds. Not all jurisdictions do that. So, you know, to look to see what other jurisdictions are doing, you'll find that a lot of jurisdictions don't even have sinking funds, so there's less there.

[13:30]

So where we're coming from as an audit office is that the profession has put out suggestions and guidelines for recommended practices. And one of the things that they're saying is, if you have a portfolio of investments, you should publicly share in an understandable manner, you know, what you're expecting the return on that investment to be and what you expect the actual return on those investments.

It's quite correct that those numbers are built into the budget figures and they're built into the financial statements. But I would reckon to say that most people won't be able to find it or understand it. So really what we're getting at is that this is a large portfolio of investments. It's \$1.7 billion in the last report that we have before us here. And that what we're really looking for is to provide to the readers of the public in an understandable way, how much money do you think we're going to earn on those investments and how much did we actually earn, because that gives an indication as to how well the government is managing that portfolio. And I think from our office's perspective, you know, the information that's currently

provided, most readers won't be able to understand that.

So it's basically management performance type of information as opposed to the actual accounting. We as an audit office haven't prescribed a model. We haven't said you should use a market-based model. We don't disagree that amortized cost is the model that they're using to account for . . . in the statements, and obviously by our opinion on the statements, we don't disagree with that model. So we're not advocating a particular model. We're just advocating better disclosure in terms of, you know, disclosure to help the public understand how well that portfolio of investments are managed.

The Chair: — Thank you for that Ms. Ferguson. Is that in the realm of possibilities for Ministry of Finance to do? To report on how those sinking funds have done and how they're expected to do. What is the barrier to doing that?

Ms. Macza: — Our caution on this is, the market-based returns have to be interpreted with some caution because the returns can fluctuate quite a bit and randomly, so comparisons to market benchmarks for a given period of time might not be meaningful to the reader.

The Chair: — As someone who her strength isn't reading financial spreadsheets, and I know the simpler information is . . . And I'm speaking as someone who looks at budgets and documents more than the average person too probably, but I know that that would be information that I think I wouldn't mind having access to. Mr. Phillips.

Mr. Phillips: — Yes. In a case like this where we have the Ministry of Finance following the rules as such but the Madam Auditor would like to see a little more, I wonder if you could get together, not at this meeting, and then come up with a solution because this could go for a while and back and forth. And I don't think that's fair, for one thing, to Finance without the deputy minister here. I wonder if we could do that.

The Chair: — Sure. Thank you, Mr. Phillips, and actually I know the auditor has a follow-up very soon too as well. But it's information that I think would be . . . I'd like a little bit more at some time, but I know Ms. Beck has some questions as well.

Ms. Beck: — Thank you. I guess as a point of clarity, to clarify on the last matter just so I understand, so the concern is that there is an estimation built around the return on those investments that's been built into budget estimations, and that what's being asked is progress or some oversight in terms of, are those expectations being met with regard to the sinking funds.

Ms. Ferguson: — Kind of. Really, simply speaking, really what we're asking for is that we recognize this is a large investment portfolio that the government is managing, and to provide the public with understandable information on how well it is managing that investment portfolio. Simply put, that's really our objective.

Ms. Beck: — Thank you. My question is around the recommendation that the ministry confirm in writing the processes and policies of the ITO [Information Technology Office], that the ITO uses in its specific information technology

security and disaster recovery requirements. And on page 20 of the report on progress towards implementation, there is a clarification here from the ministry that through discussions with the Provincial Auditor's office that there was a clarification that these recommendations refer to the debt and investment tracking systems. My question is around the planned actions for implementation, which note that work will be undertaken to develop a plan with Central Services' information technology division.

Just wondering about some of the specific work that might be undertaken and the plans. I guess there is a timeline which notes that this plan should be in place this fiscal year. Just wondering about progress towards that goal.

Ms. Allen: — Hello. Karen Allen, assistant deputy minister of the corporate services area. We are working with the ITD [information technology division] now on trying to come up with a plan on how we could do disaster recovery. It's kind of a back-and-forth with discussions right now, and they'll present what the plan is and where the cost is and we'll move forward that way.

Ms. Beck: — Thank you.

The Chair: — You're good? Okay. Are there any further questions on these chapters?

I just want to point out, Mr. Phillips, I know just with respect to your comment, this committee actually has already concurred with this recommendation. This is an outstanding recommendation. So we actually, as a committee, have already concurred with . . .

A Member: — Sorry.

The Chair: — No, no, no. So this is sort of the opportunity to ask follow-up questions. But I appreciate that the auditor does have a follow-up with the Ministry of Finance in the near future too.

Are there any further questions on these two chapters? Just double-checking. Seeing none, these both contain . . . There are no new recommendations in the 2015 report volume 2, chapter 8 and the 2016 report volume 2, chapter 7. This committee can conclude its considerations. Could I have a motion to that end?

Mr. Michelson: — I will move that we conclude consideration of these two chapters.

The Chair: — Thank you, Mr. Michelson. Mr. Michelson has moved that this committee conclude considerations for the 2015 report volume 2, chapter 8 and the 2016 report volume 2, chapter 7. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right, thank you. We shall move on to the next chapter, chapter 33. Ms. O'Quinn.

Ms. O'Quinn: — Thank you, Madam Chair. Chapter 33 of our 2015 report volume 2, which starts on page 161, reports the results of our assessment of the effectiveness of coordination processes over the use of lean as a continuous improvement process across government ministries, other than the Ministry of Health and certain agencies, for the 12-month period ended August 31st, 2015.

We did this assessment because of the government's significant investment in lean and its publicly stated objectives for the use of lean. At the time of the audit, a projects group that reported to the deputy minister responsible for lean was responsible for this area. In September 2016 the Ministry of Finance became responsible for continuous improvement. We made six recommendations.

First, we found that while the projects group established measures to assess whether the use of lean is achieving expected results, the measures used do not provide a basis to measure whether lean is meeting the government's publicly stated purpose for its use. That is, is it providing better service and creating a culture of continuous improvement?

In addition the measures do not provide information on whether the use of lean is delivering results in demonstrating a return on the investment in lean. The right performance measures would help the government assess whether they are meeting their goals, and identify where changes are necessary. On page 171 we recommended that those responsible for the lean initiative set measures to enable assessment of its overall success.

Next we found the project group's work plan did not include targets, other than a target for percentage of lean events that focused on external clients. Use of performance targets helps the government determine the amount of improvement needed, and in turn the amount of effort and resources necessary. On page 172 we recommended that those responsible for the lean initiative set targets for key measures related to the use of lean.

Next we found that ministries and agencies were not required to report information on the costs of implementing and using lean, to facilitate determining the return on investment in lean. In addition the reporting requirements only required qualitative information from a positive perspective, in other words reporting the most significant improvement from events.

Without gathering sufficient information, the government cannot effectively evaluate whether lean is succeeding overall, or identify areas for concern and attention. On page 174 we recommended that those responsible for the lean initiative gather information to assess the overall success of the use of lean.

Next we found that the projects group had not yet made changes to lean training based on its periodic assessments of training needs. Ensuring that ministries, agencies, and sector agencies have access to the lean training they require increases the likelihood that they will use lean effectively. On page 177 we recommend that those responsible for the lean initiative deliver lean training to meet assessed needs.

Next our survey of lean deployment champions and lean leaders indicated that lead ministries of certain sectors, in other words Advanced Education and Education, could improve their feedback to agencies on those agencies' lean plans and events. Without timely, useful feedback there's increased risk that lean plans and events will not align with overall lean priorities. On page 178 we recommended that those responsible for the lean initiative regularly assess the timeliness and quality of feedback provided on lean plans and events.

Finally, we found the projects group did not effectively report on whether the use of lean was achieving the government's stated purpose of improving service delivery and achieving a culture of improvement. It did not track the cost of using lean to assist in assessing the benefits gained. Without reporting the results achieved, the public will not be aware of the progress and challenges in the use of lean or be able to assess the benefits achieved for the investment made.

On page 181 we recommended that those responsible for the lean initiative periodically report to ministries and the agencies using lean, as well as to the public, on the costs of lean and on the achievement of the government's overall goals for its use.

We plan to follow up on these recommendations and report the results of that follow-up in our 2018 report volume 1. That concludes my overview.

The Chair: — Thank you very much. Ms. Macza, would you like to make some comments on these chapters? Or this chapter, pardon me.

Ms. Macza: — So the Provincial Auditor is concluding that the use of lean across the ministries and agencies can be improved. Suggested improvements around . . . regarding measures, targets, gathering of information, training, feedback, and reporting costs have been implemented. We assumed responsibility for the support and oversight of this and continuous improvement work in September of 2016. Rather than the sole focus on using lean to continuously improve government programs and services, the public sector is using a variety of improvement tools to assess effectiveness and efficiency. These include lean, program review, evaluation, innovation, etc. Continuous improvement is a best-practice business process and is being embedded in our way of doing business.

A continuous, consistent approach for measurement of continuous improvement work for all ministries and treasury board Crowns has been established, and measures and targets will be specific to each initiative.

The Chair: — Questions? Ms. Beck.

Ms. Beck: — Thank you. So I note that the actions for both the first and the second recommendation are the same, so I'll maybe deal with them at the same time. The recommendation was, as you noted, around setting measures to enable assessment of the success of the lean program.

[13:45]

And I do note in the answer, in the response here in the actions, that there appears to be a bit of a — and I don't want to unfairly characterize — a backing away from the lean language to broader language of continuous improvement. I'm just wondering if there were reasons for that change in focus or that change in language.

Ms. Bergbusch: — Hi, Deanna Bergbusch, assistant deputy minister of the office of planning, performance, and improvement. And in answer to your question, it was really about a shift of trying to help our clients understand for the problem they're solving, what's the best tool. So not assuming that lean is the best tool; assuming that they should think about, and that they do think about, and need help and support from the central agency to pick the right tool. And those tools, as Denise mentioned, are various and we offer support on all of them.

Ms. Beck: — Thank you. Thank you for that. So of course there was a significant investment in lean and a significant focus on lean, and what I'm hearing you say is that that is part of a toolbox of tools that are used around helping the various ministries and Crowns achieve their goals around continuous improvement.

One of the concerns, as I understand it noted in the auditor's report, was around measurement of that investment in lean, how that return on investment is to be measured, how those objectives are met. I think the stated objectives were around improving service and improving the culture of continuous improvement. I'm wondering if there is progress towards being able to measure those goals, those stated goals, when that investment in lean was made.

Ms. Bergbusch: — So as my respected colleague mentioned, we received responsibility for this in September of 2016. So the costs that you mentioned were incurred previous to that time. We are doing all of the training internally for lean and continuous improvement. And secondly, we have established targets for measuring better service and a culture of continuous improvement, and those are reported upon twice yearly by deputies and CEOs.

Ms. Beck: — So those measures are reported on across ministries by the deputies and the CEOs.

Ms. Bergbusch: — Each deputy and CEO is responsible and invited to come to a deputy minister committee and report them, and they provide them to our office as well.

Ms. Beck: — And are those reported publicly?

Ms. Bergbusch: — The question on reporting is later. I can read you the response to that if you want.

Sorry for the delay. As Denise mentioned, rather than a sole focus on using lean to continuously improve government programs and services, the public sector is using a variety of improvement tools to assess effectiveness and efficiency. These include lean, program review, evaluation, innovation, etc.

The Ministry of Finance provides support and feedback, and that way the ministries can then provide reporting to us as well as to a central committee. And the ministries and treasury board Crowns are required to report in their annual reports, their annual results. And the results of the continuous improvement work are reported through this process to the public.

Ms. Beck: — Thank you. So my question I guess then is seeking understanding. That initial investment or that sustained investment in lean now has been moved over to a larger set of tools around continuous improvement. So would it be fair to say that it would be difficult now, given that change, to do an assessment on whether or not that met the targets, because it's part of a larger suite of tools now?

Ms. Bergbusch: — I think that those targets are for all improvement work. Those are still valid targets, better service, and we are measuring to get those targets met for all of our improvement methods.

Ms. Beck: — Are there evaluation pieces of that investment into lean or continuous improvement that you can point to in terms of providing information about the success of those measures, of the success of that investment in those measures?

Ms. Bergbusch: — Thank you for the question. So this information will be and has been reported in ministry and treasury board Crown annual reports. And in terms of value of continuous improvement work, continuous improvement is a best practice business process and it is being embedded in the government, in the public service, in our way of doing business.

Ms. Beck: — Okay. I guess I'm not being perhaps clear about the question. Looking at, for example, Education, there was a system of continuous improvement reporting that was implemented. Then there was a movement away from that, towards establishing lean principles throughout ministries, and now I'm hearing that there's a shift back towards different language around continuous improvement. I guess what I was getting at was an assessment of the specific investment in lean consultants, the lean training processes through different ministries, but what I'm hearing is that might be difficult to assess in terms of lean specifically. I perhaps should be clear about my question.

The Chair: — I wouldn't mind actually, there's a couple questions that I have that might get possibly to the heart of what you're asking, and maybe not. But are you still continuing to direct a certain number of resources into lean initiatives in a year? It was very prescriptive in the past around lean. Is there still a prescribed number of RPIWs [rapid process improvement workshop] or any other lean work that is expected to be done? I know you're using other tools as well, and that's good because there's many tools in a tool box and not every job requires a screwdriver. So are you still prescribing a certain number of lean events or lean initiatives in any given year?

Ms. Bergbusch: — So I think the answer to both questions is no. We are not directing ministries the number of resources they need to commit to lean, and we are not directing how many events need to be done.

The Chair: — Okay, so they're being allowed to choose the

continuous improvement tools that they see best matches their end goal?

Ms. Bergbusch: — Yes, and we will support them as clients of our branch for any of the tools that they choose.

The Chair: — Okay. And you'd mentioned, thank you for that, and you'd mentioned that you're doing your training internally. And I know we're not speaking of Health here; Health is a whole other kettle of fish. But I know in Health they have in fact still lean, very specific lean positions. They're not consultants anymore; they're people who are local. But there are specific lean positions.

So I'm wondering if within your ministry you're doing the training locally. Do you have designated lean folks in your ministry?

Ms. Bergbusch: — So the answer — thank you for the question — is no. The Ministry of Finance does not have someone designated to have lean as their main, only job.

And just in addition, a network of continuous improvement practitioners has been established to support ministries' and treasury board Crowns' continuous improvement efforts and to share success and learnings.

So what I think previously you may have heard of as lean leaders, there are people who use all of the tools in these tool boxes that come to this improvement network and share their learnings. And the Ministry of Finance is tasked with supporting this network and with gathering information to assess the overall success of the use of continuous improvement practices.

The Chair: — Okay. So the network is outside of Finance then?

Ms. Bergbusch: — My office supports that network, and it's our clients who are invited to come.

The Chair: — Okay, and your clients are not . . . are the other ministries.

Ms. Bergbusch: — That's correct.

The Chair: — Okay. So is there . . . So there's no one in Finance who's leading this work, whose big chunk of their work is lean flow out then, basically, or rollout? I just want to clarify that.

Ms. Bergbusch: — So thank you for the question. No, the Ministry of Finance does not have anyone solely dedicated to lean. We do have resources who have continuous improvement as part of their work and, just as we do in every other ministry, we support those resources to do their continuous improvement work. So we have clients inside of Finance who do continuous improvement work just like we do in Advanced Education, etc.

The Chair: — Ms. Beck.

Ms. Beck: — Thank you for bearing with me. I'm doing my best to understand because the way that I . . . I'm wondering

about this, and I'm looking to the auditors. Is it the case that we're now comparing the orange has turned into an apple? And I'm wondering about the ability, given the change in language, to do an assessment here based on these recommendations, now those lean processes have shifted to something broader within the Ministry of Finance. I think that was better articulating what I meant to say earlier.

Ms. Ferguson: — Thank you. I think, you know, what we'll have to do is like when we go back and do the follow-up on here, we're going to have to get an understanding in terms of, you know, I think what we're hearing is that there's a bit of a different approach that Finance is taking to the whole area of continuous improvement, which is really what lean was, right? Lean was one product that the government was using to really put forward and to, you know, put forward and really ingrain in public servants the importance of continuous improvement. And so what we'll do is, when we look at the follow-up, I think we can't lose sight of that because that was the overall intent of lean was to, you know, the whole concept of continuous improvement.

So you know, will we be able to sort of literally take the recommendation and go match, match? We may not in this case. I think what we'll have to do is look to see what the intent of the recommendation was and just see if the intent was fulfilled. As was pointed out correctly this morning, sometimes maybe our recommendations aren't worded as precise as they could be, with a polite smile of one of the members. But I think it's really to get at the underlying intent and to really move practice forward. Us as an audit office in terms of, you know, the idea of moving forward and having public servants think about continuous improvement on an ongoing basis, we do think there's merit in that and that that's important.

[14:00]

The Chair: — Do you have more questions, Ms. Beck?

Ms. Beck: — No, I think that does provide some, at least for me, an increased level of clarity in terms of it felt like we were trying to compare two very different terms and two very different approaches from . . . As it's been noted several times, you know, this has been a change since 2016. In light of this change, do we have the right measure or the right terms? And I think that you've answered that well, and thank you.

The Chair: — Thank you for that. I'm wondering if as a committee, since Ms. Ferguson and her office is going back to Finance at the beginning of 2018, and I know the ministry has said they've implemented these, but it really is comparing an apple to an orange. I'm wondering if it might be worthwhile to adjourn considerations and follow up down the road when Ms. Ferguson has gone back in and looked at this chapter. So I put that out there. I don't know if anyone is interested in moving that, but that's always a possibility as Ms. Ferguson will go back and look at the new continuous improvement work. Mr. D'Autremont.

Mr. D'Autremont: — I would think that the auditor would review that as a normal course of business, that we should simply let the auditor carry out the functions that she normally carries out.

The Chair: — Oh for sure, Mr. D'Autremont, but we have the opportunity that the language or the things that we do with these recommendations, we actually haven't got full answers around implementation. I know that the ministry has said that they've implemented these, but we aren't really comparing the same things. So I'm just suggesting that the auditor will go back in and look at the new way of doing things. And we can look at those two chapters together down the road, which we would do anyway.

Mr. D'Autremont: — I would think that the auditor would review the changes that Finance has made and if there are any new recommendations or commentary to be made, she would do that at that time. So I think we can take Finance's word that they've implemented the changes that were recommended and then the auditor will judge that at the next audit.

The Chair: — The other option here is to concur with the recommendations and not speak at all to them. The bottom line is if we have no further questions, and we have six recommendations. It's six recommendations for which we need to pass a motion. No, how many on this chapter? Six. Yes. Sorry, I'm going back through the other recommendations. Whatever the will is of the committee. Mr. Michelson.

Mr. Michelson: — I'd make a motion that the committee concur with the recommendation and note compliance. Should the auditor find other issues when she re-examines it, then we'll look at those . . . [inaudible]. But to this point, I think the Finance has done the work that they consider necessary to complete these. So we will note compliance on these.

The Chair: — Thank you. Mr. Michelson has moved for the 2015 report volume 2, chapter 33, the six recommendations, that this committee concur with the recommendations and note compliance. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right, moving on to the 2016 report volume 1, chapter 8.

Ms. O'Quinn: — I'll now be speaking about our work on monitoring the fuel tax exemption program. Tax expenditures are where the government decides to forgo tax revenues to promote or encourage desired behaviours or to achieve certain social and economic goals. The fuel tax exemption program is a tax expenditure that was created about 30 years ago.

In 2015-16, the government estimated that about 156 million was forgone, in other words, not levied or collected under this program. At that time, the government expected about 544 million in fuel tax revenues.

Chapter 8 of our 2016 report volume 1, which starts on page 69, reports the results of our assessment on whether the ministry had effective processes for the 12-month period ended July 31st, 2015 to monitor whether its fuel tax exemption program is achieving program objectives. We made six recommendations.

First, we found the ministry has not clearly defined in a measurable way the objective of the fuel tax exemptions for

farmers and primary producers. The objective for these components does not clearly articulate the intended outcome of the tax exemptions. Because it has not specifically determined what the fuel tax exemption program was designed to achieve — other than reducing taxes for eligible individuals or corporations — the ministry does not know whether the fuel tax exemption program is successful and continues to be needed.

Because the use of tax expenditures results in lower revenues, the government and in turn legislators must have a clear understanding of what specific tax expenditures are expected to achieve and know whether they're achieving the intended results. On page 74 we recommend that the Ministry of Finance set out how it plans to measure the success of each component of its fuel tax exemption program.

Second, we found the ministry had not documented some key procedures for the program. It did not document guidance for selecting permit applications to conduct further eligibility reviews or for reporting on the program to senior management. Not documenting procedures increases the risk that the ministry may not detect significant misuse of permits or give sufficient information to senior management in the event of staff turnover. On page 76 we recommend that the Ministry of Finance document its key operating procedures for the fuel tax exemption program.

Third, we found that more than one area of the ministry's revenue division periodically assessed the risks of the program, but these risk assessments were not readily shared with all staff responsible for administering and managing the program. Without sufficiently coordinating and sharing the results of the risk assessment activities, management may be duplicating efforts in assessing risks. They may not be sufficiently aware of emerging risks or changes in risk exposure. As such they may not effectively respond to such risks. On page 77 we recommend that the Ministry of Finance coordinate its risk assessment activities and the related documentation for the fuel tax exemption program.

Fourth, we found the ministry provided its staff with appropriate guidance to conduct periodic reviews of its various programs including the fuel tax exemption program. However the ministry did not sufficiently document its fuel tax exemption program review as its procedures expected.

Also the review did not specifically indicate whether the fuel tax exemption program achieved its objectives. Instead the program review focused on some of the program's key activities. While reporting on activities provides information on the extent of the use of the program, they provide limited insight as to whether the fuel tax exemption program is achieving what it was designed to achieve.

Sufficient and appropriate program review documentation is needed so that staff can show that they've conducted a robust program review and to support recommendations made, if any. Without sufficient information there's a risk that senior management may make incorrect decisions regarding that program. On page 79 we recommended that the Ministry of Finance require staff to sufficiently document its tax expenditure program reviews to support the results of those reviews.

Fifth and finally, we found the ministry provides legislators with less information on tax expenditures than it does for other similar spending programs. Also the ministry does not publish information on tax expenditure program achievements as some other governments do. Without additional information, legislators may not have a sufficient understanding of tax expenditure programs or be able to effectively scrutinize government decisions. Also, providing the information on program achievements to the public facilitates better public scrutiny of public decisions and enhances government accountability for the results achieved by its programs.

On page 81 we recommended that the ministry annually give the Legislative Assembly the following additional information on key tax expenditures: measurable program objectives, which is what the tax expenditure is designed to achieve; key assumptions used to estimate tax expenditures; and the actual value of tax expenditures based on available information. Also on page 81 we recommend that the Ministry of Finance periodically publish the achievements of its key tax expenditure programs. That concludes my overview.

The Chair: — Thank you, Ms. O'Quinn. Ms. Macza, would you like to make some comments?

Ms. Macza: — Yes, thank you. In 2016 Finance implemented three of the six recommendations. Key operating procedures were documented for the fuel tax exemption program. Risk assessment activities and related documentation were coordinated for the program. Program review guides and templates were updated to ensure staff sufficiently document program review findings to support the results of the review.

We also took initial steps in '16-17 to partially implement recommendation no. 5 in the annual budget documents. So the content has been expanded to provide some additional information on the objectives of the many tax expenditures. The content also provides a little bit more information on how the ministry estimates the value of many of the tax expenditures. And then the revisions of the previous year expenditure estimates were included in the annual budget document.

Finance is considering further changes to the annual budget document, including line-by-line descriptions of each tax expenditure program to fully implement the remaining two recommendations, setting out how it plans to measure the success of each component of its fuel tax exemption program, and periodically publish the achievements of its key tax expenditure programs.

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

Ms. Beck: — Thank you. In the main points, I'm looking at page 69, one of the objectives that was noted when we're looking at tax expenditures was the use of tax expenditures to promote a specific policy objective. And that was sort of embedded in many of the recommendations, is the need to have that stated policy objective so that we can measure effectiveness of the program against that policy objective. I'm just wondering . . . of an overview of the specific policy objective of the fuel tax exemption program.

Mr. Hebert: — Brent Hebert, assistant deputy minister, revenue division. So the policy objective with respect to the fuel tax exemption program is to subsidize or support the agriculture sector on the purchase of fuel as an input to the products that they produce on a yearly basis. So in this case it's an exemption of fuel tax on the fuel that they use in their farming operations and/or primary producing operations.

Ms. Beck: — And I certainly understand that. I think, if I'm reading correctly, one of the notes that was made in the auditor's report was the need to have specific targets for these tax expenditures and then some objectives that you can measure performance against.

So I don't want to put words in mouths, but if you don't have a stated goal of a program, it's very difficult to assess whether you've met those goals with this program. So I'm just wondering about specific goals within the program and how those are measured, the success towards those goals is measured.

Mr. Hebert: — I think what we've identified is we've acknowledged that, and that's something that we're going to be working on, at identifying and then communicating through our documentation.

Ms. Beck: — So those goals haven't been arrived at at this point. It's a work-in-progress.

Mr. Hebert: — Yes, given the age of the program. Of course we've gone back into information over the years because this has been a long-standing exemption, not only in this province but many other provinces. So going back in and re-establishing that with measures and targets is going to take us a little bit of work. And certainly we've looked at and we are committing to look at that and provide further information and progress on that in this next year.

Ms. Beck: — And as you noted, this is a long-standing program and also a program that is found in other jurisdictions. Are there other jurisdictions that have set out objectives and performance measures with regard to similar rebate programs?

[14:15]

Mr. Hebert: — So not that I'm aware of now, but that will be part of our review and our work that we're going to do in this upcoming year.

The Chair: — Ms. Beck, I'm just going to give you a quick break. Mr. D'Autremont has a question.

Mr. D'Autremont: — Okay, a question and comment. When we look at the goals for these tax exemption programs, I think we need to go back in history. And I may be the only one old enough here to remember all this, but if you go back in the commentary from the auditor's office, this was implemented in the 1980s. What happened then was the elimination of purple fuels. And as an economic measure to save cost of government, purple gas was eliminated and a rebate system put in place for farmers to claim.

That purple gas program goes back, I think, at least into the

1940s or 1950s because I remember our old farm truck at home had to have a permit number on it to be allowed to run purple gas and that was implemented under Tommy Douglas back in the 1940s, early 1950s.

So the goals of providing fuel for primary industries like farming, fishing, and forestry was established at least then, if not before that. The tax rebate came into place when the purple gas was eliminated and has continued with gasoline and diesel up until the last budget where the rebate for gasoline was eliminated. That rebate is only in place now on a portion of the diesel purchases.

So if you need to go back to find out the original goals of this, I think you would need to go back to some of the budget presentations from 1944 onwards at least. So I'm not sure that's really a worthwhile effort. And the fuel tax was there to pay, obviously, for road construction even though it went into the Consolidated Fund, much to some people's chagrin. But tractors and farm vehicles are generally operated or had been generally operated on farm fields and not on the highways. But as that changed, that's why the changes have been made to eliminate the tax rebates on gasoline and to reduce the tax rebates on fuel, on diesel, as more and more of that transportation now moves on to the highways. So you can comment on that if you wish.

The Chair: — Mr. Hebert, do you have any comments?

Mr. Hebert: — No. Well said.

The Chair: — Okay. Thank you, Mr. D'Autremont for the walk through history. Ms. Beck, do you have any further questions?

Ms. Beck: — No. I guess maybe a couple of comments. First, I am old enough to remember purple gas, but just barely. And just in terms of as a broad-level statement and not specific even necessarily to this issue, just that, you know, because it's always been done that way, or if it's done that way for a long time, I think periodically we ought to, broadly speaking again, you know, examine those things. I don't know if . . . Sometimes you call it the ends-of-the-ham thinking; that's the way we've always done it. I think that is the purpose of this committee, is to look at the recommendations that have been made and provide that type of oversight. And certainly if we find that it's working exactly the way that we need it to and it's meeting its objectives, then there's no argument there.

So just in terms of, you know, the reasons that we hear, I certainly appreciate that it does have a long history, but I think it is the reason that we are here, to ensure that public money — largely, largely speaking and not with just regard to this one issue — is being spent and being utilized in an effective way. So just as a comment to that.

I note there were a couple of pieces that have been noted as being implemented and some that have not been. With regard to recommendation no. 1, I think that we've established that that is an ongoing process looking how we establish going back into the '40s, as Mr. D'Autremont has noted, to look at some objectives of that tax expenditure.

I'm looking at recommendation no. 5, which is partially implemented, that the Ministry of Finance annually provide the Legislative Assembly with the following — and they're listed here, as has been noted — information. It's noted with regard to the planned actions for implementation, ongoing work to continuously improve the information provided. I'm just wondering, are there certain of those three recommended areas that are more problematic than others, or are there blocks to being able to provide that information to the Legislative Assembly?

Mr. Hebert: — In terms of our progress on implementing those, the Provincial Auditor in their review certainly referenced a couple of documents that we're looking at, so the Government of Canada document that they used as an example, and the Government of Australia document as well in terms of improving our information that we would publish on these. So those are quite substantial. They're quite large documents, and so we're . . . Yes, they're about that thick. So we're certainly looking at that and that's where we'll look at it over the next year in terms of these measures, especially in no. 5 in terms of weighing out information that would be useful and the benefit and value and effort to provide that information in the documentation.

So I would say at this point I really . . . I'm not in a position to say how long it would take and what the effort would be, but we're using those examples that they provided us to determine what that balance is in meeting, in fully meeting those recommendations. So we partially met them initially and we're looking at that balance in terms of meeting them in the future.

Ms. Beck: — Okay, thank you. And my final question is just this, and I note no. 6 perhaps. Is that contingent upon that work in recommendation no. 5?

Mr. Hebert: — Yes.

Ms. Beck: — Okay. Thank you.

The Chair: — Okay. Thank you. You are good for questions? Are there any other questions on this chapter? Seeing none, we have six recommendations for which we need to make motions. We've got three that are conclusively implemented: no. 2, 3, and 4. Could I have a motion? What is the will of the committee with respect to those recommendations? Mr. Michelson.

Mr. Michelson: — I would move that the committee concur with the recommendations and note compliance with items no. 2, 3, and 4.

The Chair: — Thank you, Mr. Michelson. Mr. Michelson has moved for the 2016 report volume 1, chapter 8 that this committee concur with recommendations 2, 3, and 4 and note compliance.

Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Okay. Thank you. And, Mr. Michelson, do you have another motion?

Mr. Michelson: — Yes. With recommendation no. 5, I would make a motion that we concur with the recommendation and note progress.

The Chair: — I think no. 1 was also . . . I know it's not listed on the status update as in progress, but you have no. 1 and no. 5. Sorry, Mr. Michelson, I should've asked this first. But just to confirm, you believe you've made progress on no. 1 as well.

Mr. Michelson: — No. 6 then . . .

The Chair: — I don't think that no. 6 . . . We didn't get the . . . Oh, did we? Okay, and no. 6 is linked to no. 5 in terms of progress. Okay, sorry. I should have clarified that first. So no. 1, 5, and 6. Could I have a motion with respect to those, Mr. Michelson?

Mr. Michelson: — All right. For no. 1, 5, and 6, we would make a motion that we concur with the recommendation and note progress.

The Chair: — Thank you. Mr. Michelson has moved that for the 2016 report volume 1, chapter 8 that this committee concur with recommendations 1, 5, and 6 and note progress. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right, thank you. We shall move on to the next chapter. That would be chapter 18.

Ms. O'Quinn: — Chapter 18 in our 2016 report volume 1, which starts on page 231, reports on the results of our first follow-up of 11 recommendations we made in our 2013 special report relating to modernizing the government's budgeting and financial reporting practices.

By April 14th, 2016 the government had implemented three of our 11 recommendations. We're pleased to report that the government since 2013 focuses on summary budgeting and reporting. It publishes a summary budget, quarterly interim reports, and audited annual summary financial statements.

The government prepares its summary budget using the same accounting policies and format as the summary financial statements. It has expanded its financial statement discussion and analysis about the summary financial statements in Public Accounts volume 1 to include more detailed analysis of differences between budget and actual amounts. The government also changed legislation to require the auditing and publication of only the summary financial statements.

At April 2016 eight recommendations remained outstanding. These recommendations relate to creating a sustainable fiscal management framework that makes summary budgeting and reporting practices sustainable.

At April 2016 the Government of Saskatchewan had not yet sought changes to discontinue the preparation and publication of a budget for the General Revenue Fund with the preparation and publication of the estimates continuing.

It had not yet sought changes to *The Growth and Financial*

Security Act to eliminate interim reporting on the General Revenue Fund budget, to eliminate the use of rainy day funds for balancing budgets in conjunction with its elimination of the budget for the General Revenue Fund, and eliminate the existence of the Debt Retirement Fund.

We note that these recommendations were subsequently implemented in that on June 30th, 2016, *The Growth and Financial Security Act* was repealed effective April 1, 2016.

In addition, at April 2016, the time of the follow-up that we did, the government had not yet sought changes to *The Financial Administration Act* to require the use of Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board in the preparation of the summary financial statements. And it had not sought changes to legislation to require providing the Legislative Assembly with a summary budget, to require publishing of a debt management plan that includes all of the debt of the government, and to require quarterly public reporting on the summary budget.

In addition the government had not determined whether balanced budget legislation continued to be desired. We plan to follow up on these recommendations and report the results of that follow-up in our 2018 report volume 1. That concludes my remarks.

The Chair: — Thank you, Ms. O’Quinn. Ms. Macza, do you have some comments?

Ms. Macza: — Yes, thank you. As noted, government has made significant progress and improvements in budgeting, monitoring, and reporting since April 2013 and has responded to all of the Provincial Auditor’s 2013 recommendations by way of legislative changes and changes in policy. *The Growth and Financial Security Act* was repealed shortly after the release of the Provincial Auditor’s 2016 report, thereby satisfying nearly all of the remaining recommendations from the 2013 special report.

While government has not legislated budgeting and financial reporting practices as recommended by the Provincial Auditor, current treasury board policy is consistent with the recommendations. Government is considering to what extent fiscal management objectives, including balanced budgets, will be legislated.

The Chair: — Thank you for that. I’d like to open up the floor for questions. Ms. Beck.

Ms. Beck: — Thank you. I note comments from the minister in November of 2016 around this issue. There was an indication on the floor of the Assembly, an indication that the ministry was going to consult with academics, with the Provincial Auditor, and bring forward a fiscal accountability framework and that it would be brought forward into the Assembly. I’m just wondering if there is progress towards those consultations.

[14:30]

Ms. Macza: — I think you’d have to ask the minister with regard to that.

Ms. Beck: — Okay. One of the things that you’ve noted with the repeal was that you felt that that effectively satisfied a number of the concerns that the auditor had noted in the report. I’m wondering . . . the follow-up that the auditor will be doing with regard to those recommendations.

Ms. Ferguson: — We’re planning to actually do the follow-up work in sufficient time, so to be included in our 2018 report volume 1, which typically comes out in about June. So it’d be June of 2018.

Ms. Beck: — Thank you. And I believe with regard to the third recommendation, we recommend that if balanced budget legislation is desired, the Saskatchewan government seek changes to the current legislation and use the summary budget as the basis for balanced budgeting.

There was an indication that the ministry was considering legislation with regard to that recommendation. Can you speak to the progress or some of the considerations that are being made around that potential legislation?

Ms. Macza: — We will take government’s direction on that position.

Ms. Beck: — And I suspect I’m going to be directed back to the minister, which is fair. I’m just noticing that there were similar indications in November of 2016 as I noted, March 20th of 2017, again developing in consultation with the Provincial Auditor’s office and academics across the province and country, a fiscal accountability framework, and again I believe on March 21st of this year. So my understanding then is that that work in conjunction with the Auditor’s office and with academics across the country with regard to legislation is ongoing?

Ms. Ferguson: — Is that a question to myself?

Ms. Beck: — Yes.

Ms. Ferguson: — We have had some preliminary discussions with the Ministry of Finance in terms of this area. You know, one of the things that we’ve been able to share is that, you know, the Auditor Generals’ perspectives in terms of the balanced budget legislation across Canada, where it’s at. And, you know, frankly what we’re seeing is that a number of jurisdictions, they do have balanced budget legislation but they aren’t necessarily following it, is what the auditor generals are reporting. Or else that the legislation itself has so many “except fors” that it’s, you know, is it really balanced budget legislation? Is it understandable?

So our discussions to date have been really sharing what we’re learning from our colleagues across Canada and their experiences in terms of trying to audit the balanced budget legislations in place in those jurisdictions. The decision to have balanced budget legislation or not, that’s a policy decision that the government’s going to have to make.

From our perspective it’s, you know, it’s really . . . What we’re interested in is that, you know, that as indicated in our presentation, we’re very pleased that there’s a focus on the summary financial statements and a focus on the summary budget, because we think that provides the public with better

and clearer information on the government's finances and what they plan. And so that's the perspective that really, you know, that we were raising within this special report. And that aspect the government has moved forward on.

And the second piece is just to make sure that whole aspect is sustainable so, you know, the government retains that focus on the summary level. And if it's done through a policy versus legislation, well we'll have to figure out, you know, does policy make it sustainable or not, I think will be the bigger question. And yes, you know, that's really where we're at as an audit office. Keep the focus on the summaries.

It's hard; it's complex for the government to manage in that way. It's got a lot more moving parts. You know, looking at the GRF [General Revenue Fund] is frankly a lot simpler, but it doesn't tell the full picture. And we want to make sure that the public is aware of the full picture, you know, and the government is managing using that full picture.

Ms. Beck: — Thank you. In looking, you had noted that there are a number of jurisdictions that may have balanced budget legislation. If I understand correctly, it's relatively difficult, the implementation side of it. Is there something about summary financials? Does that make that legislation more difficult, or is that . . .

Ms. Ferguson: — Probably, because you know, because it is a lot more moving parts. We had some good discussion earlier in this presentation about resource, the surplus and trying to estimate that. You know, governments are like businesses, you know, like to be able to nail down what's going to come in the door and what goes out the door. It's challenging, you know, and for a public to expect some one hard and fast number and to keep the government to that — that doesn't happen in your own household, which is your own household, so it's even more complex to government.

So yes, you know, I think the balance, the whole aspect on balanced budget legislation simplistically sounds really good, but it is complex. And I think that's what we are hearing from my colleagues is that the governments are faced with that complexity, you know. So there's lots of theoretical questions. You know, should the focus be on the annual surplus or deficit? Or should we be focusing on net debt, which is a longer term look? You know, there's lots of theoretical aspects and things to consider when you're embarking on this road.

So us as an audit office, we understand that that takes time to look at those aspects and we're hoping, you know . . . Good thought; we do recognize it's a public policy decision, though.

Ms. Beck: — Thank you very much. I think that concludes . . .

The Chair: — Any further questions? Does anyone else have any questions on this chapter? Seeing none, there were no new recommendations in that chapter, so this committee can actually conclude our considerations. Could I have a motion to that end?

Mr. Michelson: — I will so move that we conclude considerations of this chapter.

The Chair: — Thank you, Mr. Michelson. Mr. Michelson has

moved that for the 2016 report volume 1, chapter 18 that this committee conclude its considerations. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. Thank you. I think that that completes our business with the Ministry of Finance this afternoon, so thank you very much, Ms. Macza, and to your officials for your time today. We really appreciate it. And we have Education coming in here shortly, but we will take a short recess. Thank you.

[The committee recessed for a period of time.]

[15:00]

Education

The Chair: — Good afternoon, everyone. Welcome back to Public Accounts. We're on the home stretch here with the Ministry of Education. We have a few chapters here that we have to address here. I'd like to welcome the officials from Education here today. We've got the assistant deputy minister, Mr. Repski.

Ms. Ferguson will make some comments and then I shall pass it off to you to make some comments on each chapter as we go along. And you can introduce whomever you have with you as well in just a few moments. Ms. Ferguson.

Ms. Ferguson: — Thank you, Madam Chair, members, and officials that are with us this afternoon. First off, I'm going to introduce who I have with me. Mr. Deis is back for this one here. Kelly is responsible for the Education portfolio in our office. And behind is Ms. Linda Klassen. Linda led some of the work that's on the agenda this afternoon. And Ms. Lowe is continuing again with us this afternoon, our support for this committee.

This agenda item actually includes six different chapters, a full range of topics of which they're all separate. So we'll be presenting them individually and pausing after each of the presentations this afternoon. There is, some of the chapters . . . There's only one chapter that actually has new recommendations for the committee's consideration. The rest of the chapters are actually either part of the annual integrated work that we're doing or follow-up work there. So we'll be pausing to allow discussion of the committee.

I also want to take the time to extend our thanks to the officials of the ministry, the ADM [assistant deputy minister] and your team that's here today . . . [inaudible interjection] . . . Sorry?

Kelly's saying . . . Yes, he's quite correct. He's whispering, school divisions too. That's true. And the officials from the different school divisions that are also here this afternoon too. We appreciate their attendance and taking time out of their schedule to participate in the discussion.

So without further ado, I'm going to turn it over to Mr. Deis to present the very first one on the agenda.

Mr. Deis: — Thanks, Ms. Ferguson. Chapter 21 from our 2016 report volume 2, which starts on page 103, reports the results of our 2016 integrated audit of the teachers' dental plan. The Teachers' Superannuation Commission administers the plan. Since 2008 and 2009, we have reported the need for the Teachers' Superannuation Commission to have better support for its dental payments, establish complete and written guidance for preparing interim and year-end financial reports for the dental plan, and to include financial statements for the dental plan in its annual report.

By June 2016, the commission had not yet completed its reconciliation process for matching details of dental claims to payments made so that it can ensure payments are only made to eligible teachers for eligible services. Once this reconciliation process is complete, the commission plans to complete written guidance for preparing interim and year-end financial statements for the dental plan. It also plans to prepare financial statements for the plan and include them in the annual report. And that concludes our overview.

The Chair: — Thank you, Mr. Deis. Mr. Repski, would you like to make some comments and introduce your officials?

Mr. Repski: — Absolutely. Thank you. Good afternoon, everyone. We're pleased to be here today to speak to the progress the Ministry of Education and the school divisions are making on the recommendations provided by the Office of the Provincial Auditor.

I'd like to thank our school division officials for being here today to answer questions on the progress they've made on the recommendations identified. And with me today to help answer those questions are Rory Jensen, the executive director of corporate services; Doug Volk, executive director of the Teachers' Superannuation Commission; Kathy Deck, the director of corporate services; from Regina Roman Catholic Separate School Division, Mr. Brian Lach, education services superintendent; from the Saskatchewan Rivers School Division, Don Lloyd, chief financial officer; and from the Saskatoon School Division, Garry Benning, chief financial officer, and Deanna Scott, budget and audit manager.

First of all I'd like to say that we welcome the auditor's report and appreciate the effort and detail that the Office of the Provincial Auditor puts into all of their audits. Our ministry and school divisions take their recommendations seriously and are pleased to say that progress has been made in addressing many of the recommendations. We can give a bit of a brief overview. Specific questions, I would direct them to my supporting cast here.

So regarding volume 2, chapter 21, we certainly agree with all of the OPA's [Office of the Provincial Auditor] recommendations. In terms of the status update, progress is being made on all of the recommendations. Myself, being one of the commissioners of the TSC [Teachers' Superannuation Commission], we do, I can attest to the fact that we do get regular updates on the progress of the status of these recommendations in terms of having a separate set of statements and controls around the dental plan. So progress continues to be made, the majority of which we anticipate having a full set of statements ready by the fall of '18.

With that, if you have any specific questions regarding implementation, I would ask that Doug Volk would address them. Thank you.

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

Ms. Beck: — Thank you, and thank you to all of the officials who've joined us. My first question is just around understanding the scope of this recommendation and the concerns that were noted. I'm wondering what is meant specifically by having adequate support for the dental payments. That's not . . . What type of support are we looking at and anticipating here?

Ms. Ferguson: — Actually probably Doug might be able to talk to that because I think the response that he's providing on an update does provide insight into that. So I'll let management speak on that.

Mr. Volk: — Okay. For the dental plan, teachers will go to the dentist and they'll submit their claim through the insurance carrier. The insurance carrier pays the claims and then they go into a dental imprest account and they take the payment for the claims out of there. We get a monthly statement that shows that claims have been adjudicated. So we get a listing and we do monthly audits of the dental claims that come through. But the draws that were coming out, we would get backup that shows the amount that's coming through but not to the individual claims that come through with it.

Now we've actually secured that data back to 2013 that will show if someone pulled out . . . or if the insurance carrier pulled out \$100,038.10, we actually get a listing of all the dental claims that add up to that exact amount. That wasn't present before. It was just more en masse that we were getting.

Ms. Beck: — So they were initially just pulled out as a lump sum and now you can go back, if I understand correctly, and match individual claimants to a payment.

Mr. Volk: — To a payment. And before there were still controls in there but it was on the monthly audit, and we were taking samples. So that's where you'd see that the claim was legitimate, that the claim was being paid to an individual that was eligible, like a teacher or one of their family members. But now it's more on a precise, individualized . . . So when we get that data reconciled between adjudicated claims because we don't get charged . . . [inaudible] . . . claim, the cheque has actually been cashed. And surprisingly, a lot of these claims are still being paid by cheque, not direct deposit. We've been working on that, got pretty good on that, but it's still up to the individual to sign up for that too. And that's the reconciliation process is when we do financial statements. We have to show our liabilities plus what has been paid, and that's the difference between the two.

Ms. Beck: — Thank you for that explanation. I note in the planned actions for implementation, the progress that you've described. It also mentioned that three years of data is needed to prepare the financial statements for the plan. So you have data going back to 2013 now.

Mr. Volk: — That's correct.

Ms. Beck: — I also note that the timeline for implementation noted here was spring of 2018. And you have confidence that that deadline will be met.

Mr. Volk: — We're definitely working towards that. It's contingent on not only human resources but also with our IT people because we're actually building that system. Part of the delay was getting data from the insurance carrier and be able to get the data that we use and build the system around it. And once we get that system built, then we can start building the financial statements.

So with the three recommendations, the two latter ones can't be accomplished until we get the reconciliation because that's the data that flows through the other ones. Having the data and getting the bank reconciliation on a monthly basis was a big, big step and now it's just getting the folks on there. I have one accountant in my shop so that's where the resources get a little strained at times.

Ms. Beck: — In three years of data, how many claims would, ballpark, would you be looking at? That seems like a lot.

Mr. Volk: — On average about 50,000 claims a year — 50, 52,000. And when we get the data they break it down by procedures so we have to roll it up into one. And yes, it's lots, lots of data to go through.

Ms. Beck: — You've got one person to do that.

Mr. Volk: — We have two people in our financial area that would work with that, but the one person that is heading that project is a certified accountant, a CPA [chartered professional accountant]. So she would be the one that'd be building what data we need.

And also the fiscal year for the dental plan is actually the calendar year. So that's the three years back it would go. And you have to establish . . . I'm not an accountant here so I don't want to overstep my bounds, but we have to establish an opening balance to start moving forward. Is that correct, Ms. Ferguson? Yes.

Ms. Ferguson: — You're doing good.

Ms. Beck: — And I think you did answer my other questions. You noted that the following two recommendations are contingent on this first piece being fully implemented.

Mr. Volk: — That's correct. So our IT consultant, actually we've shared the data with him. We actually consulted with him to ensure that the data that we have in that form from the insurance carrier can be used to build the system. We have a . . . we call it a project charter where we identified the requirements and the reporting needs for our system with the IT consultant, and they're actually in the process of starting to build it now.

Ms. Beck: — Okay. Thank you. I appreciate that.

The Chair: — Thank you, Mr. Volk. Are there any questions on this chapter? Mr. Michelson.

Mr. Michelson: — Yes I just want a little clarification in the one recommendation:

We recommend that the Teachers' Superannuation Commission annual report include the financial statements for each benefit plan that the Commission administers.

It says "each benefit plan." How many plans are there?

Mr. Volk: — There's actually four benefit plans. That recommendation has been there for a while. Before the recommendation was presented, there was only financial statements for the teachers' superannuation plan. There wasn't any for the teachers' disability plan, and there wasn't any for the teachers' group insurance plan. So that's part of the reason for the delay is that we established ones for the other three. Well the superannuation plan was in place, but for the disability as well as the group insurance, and we actually file a separate annual report for the group insurance. The dental plan is the last one.

Mr. Michelson: — So that's what it's referring to is the . . .

Mr. Volk: — Yes. Yes.

Mr. Michelson: — Thank you.

The Chair: — Thank you. Any further questions on this chapter? Seeing none, there are no new recommendations in chapter 21. I'm wondering if I could get a motion to conclude considerations.

Mr. Michelson: — I would move that we conclude consideration of this chapter.

The Chair: — Thank you, Mr. Michelson. Mr. Michelson has moved that for the 2016 report volume 2, chapter 21 that this committee conclude considerations. Any other questions or comments? No. Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. Thank you. We shall move on to chapter 29. Mr. Deis.

Mr. Deis: — Thank you, Madam Chair. Chapter 29 of our 2016 report volume 2, on pages 189 to 204, reports the results of our audit of the effectiveness of the Regina Roman Catholic Separate School Division No. 81's processes to provide English as an additional language — and I'll go forward to refer to that as EAL — programming to support the academic success of immigrant kindergarten to grade 8 students. We concluded that for the period April 1, 2015 to June 30th, 2016 the school division had, except for the four areas reflected in our recommendations, effective processes to provide EAL programming to support the academic success of immigrant kindergarten to grade 8 students.

[15:15]

Our first recommendation, on page 196: we recommend that Regina Roman Catholic School Division annually reassess its estimate for kindergarten to grade 8 English as an additional

language student enrolment. We found the school division informally forecasts increases in kindergarten to grade 12 EAL student enrolment of about 300 to 350 EAL students each year. We also found that the school division did not revise its estimated range of increases in EAL student enrolment, even though significant differences existed between its estimated and actual enrolment increases. Reliable estimates of student enrolment would provide the school division with better information to help it determine resources, that is, teachers and other supports needed for EAL programming. Without reliable forecasts of students, it may not assign the right amount of resources to provide EAL students with appropriate support.

In our second recommendation on page 200, we recommend that Regina Roman Catholic Separate School Division rationalize the number of kindergarten to grade 8 EAL teachers required for its English as an additional language program. We found that at the beginning of the 2015-16 school year, 145 kindergarten to grade 8 EAL students assessed as requiring support did not receive it. At the end of the 2015-16 school year, the number of kindergarten to grade 8 EAL students requiring support but not receiving it had decreased to 96.

To respond to changing EAL program needs, the division monitors EAL student enrolment to reassign EAL teachers among its schools during the school year. However we found that Regina Catholic has not documented the basis for the number of teachers assigned to the EAL program. Not having sufficient EAL teachers could result in EAL students not progressing in their English language acquisition, which may impact student academic success.

In our third recommendation on page 203, we recommend that Regina Roman Catholic Separate School Division periodically analyze the results of the kindergarten to grade 8 English as an additional language program.

In our fourth recommendation on page 203, we recommend that Regina Roman Catholic Separate School Division provide its board of education with periodic reports on the success of the kindergarten to grade 8 English as an additional language program.

We found that Regina Catholic uses primarily informal mechanisms such as meetings and feedback to assess the delivery of its EAL program. However the division has not set overall expectations or goals specifically for the EAL program. Without clear program expectations, the division cannot assess the overall success of its EAL program. This information would also help the division and the board to periodically evaluate if expectations are being met, identify challenges, and resulting program changes.

That concludes our overview.

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

Mr. Repski: — Thank you. Of the four recommendations that the OPA has made, the division feels they've implemented three and one is partially implemented. The partially implemented recommendation is that the school division provide its board of education with periodic reports on the

success of the K to 8 EAL program.

The three recommendations implemented by the school division since the OPA report is to annually reassess its estimate for kindergarten to grade 8 EAL student enrolment, to rationalize the number of kindergarten to grade 8 teachers required for the EAL program, and to periodically analyze the results of the EAL program.

So significant progress has been made from the school division to act on the recommendations of the OPA.

With that, if there's again any specific questions that you like to ask around the implementation, I would ask Mr. Brian Lach to come forward and help me address those questions.

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

Ms. Beck: — Thank you. Thank you again. I just wanted to highlight some of the main points that were noted in this chapter, and that was largely around the importance of EAL programming in supporting academic success of immigrant kindergarten to grade 8 students. Of course I think that's something that we can all agree on, noting that English language proficiency is a key factor in students' academic success, and the longer it takes students to learn English, the more they may fall behind in school. As we all I think intuitively would know, the longer it takes to access language skills, then that would necessarily impact that student's learning.

Some of the recommendations here, one was around assessments for the K to 8 [kindergarten to grade 8] enrolment within . . . for those students requiring EAL. And I was wondering if you could maybe just elaborate on some of the challenges around predicting that number and some of the steps that have been taken to provide a more accurate estimation of those numbers of students entering into the school system.

Mr. Lach: — Sorry. Just so I'm clear on your question, is it about the enrolment numbers or is it about the assessment of the students?

Ms. Beck: — I'm going to start with the enrolment numbers, the first recommendation.

Mr. Lach: — Yes. What we have traditionally used as our guide for estimating the number of EAL students is basically the historical information that we have of the number of students that have actually enrolled in our school division. So we look back over a number of years, and we've been able to develop a range that we use as that predictor for the number of EAL students that we can anticipate.

So in our work with the Regina Open Door Society and with the Newcomer Welcome Centre, as we get those numbers every year, we see a trend that for us has been around that 350 to 450 range every year. And there, within that range, we've been very comfortable with going forward with our staffing on that. We have seen situations — the example that we would use would be the Syrian refugee situation — that when decisions are made at different levels of government that we're going to be

bringing in additional refugees, that can then, kind of . . . you know, it comes out of the blue for us as school divisions, and then we have to respond to that accordingly. So, you know, we do get instances like that, but for the most part we're very consistent over the years in terms of how many students we're going to be receiving and what we can anticipate every year within our school division.

Ms. Beck: — So the welcoming centre is a point where families coming to the city would be able to access and then that enrolment data would be fed back to the division and to the individuals schools to make decisions.

Mr. Lach: — No, what actually happens is it's the initial landing point for our new families that arrive in Regina. And then from that, after they've attended an orientation, then it's determined whether they're going to look to register in Regina Public or in Regina Catholic. And so then, once that has taken place, then those families will move to either of the two school divisions, and then we'll do the registration process after that.

Ms. Beck: — So when you have instances such as we saw with the Syrian refugees, where there was a large influx of students coming at one time, were there issues with information being forthcoming about settlement, where those children would settle? Was the timeliness of that information an issue?

Mr. Lach: — Well I think just the numbers create the biggest issue because as these families arrive they have a desire to have their children into school as quick as possible. And so working with the settlement agencies . . . You know, with the Syrian refugee situation, there was a provincial organization that was started, and there was a lot of communication that took place between school divisions and, you know, the different levels of government to support the bringing of these families into our province. And so housing, you know, working through all of those different pieces were all part of those conversations in what people could bring. Education was just one of those pieces that had . . . Okay, we're going to be receiving these students; we need to take action to be able to get them into our schools and start to work with them in our schools.

Ms. Beck: — Is there added difficulty when the students come mid-year as opposed to at the start of the school year?

Mr. Lach: — No, it's the same. We do our language assessments of the students, and we determine what their language proficiency level will be at, what amount of support they're required, and then we try to meet those needs. I will say though, where it does become a bit of a challenge is with our high school students that maybe are trying to get credits towards graduation and they're transferring. That requires some work with the ministry and the registrar's office to make sure that we have the right information, that we're looking at what courses we can transfer and give them credit for so that they can work towards graduation. If they're coming mid-semester it can be a bit of a challenge for us in terms of trying to get enough information on the student to give them the credit at the high school level. At the elementary, we would simply pick up the kids where they are and we would work to support them as best we can.

Ms. Beck: — Okay. Just so I'm clear, in the recommendation

there were some concerns that were noted about the estimation of the number of students, the annual reassessment. And what I'm hearing though is you're comfortable with your estimation at this time and the processes that have been put in place for estimating those students coming into the system.

Mr. Lach: — Yes.

Ms. Beck: — I was wondering if you might be able to provide some detail on the structured observation instructional protocol training that classroom teachers have been provided with around how to build effective lessons for EAL students. So those would be students that would be not necessarily in integrated programs. Those would be students that would be in non-integrated classrooms? Or it would be for both?

Mr. Lach: — No, this would be for all of our EAL students. They're in, for the most part, in our classrooms. And just to give you a little bit of background, SIOP is the sheltered instruction observational protocol. It's an educational program that was developed specifically for second-language learners. It's an instructional strategy that basically takes what we would say our learning outcomes are that would come out of Saskatchewan curriculum and builds in a language objective as well.

So there's a dual purpose within the lessons that we train our teachers on how to develop that understanding where their students are at from the language acquisition needs, and also from the academic learning objectives perspective. And we train our teachers to think about their lessons in a way where they're planning for both so that . . . Because again we don't have all of the resources that we need to support all of the EAL students, our classroom teachers then work with these students in a way where they're helping to support their language development in the classrooms as well as their academic development. So it's a . . . We've trained in the last number of years approximately 150 teachers in our division on this protocol, and we're finding it to be very successful in helping those teachers feel more comfortable working with English as additional language learners in our schools.

Ms. Beck: — That's really interesting. Thank you. Thank you for that explanation. I'm going to move on to the second recommendation, and that recommendation was around rationalizing the number of kindergarten to grade 8 EAL teachers required for English as an additional language program. I think you just spoke to part of that — how the integration happens with the regular curriculum building in that piece for EAL, for language acquisition. And you've got 150 teachers that are trained within that. And do you have feedback or data in terms of how that's, the successes of that program, that integration program?

Mr. Lach: — At this time we don't. It's something that we've looked at now that we've been at this for a number of years in terms of the training. We've offered two training sessions a year, and we can do about 25 or 30 teachers per. And so it's a conversation that we've had back at the school division to how effective has this been for our teachers in terms of their comfort level working with EAL students. So we haven't measured that, but it's certainly something that we've been discussing now that we're a few years down the path on this.

Ms. Beck: — And do you have feedback from teachers in terms of how they're experiencing that or from students or families in the classroom?

[15:30]

Mr. Lach: — The feedback that we have from the teachers, we've collected following the training sessions. And the teachers are very excited about it when they leave because it gives them a better understanding of what the students are going through as they're trying to not only learn the academic language of the classroom, but also just the whole socialization piece that needs to take place. There's a lot of components that are part of the program that, it's not just about the language development, but it's about the student as a whole person.

And so the teachers have a better understanding of that, plus with the how to build my lessons so that I can reach these students from an academic and a language acquisition piece. Our feedback coming out of those training sessions is the teachers are very excited about that, and they're very happy that they've attended it. But as your previous question asked, have we measured the success of that in terms of what does it mean in the classrooms in terms of the teachers implementing it? No, we haven't.

Ms. Beck: — One other note that I'll make and just ask you to respond. At the end of, looking at recommendation 2, under action taken to implement since the auditor's report, there's a note that over the years the EAL enrolment has increased in the school division and additional EAL teachers have been added to the program. I'm just wondering at the proportion of which EAL learners have increased and proportionately the number of teachers that have increased to meet that demand.

Mr. Lach: — I apologize. I don't have that number. For example, this year we added, you know, 1.5 additional teachers to try and address the increased enrolments, you know, as part of our overall staffing. You know, it was a consideration in those conversations that because our enrolments have increased over the last number of years, we have . . . When I started in the program a number of years ago, we had five teachers; we're at 13 now. So, you know, it's not that we haven't increased teachers. I think maybe the question that we ask sometimes is are we adding enough, and I think that's always a question that we're challenged with in terms of the resources that we have.

Ms. Beck: — Certainly. And I mean, I certainly acknowledge fully that we're operating in an environment where we have seen declining resources coming forward for all programming within education. So you noted 1.5 increase in EAL teachers this year and the number of students that would have identified EAL needs additional this year or in the previous year that you would have realized in your school enrolments. Do you have a number for that?

Mr. Lach: — I don't have that exact number on hand with me. One of the recommendations was around reporting to the trustees in terms of where our enrolment numbers are at. I apologize. I didn't bring the June report with us in terms of what our total was for 2016-17.

The Chair: — I'm just going to interrupt. Ms. Ferguson has a

comment she'd like to make.

Ms. Ferguson: — In terms of some of the percentages that we have provided some of that data in the report in terms of, you know, the increase in the number of teachers and the increases in the number of students, it's on pages 198 and 199. Albeit it's for the '14-15, '15-16 school year and not this past one, so the data would be a year old because of the timing of the audit work so, you know, and it's for K to 8. It had a 3.4 per cent increase in the number of teachers between those two school years. The number of K to 12 students overall increased 9.7 per cent, so the overall of which, you know, there is a chunk of them being EAL students. About 4 per cent of that is EAL students. So, you know, they are increasing enrolments and increasing the ratios of the number of teachers too.

The Chair: — Thank you, Ms. Ferguson. Ms. Beck.

Ms. Beck: — And certainly again I want to, you know, I fully understand . . . I understand this occurs in a context of decreasing funding for some of those classroom supports. So certainly recognizing the challenge there, and recognizing, you know, the innovative program that you noted earlier as a means to meet those challenges with the resources that the division has. I acknowledge that.

I think you did speak to one of the final recommendation here around providing the board with some of this information. And I guess the precursor to that would be analyzing the results of the EAL program. So I'm just curious about some of the measures that you're undertaking in that analysis of the EAL program.

Mr. Lach: — We measure the program through the success of our students. And it's one of the areas . . . And the reason for it being reported as non-compliant is that we still have work remaining on that.

One of the issues that we ran into was the ability through our student data system to track the student common framework of reference, which is their language proficiency level. What happens with that is that when the students enter our school division and they're registered into the schools, they are given a CFR [common frame of reference] level that then is put into their computer file. When we do our annual assessments of these students to measure their language growth, when our EAL teachers provide that to the office managers and it's entered into the computer, it takes out the previous year's information; it just sort of overrides it. And so we don't have that historical record other than the initial assessment of the student in their language level and where they are currently. So if they've been in our school division for four or five years, they may have grown in their language levels, but we would only have the beginning and the current.

And so when we talk about the question of the time in terms of what it takes, right now we're trying to figure out a way other than physically going through all of the files to manually record the student each year: here was their language level. We haven't quite figured out a system yet. It would be very labour intensive, and so we're still trying to work through something within the computer and the software to be able to make that happen.

Ms. Beck: — Some of the planned actions around providing the board — going on to the fourth recommendation — providing the board with periodic reports on the success of the program, it's noted that the superintendent and consultants are working on finding a solution for tracking and reporting to the board and, as you noted, exploring ways to modify the report. There's a note that this will require some additional support from the technology staff who work with the student information system. I guess the overarching question that I have is, are the resources readily available for you to be able to implement some of these proposed actions that you've noted here?

Mr. Lach: — Yes, we have our people, like our technology people within the school division. And so that's where it's showing more as a work-in-progress, that it's something that we hope to get to, to be able to determine a way going forward where we can enter the student information into an enrolment report or something similar where then we can track, on an annual basis, that student growth, which would then make that reporting to the board that much easier because we wouldn't have to go back into those hard files and do that work. Yes.

Ms. Beck: — Thank you very much. I appreciate that.

The Chair: — Are there any further questions on this chapter? Seeing none, we have four recommendations. I believe the first three have been implemented and no. 4 is in progress. Could I get a motion for the first three?

Mr. Michelson: — I will so move, Madam Chair, that we concur with the recommendation and note compliance on recommendations 1, 2, and 3.

The Chair: — Thank you, Mr. Michelson. Mr. Michelson has moved that for the 2016 report volume 2, chapter 29, for recommendations no. 1, 2, and 3, that this committee concur with recommendations and note compliance. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. And recommendation no. 4, could I get a motion?

Mr. Michelson: — I will move that recommendation no. 4 is concurred with and note progress on it.

The Chair: — Thank you. For the 2016 report volume 2, chapter 29, recommendation no. 4, Mr. Michelson has moved that this committee concur with the recommendation and note progress to compliance. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you for that. We shall move on to . . . I thank you, Mr. Lach. We shall move on to chapter 34. Mr. Deis.

Mr. Deis: — Thank you, Madam Chair. Chapter 34 of our 2016 report volume 2, which starts on page 245, reports the results of our follow-up on the Conseil scolaire Fransaskois — I'll refer to it as CSF — progress towards addressing the 10

recommendations we made in our 2014 audit related to CSF's financial management and governance practices.

By September of 2016, CSF implemented all 10 recommendations. CSF established governance and financial policies and procedures key to managing its financial operations. This included approval of purchasing and internal control policies addressing processes around budgeting, financial reporting, and delegations of authority. CSF also made improvements to its code of conduct and conflict of interest policy and established processes to develop competencies required for board members.

At the time of the 2014 audit, CSF's financial position had deteriorated. Since their audit, CSF has made payments on its outstanding debt, identified efficiencies, and established debt repayment plans before incurring new debt. As a result, CSF has significantly improved its financial position. And that concludes our overview.

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

Mr. Repski: — Yes, sure, very, very briefly on this one is, with the 10 recommendations, the CSF, the Conseil scolaire Fransaskois, has done a very good job of addressing the 10 recommendations that came originally in 2014. As a status update, we agree with the statuses noted that all have been fully implemented.

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

Ms. Beck: — No, I don't think that I have any questions. It seems that there's not too much to . . .

The Chair: — Fair enough. Yes, so that's okay. Are there any questions on this chapter? Seeing none, there is no new recommendations in this chapter so this committee can conclude considerations. Could I have a motion to that end?

Mr. Michelson: — I'll move this committee conclude considerations on this chapter.

The Chair: — Thank you. For the 2016 report volume 2, chapter 34, Mr. Michelson has moved that this committee conclude considerations. Any discussions? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right, we shall move on to chapter 44. Mr. Deis.

Mr. Deis: — Thank you again, Madam Chair. Chapter 44 of our 2016 report volume 2, on pages 291 to 293, reports the results of our first follow-up with Saskatchewan Rivers School Division No. 119's progress towards addressing our recommendations made in our 2014 audit of its processes to maintain facilities. Your committee considered these recommendations on January 13, 2016. By June 30th, 2016, Saskatchewan Rivers had implemented one recommendation. Its board received periodic reports analyzing the results of its

maintenance processes.

Sask Rivers was actively working on establishing written processes for gathering and recording its reliable information about its facilities and components, establishing written processes for determining maintenance priorities and its maintenance plan, establishing written processes for monitoring timely completion of maintenance, and setting performance measures and targets for monitoring the effectiveness of its maintenance processes. And that concludes our comments.

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

Mr. Repski: — Sure. Regarding the 2016 volume 2, chapter 44 report on maintaining facilities by Sask Rivers School Division, the Provincial Auditor's reporting that one of the five recommendations has been implemented, which Mr. Deis just addressed. Since the time of the audit, it's the feeling of the school division, the work of the school division that significant progress has been made towards full implementation of all recommendations.

Through the conversations that we've had with the school division, we're in agreement in terms of the status of the updated recommendations. But again due to the timing, the current status, we agree with the current status because the OPA hasn't had a chance to do the follow-up.

Any specific questions, I would ask Don Lloyd, CFO [chief financial officer] of the Sask Rivers School Division, to come forward and address.

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

[15:45]

Ms. Beck: — Thank you for joining us. My first question was just around what I see in front of me here in terms of the planned actions for the first ... well all of the recommendations. It's noted under planned actions for implementation, it notes significant ... Or it notes implemented. But I do believe that I just heard you say that there's been significant progress towards implementation. So I'm just looking for clarification if it is the opinion that these actions have been fully implemented or that there's been significant progress towards those recommendations.

Mr. Lloyd: — Well the recommendations have all been implemented by our division. We did a two-pronged approach in terms of implementing the recommendations. We did it both in terms of administrative procedure, but we also built within our current facility software — with the Ministry of Education — processes that also monitor the completion of each project, as well as they can derive values for us to determine whether or not we repair an item or we replace it.

And so we felt that this is worthwhile to have the software keep track of each project and each line item of the project. We can then share that with other school divisions that use the ministry-approved software.

Ms. Beck: — Thank you. Just a question out of curiosity. So you noted that you would be able to share that data with other school divisions. [Inaudible] ... out of curiosity, what's the benefit in that with regard to the recommendations? That ability to share with other school divisions.

Mr. Lloyd: — Really what we would share with them is, built into the software are a number of processes that we gleaned from the report of the Provincial Auditor and we built into the software. So for example, we now have a process where, as a project is completed or a minor repair maintenance item is completed, the person completing the job can clear that project using an iPhone. And that way we keep the projects all online and all current. So it's more the process that is built into the software to allow school divisions to take advantage of the work that we've completed.

Ms. Beck: — Very interesting. Thank you. So it is your opinion then that all of these outstanding recommendations have now been fully implemented within the school division?

Mr. Lloyd: — Yes, they have.

Ms. Beck: — Thank you.

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

Mr. Michelson: — I would move that we conclude considerations of chapter 44.

The Chair: — Thank you. So for the 2016 report volume 2, chapter 44, Mr. Michelson has moved that this committee conclude its considerations. Any discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. We shall move on to chapter 45. Mr. Deis — sorry.

Mr. Deis: — Chapter 45 of our 2016 report volume 2, on pages 295 to 300, reports the results of our first follow-up of Saskatoon School Division No. 13's progress towards addressing our recommendations made in our 2014 audit of its processes for the procurement of goods and services.

Your committee considered these recommendations on January 13, 2016. By June 30th, 2016 Saskatoon Public had implemented six recommendations, partially implemented one recommendation, and it had not implemented four recommendations.

Saskatoon Public had updated its policies and guides for aligning procurement with significant externally imposed requirements, identifying and addressing non-compliance with purchasing policies, establishing tender times for receiving bids from potential suppliers, establishing minimum contract documentation requirements. Saskatoon Public had also documented its analysis and decisions for awarding tenders, and required appropriate written approval for the selection of

suppliers before communicating purchasing decisions with suppliers.

Saskatoon Public was actively working on approving a written delegation-of-authorities policy that sets out the authority for all positions involved in procurement. Saskatoon Public's board still needed to approve key policies related to procurement.

Saskatoon Public needed to follow its established procedures for assessing the validity of suppliers. It needed to periodically assess appropriateness of user access to make changes to suppliers within its financial systems. It also needed to establish processes to appropriately document the receipt of goods and service. And that concludes our comments.

The Chair: — Thank you, Mr. Deis. Mr. Repski.

Mr. Repski: — Thank you, Madam Chair. With respect to volume 2, chapter 45 of the Saskatoon School Division, originally in 2014 there were 11 recommendations made. According to the latest update, six recommendations were implemented, one partially, and four were not implemented.

Similar to the situation with Sask. Rivers, some of the timing issues . . . We've had a little bit of time. The school division has had some additional time to implement further, so the current position of the school division, we anticipate that only three would be considered partially implemented with the rest considered fully implemented. We've had conversations with the school division and we concur with those findings.

Again if there's specific questions about the status of these recommendations, I would ask my colleagues from the school divisions to step forward and help me address the questions.

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

Ms. Beck: — Thank you for joining us. Good afternoon. My first question is just around identifying those recommendations that are now considered to be fully implemented that you noted. And I'm looking at the outstanding recommendation no. 1. This is around approving the division's key policies, including those related to the procurement of goods and services. There's a note here that the policy had been drafted and taken to the audit committee. Has that been taken to the board now at this point?

Mr. Benning: — Internal processes with Saskatoon Public School is it goes to the audit risk committee which approved it and recommended it to the governance committee, which we have met with, and they've approved and recommended it to the board. So it goes to the board on September 26th. So based on the two committees' recommendation I'm sure it will go, because that makes up most of the entire board.

Ms. Beck: — Okay, so . . . Sorry, you said the 26th?

Mr. Benning: — The 26th of September.

Ms. Beck: — Okay. The second recommendation here is around approving a written delegation-of-authorities policy that sets out the authority for all positions involved in the procurement of goods and services. At last note here, there was

a planned action to research best practices from other educational organizations and establish a new administrative procedure to address this matter. I'm wondering if you'd like to report any progress towards that.

Mr. Benning: — Progress on that is we're looking at Sask Polytech, what they used for their criteria, and so probably looking to adopt something similar for that. We just have to convert it over to Saskatoon Public positions and so forth.

Ms. Beck: — I guess just out of curiosity, Polytech and not other school divisions, that . . .

Mr. Benning: — We have a close . . . We share a building. So we have a close relationship with them.

Ms. Beck: — Thank you. My note that the third recommendation is noted to be completed. I have a date here, an expected completion date of August of 2016, around the implementation of policies and procedures to identify and address noncompliance with purchasing policies including reporting requirements. Would you like to update any progress towards that recommendation?

Mr. Benning: — Is this about the policy you were talking about?

Ms. Beck: — Yes, implementing policies and procedures. The last noted plan was around updating the administrative procedure.

Mr. Benning: — Yes. We're looking to update the admin procedure once the policy's passed. And also that we get the information from polytech that we're doing to reassign positions for that.

Ms. Beck: — Okay. So that will require both the motion of the board and as well as the further consultation with polytechnic.

Mr. Benning: — Yes.

Ms. Beck: — Okay. I note completion around the guidance for tendering times. That is something that is now implemented.

Mr. Benning: — Yes.

Ms. Beck: — I'll just note the next few. The following established procedures for assessing the validity of suppliers, when there was a last noted to be not implemented and now noted to be complete in the plans of action. I'm just wondering the actions that were taken towards completing that goal.

Mr. Benning: — They do various things. They check the phone book and make sure the vendor's in the phone book. They can do visual inspections like drive by the place of business, or else with technology now you can do those Google Maps or whatever and see where the businesses are. So they're doing that. They were doing that before but they weren't documenting and writing it down. Now we're writing it down to keep record of it.

Ms. Beck: — Who's tasked with doing that?

Mr. Benning: — Our purchasing manager, Lockhart.

Ms. Beck: — Google Earth, that's interesting.

Mr. Benning: — Yes.

Ms. Beck: — And looking at the second-to-last recommendation that's around periodically assessing the appropriateness of user access to make changes within the financial system to create or edit, the ability to create or edit, it was noted to be not implemented at last check and now complete. I'm just wondering if you could speak to progress towards getting to that completion.

Mr. Benning: — Yes. Getting to the completion, that was a good catch by the Provincial Auditor. We had access for accounting as well as purchasing and it should only have been purchasing. So the way to doing that was we went to IT and then denied access for accounting clerks to have access to that. And then we need to periodically check to make sure that the access is restricted to only those that have authorization to do it.

Ms. Beck: — Okay. And the final recommendation here I'll speak to is around establishing processes to appropriately document receipt of goods and services, at last note was not implemented. There was some consideration of steps taken, working to determine the acceptable risk level for purchases of low monetary value, for example, auditing supplies. So there's work . . . That is not implemented at this point, or has there been progress towards that goal?

Mr. Benning: — No, that's ongoing. We have, through enterprise risk management, it would be like a heat map and look at the likelihood and impact of consequences of small purchases and whether that's significant or has a major impact or not. So we're still going through trying to determine whether there'll be a materiality level associated with the transactions.

Ms. Beck: — What is that level of materiality that you're . . .

Mr. Benning: — Well that's what we're trying to determine yet, is to come up with one.

Ms. Beck: — Okay. So that is not yet implemented.

Mr. Benning: — No, not yet.

Ms. Beck: — Okay.

Mr. Benning: — It's in progress.

Ms. Beck: — In progress. Okay. Thank you.

The Chair: — Thank you, Ms. Beck. Thank you, Mr. Benning. Are there any further questions on this chapter? Seeing none, there were no new recommendations in this chapter, so this committee can conclude its considerations. Could I have a motion to that effect?

Mr. Michelson: — I will move that this committee conclude considerations of chapter 45, volume 2 of the 2016 report.

The Chair: — Thank you, Mr. Michelson. Mr. Michelson has

moved that for the 2016 report volume 2, chapter 45, that this committee conclude its considerations. Any discussions? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. We shall move on to chapter 46. Mr. Deis.

Mr. Deis: — Chapter 46 of our 2016 report volume 2, on pages 301 to 306, reports the results of our first follow-up of South East Cornerstone School Division's progress towards addressing our recommendations made in the 2014 audit, and its processes for promoting positive student behaviour. Your committee considered these recommendations on January 13, 2016.

By September 15, 2016, South East Cornerstone had implemented all nine recommendations. South East Cornerstone Schools have developed safe and caring school charters. Complete documentation of decisions and steps taken to support positive student behaviour is required in all student files. The division has developed an escalation process to address continuing problem student behaviour. In addition, it had set clear expectations for training staff on student behaviour initiatives and keeps records of who received such training, easily accessible at schools. The division also tracks student behaviour, analyzes this information, and reports the results of the student behaviour initiatives to the board. That concludes our overview.

The Chair: — Thank you, Mr. Deis. Mr. Repski.

Mr. Repski: — Regarding chapter 46 on the recommendations first made in 2014 to the South East Cornerstone School Division to improve processes for promoting positive student behaviour, we are pleased to concur with the status update of the Provincial Auditor that in fact all nine recommendations have been fully implemented. The schools in the division have developed Safe and Caring Schools charters. They've developed and documented processes to address student behaviour and to support positive student behaviour. The division also tracks and analyzes student behaviour, and they do in fact report to the board on a regular basis.

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

Ms. Beck: — Just to confirm, you don't have any officials here from . . . Okay. No, I don't have any questions. I just wanted to make sure if we had someone from South East, we gave them an opportunity to speak to their progress, but no, that's fine.

Mr. Repski: — No, just little old us.

The Chair: — Thank you. Any questions at all on chapter 46? No. Seeing none, again there's no new recommendations in this chapter, so we can conclude our considerations. Could I have a motion to that effect?

Mr. Michelson: — I will so move that we conclude considerations of chapter 46, 2016 report volume 2.

The Chair: — Thank you. Mr. Michelson has moved that for the 2016 report volume 2, chapter 46 that this committee conclude its considerations. Ms. Ferguson has some comments.

Ms. Ferguson: — I just wanted to, you know, just to impress upon the committee, I think you've noticed probably as we worked our way through the chapters, the high implementation rate of each of those organizations with really a small period of time. In most cases, the implementation was done in two years. And so for us as an audit office, we find that quite impressive, you know, and some of those recommendations frankly are not easy recommendations, you know.

So we give the education sector a lot of credit for, you know, treating things seriously, but also I think having an attitude of, you know, it's good to move forward and to progress and to improve what you're doing. So I just wanted to make sure that as a committee member you kind of just didn't look at it part by part, but you looked overall and realized it's a pretty impressive body of work that they've done. So I'd like to acknowledge that. Thank you.

The Chair: — Thank you, Ms. Ferguson. Is there any other discussion on the motion before us? Seeing none, so for the 2016 report volume 2, chapter 46, Mr. Michelson has moved that we conclude consideration. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right, well thank you, Mr. Repski and your officials and everyone who was here today. Thank you to the Provincial Comptroller's office and to the auditor's office and my colleagues. Thank you for your time. Could I have a motion to adjourn? I've got a few motions to adjourn. Mr. D'Autremont. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right, this committee stands adjourned until the call of the Chair.

[The committee adjourned at 16:03.]