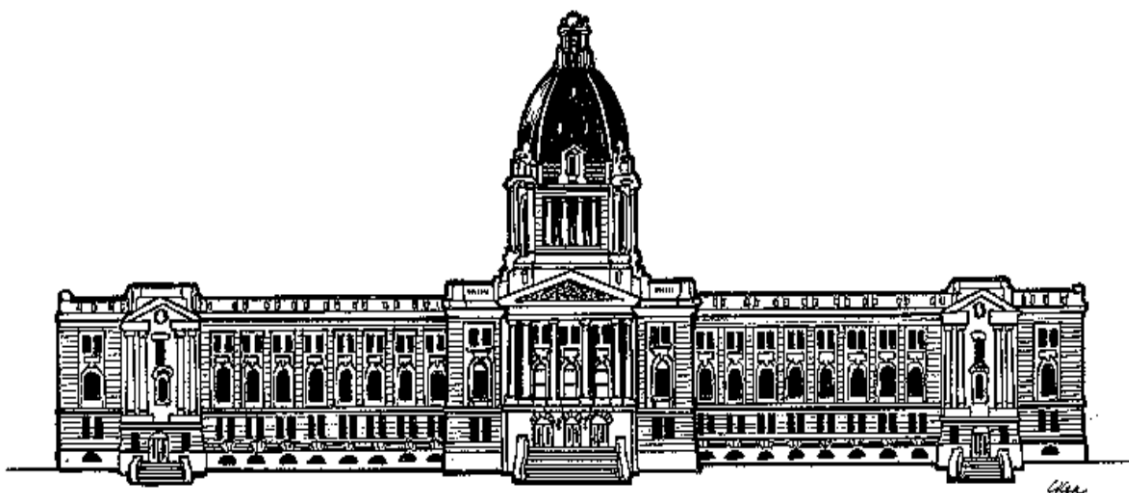




STANDING COMMITTEE ON PUBLIC ACCOUNTS

Hansard Verbatim Report

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Legislative Assembly of Saskatchewan

Twenty-Eighth Legislature

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Ms. Danielle Chartier, Chair
Saskatoon Riversdale

Mr. Don McMorris, Deputy Chair
Indian Head-Milestone

Ms. Carla Beck
Regina Lakeview

Ms. Lori Carr
Estevan

Mr. Warren Kaeding
Melville-Saltcoats

Ms. Lisa Lambert
Saskatoon Churchill-Wildwood

Mr. Warren Michelson
Moose Jaw North

Mr. Randy Weekes
Biggar-Sask Valley

[The committee met at 08:00.]

The Chair: — Good morning, everyone. Welcome to Public Accounts. We're here today for the consideration of the Office of the Provincial Auditor's annual report for the year ended March 31st, 2017 and her financial plan.

I'd like to welcome the members. I'm Danielle Chartier, the Chair. Welcome to Mr. McMorris, Ms. Carr, Mr. Kaeding, Ms. Lambert, Mr. Michelson, Mr. Weekes, and Ms. Beck. We do have a few items to table before we get to . . . And I'd like to welcome the Provincial Auditor. Welcome here today.

We have some items here to table first. We have the Ministry of Education report of public losses, June 1st, 2017 to August 31st, 2017, PAC 36-28; Provincial Auditor of Saskatchewan second quarter financial forecast for the six months ending September 30th, 2017, PAC 37-28; Ministry of Finance report of public losses, July 1st, 2017 to September 30th, 2017, PAC 38-28; Ministry of Health report of public losses, July 1st, 2017 to September 30th, 2017, that's PAC 39-28; Provincial Auditor of Saskatchewan responses to questions raised at November 8th, 2016 meeting, PAC 40-28.

I'd also like to advise the committee that pursuant to rule 142(2) that the following reports were committed to the committee: Provincial Auditor of Saskatchewan 2017 report volume 1, sessional paper no. 435; Provincial Auditor of Saskatchewan *Annual Report on Operations for the Year Ended March 31st, 2017*, sessional paper no. 437; Government of Saskatchewan 2016-17 Public Accounts volume 1, summary financial statements, session paper no. 470; and the Provincial Auditor of Saskatchewan *Business and Financial Plan for the Year Ended March 31st, 2019*, sessional paper no. 60.

So with that, I think that we're ready to move to the Provincial Auditor.

Ms. Ferguson: — Thank you very much, Madam Chair. Good morning, Chair, Deputy Chair, and members. I am pleased to be here. With me this morning I've got Ms. Angèle Borys. Angèle is our chief operating officer and the deputy provincial auditor for our support services division within our office.

So I must congratulate you. I think this is probably record time for people to look at a plan after it's been tabled. It was tabled yesterday afternoon and you're reviewing it this morning, so nothing like being prompt in terms of legislative process. I applaud you.

So this morning we've got the opportunity to present both our annual report on operations, which is the year ended March 31, 2017, and then our business and financial plan, which is the year ending March 31 of 2019. So, you know, there's a two-year time frame there and that's just how that legislative process works.

I'm going to present the annual report on operations first. From our perspective, that provides you with the results of our operating performance and our financial performance and, in our view, should provide a foundation, you know, in terms of what we are planning to do in that 2019 business and financial

plan.

So I'm going to pause after my presentation of the annual report on operations. In case the committee members have any questions of our office, we'd be pleased to respond to them and then move on to discuss the business and financial plan. So if that's okay with the committee, I'll proceed in that manner. Okay, are we all good? Good to go? Okay.

So the 2017 annual report contains both our operational performance results and our financial performance results. You'll find that it actually . . . As auditors, we get audited. It contains seven different audit reports covering both the office's operational and financial information. And we're pleased to draw to your attention that each of these auditor's reports are unqualified, which means it's a positive report. So this tells you that the operational and financial information included in this report is reliable, accurate, and complete.

With respect to our operational performance, the audited schedule of results for key performance measures, which you could find on page 29 to 31, and both of these, both our plan and our reports, are on our website which is www.auditor.sk.ca. So you'll find that that schedule summarizes our actual results. It groups these results by our strategic goals and supporting priorities and for each related performance measure and target.

The office's current strategic plan — which is a relatively new plan you'll find — it contains 10 performance targets. For the March year-end at March 31, 2017, the office achieved 7 of its 10 performance targets. For the year ended March 31st, 2017, the office achieved 7 of its 10 performance targets. And I'm going to discuss our performance for each strategic goal.

So as shown on page 29 of that report, we exceeded or met all of the performance targets related to our first goal which is demonstrating focus on most relevant audit areas. The government acted on 92 per cent of recommendations we assess as easier to implement, and 96 recommendations we assess as taking more time to implement. In addition, this committee and the Standing Committee on Crown Corporations accepted 99 per cent of the recommendations that we made. Furthermore, the agencies that responded to our survey have expressed satisfaction and value with our work.

Moving on, as shown on page 30, we met one of two targets related to our second goal of sustaining an engaged workforce that contributes to the success of the office. Based on survey results of our staff, staff indicate that they are satisfied with the office. However the level of training in 2017 was lower than expected. This was in part due to staff spending less time travelling to training, which we thought was a good thing. And so what we're trying to do in, you know, in trying to be fiscally responsible and making the best use of public dollars, we strongly encouraged staff to look for training within the province and webinars first. Last year we were actually fortunate in that we were able to do that. Some years we're not as fortunate, because in some years the specialized training that we're looking for as legislative auditors isn't available in the province, but last year it worked in our favour.

So in addition, what we always try to do is, as professional

accountants and auditors, we have professional development requirements and we're always making sure that staff are satisfying and meeting that professional development requirements in that training aspect. So although we're lower than target, we're still meeting those training requirements.

Then moving on, as shown on pages 30 and 31, we met three of four targets related to our third goal of improving our delivery of reliable services at a reasonable cost. We tabled our audit reports within the time frames expected, and completed our audit work within the approved budget, and past external reviews of our practice. However we need to do better in one area. The office provided 72 per cent of its reports to government agencies by an agreed-upon time frame, instead of our target of 75 per cent. So we're just a little bit below there. You know, this was primarily due to change in our workflow internally. That change in workflow resulted from the government changing the CIC [Crown Investments Corporation of Saskatchewan] Crown year-ends from December to March. It's actually . . . You know, you can appreciate, we've got more government entities with a March year-end. We've got more work during that time frame and 2016-2017 and probably a bit into 2018. We're still transitioning into that new cycle.

In addition we were impacted by additional work that the office did with respect to the special report on land acquisitions, and also we had higher than anticipated staff turnover. And I'll talk a little bit about that later on in terms of where we're at in that employment market.

So as shown on page 21, we did not quite meet our target with respect to our fourth goal of increasing awareness of the role of the office. Instead of increasing, that level of public awareness has really remained flat and stable, you know, over the last several years. So what we're doing is we're looking at ways to increase that. What we're recognizing . . . The survey that we do is an online survey, so I think it's a good indicator because most people are using online mechanisms to get their information. Right now we don't have a social media presence. We're moving into that realm. We've actually, since we last met with this committee, we've actually talked to all of the other legislative audit offices trying to figure out what they're doing, what's working, what's not working. From that we actually developed a communication plan to move into the realm of social media. And we're going to move into it relatively slowly and cautiously based on the advice of other offices.

And so we'll have a few social media challenges and we'll roll them out, you know, over the next year or so. So we're hoping that'll be a mechanism that'll work to increasing the awareness, particularly in recognition that our previous avenues — which, frankly, were primarily print — aren't there to the extent that they were before, particularly in rural Saskatchewan. You know, there's not as many weekly papers as there were beforehand and even the dailies in the cities are less with lesser staff. So we recognize it is really a changing world in that respect, and we've got to adapt as an office there.

So that actually concludes my presentation on our 2017 annual report on operations, and we'd be pleased to respond to any questions the committee may have.

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

Ms. Beck: — First of all, thank you both for being here early this morning and for your report and the work that your office does. Just a couple of questions, things that you've touched on. The first, you mentioned that there was a higher than anticipated staff turnover. I was just wondering if you could elaborate on that a little bit and what has caused that and what some of your plans are.

Ms. Ferguson: — Well we're actually in the business where, you know, if you monitor the HR [human resources] stuff, our staff are the high-sought sector. You know, what they're looking for, as in terms of employers, they want people with really good IT [information technology] skills. Guess what? Our staff have good IT skills. They want professional accountants. Well you know, we're professional accountants. And actually they want auditors. We've got auditors.

Like so honestly we're in the triple . . . We hit all three check marks for the high-demand positions, you know, and we're feeling it as an office. We've been very fortunate to date in that we've been able to recruit good staff. We've done a great job at recruiting good staff. The level of staff that we're losing is really the people that have recently acquired their CPA [chartered professional accountant] designation. For the most part, they're going to the public sector. They're actually going to the ministries and Crown corporations, etc. We are losing people out of province though, to out-of-province positions. So that's where we're at.

So what are we doing? We're looking at it quite carefully. We're trying to make sure that the salary and the work environment that we provide to them — and that's why the surveys are really important to us — match the needs and expectations of people. And frankly we're having to look at it very carefully and make adjustments as we roll along.

Ms. Beck: — Do you have an indication if it is the workload or the type of work that is enticing people out or if it's levels of compensation?

Ms. Ferguson: — What we're hearing so far, with the compensation part, we're having to monitor very, very closely on that. And we think we're just okay in there. The workload, we do have a high workload and some people want a more, you know, that balance aspect.

[08:15]

And so what we'll find is that when we talk about our business and financial plan, one of the things that we do is we use contracts more than we did before. And you'll see that in our budget when we get to the 2019 funding request. And that in part is because of the change in the year-ends, you know. And so what we do is we know that it's more important for us to have contract staff than beforehand to handle those peaks. We can't staff for those peaks. It wouldn't be efficient from an audit perspective. It would cost taxpayers a heck of a lot more money. And so we're doing that.

We're also, you know, what we're trying to do too is recognize

that in part it's a different climate. The expectations of that level is different, and so we're trying to do an adaptation. We are a training office, so we do expect a certain level of turnover. And we do recognize that not everybody wants to be a career auditor, you know. Although it's a great career, not everybody wants to do that. So we always do lose people to want to move to the other side; they want to move to the management side and the accounting side. And that certainly has been happening. So you know, so we are actively on top of it.

The Chair: — Ms. Beck.

Ms. Beck: — Just one other point that you had touched on, Judy, and that was around the communications plan and how you're getting information to the public. One of the things you mentioned was a bit of a social media presence and that that would roll out slowly over the next year. I think I heard you indicate that you had spoken with other offices. And are there examples in other jurisdictions where this has been done, and some of the pitfalls and some of the successes? I'm just wondering if you could elaborate on those.

Ms. Ferguson: — Sure, you know, yes. We are at a . . . Like not every audit office is actively in the social media realm, but there are certainly offices that are. BC [British Columbia]. For example BC is. Nova Scotia is, and Canada. They are very active in that social media realm. What we're finding from them is that, you know, some of them started, I think, with almost a shotgun approach where they participated in a wide area of social media channels like Facebook, etc. And really their advice to us is, like, stick to the business type ones. So what we'll do is we'll use LinkedIn, and we'll use Twitter, you know. And what we're hearing from them is those are the ones that seem to work best in our environment.

There's certain things that, as an audit office, we aren't the type of organization that has news to tell people every day of the week and frankly not even every month, you know. And so they've shared with us things to basically, you know, how you can sustain an audience to some extent, how to use social media in a manner that is respectful of the role that we, as auditors, are playing.

So you know, from that perspective, being kind of the middle of the game in terms of entering into it, we do have an advantage. They've been very forthright in terms of sharing what's working, what's not working. And Mindy, our communications specialist, you know, has worked with them quite closely in developing what we're planning to do. Also what they've indicated too is to try to set it up in a way that doesn't take a lot of resources to maintain too. So it's to moving in that manner.

The Chair: — Ms. Beck.

Ms. Beck: — This is a question for the Chair. Will we have opportunity to speak to some of the documents that were tabled earlier at the beginning of committee?

The Chair: — On the agenda, we've got the business and financial plan. You could move a motion, but let me just confer with staff. Just in conferring with staff here, the committee has concluded considerations on the Provincial Auditor's special report and probably, in light of the fact that there were

questions still outstanding, shouldn't have concluded consideration, but that ship has sailed.

Ms. Beck: — Okay, so if, and I ask this just for reference and for my further reference, so if documents are tabled today, and we've seen them for the first time, when would we have opportunity to discuss them publicly, given that this is Public Accounts? And is there another opportunity for us to discuss those documents?

The Chair: — This committee has concluded consideration on that report. Those questions are now in the . . . or all of that information is tabled publicly. But with respect to that report, this committee has concluded considerations.

Ms. Beck: — Okay. So including the document that was first tabled today?

The Chair: — The committee should not, likely should not have agreed to conclude considerations with outstanding questions, but it was the will of the committee to do that.

Ms. Beck: — Okay, so now it's a matter of public discourse, and we will have to discuss it outside of this Public Accounts Committee that's tasked with that oversight. Instead we'll have to do this publicly.

The Chair: — Yes.

Ms. Beck: — Thank you.

The Chair: — Or another . . . These can be discussed in other committees, including policy field committees.

Ms. Beck: — Okay.

The Chair: — So thank you for the question. Mr. Michelson.

Mr. Michelson: — If I could, Ms. Ferguson, you said at the start of your report that you're . . . It's kind of like the auditor auditing the auditor. Who do you get to do that? How does that process work?

Ms. Ferguson: — Virtus Group is the auditor that really the government has appointed to audit our office. You know, they decided that. And so they're independent of us; we don't, you know, we don't make that initial decision. And so they've . . .

Mr. Michelson: — So it's an outside source that comes in.

Ms. Ferguson: — Yes. Yes. They're a professional firm.

Mr. Michelson: — Thank you.

The Chair: — Ms. Beck.

Ms. Beck: — Thank you, Madam Chair. Back to my . . . And I understand we've concluded consideration. However even with the document that was tabled today, there's still some outstanding pieces within that document, including the names of cabinet and the subcommittee of cabinet, and I'm wondering if I could move a motion calling on the standing committee to immediately release all of the information withheld in the

document.

The Chair: — Sorry, Ms. Beck. Right now we have on the floor the annual report.

Ms. Beck: — Will there be opportunity at the end of meeting?

The Chair: — You can move a motion following this, and the committee will decide what to do with that motion.

Ms. Beck: — Thank you very much.

The Chair: — Thank you. Any further questions for Ms. Ferguson on the annual report? Seeing none, could I have a motion to conclude consideration on the *Annual Report on Operations for the Year Ended March 31st, 2017*?

Mr. Michelson: — I so move.

The Chair: — Mr. Michelson has moved that this committee conclude consideration on the *Annual Report on Operations for the Year Ended March 31st, 2017*. Any further questions? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. Ms. Ferguson, if we'd like to move on to the business and financial plan.

Ms. Ferguson: — Most definitely. So it's the 2019 business and financial plan, so in saying that, it's for the year ended March 31st, 2019. So the plan sets out the work that is required so that we can discharge our responsibilities under *The Provincial Auditor Act*. It includes our request for resources for that year ended March 31st, 2019 for the committee's consideration and approval for submission to the Speaker, and in turn for inclusion in the estimates to be tabled in the Legislative Assembly.

The plan contains information that *The Provincial Auditor Act* requires along with additional supporting information. We include this information to assist your understanding of our funding request and of our work plans. We prepared the plan consistent with prior years using the Public Sector Accounting Board standard of recommended practice. It's referred to as SORP-2 [statement of recommended practice]. It's the public performance reporting, and it's published by CPA Canada. The use of this practice statement helps us ensure the information in the plan reflects best practice and is sufficiently comprehensive. Consistent with prior years, the plan contains three main sections. First I will provide you with an overview of these sections and then I'm going to focus on section 2.0, which is our 2018-19 funding request. So here's the brief overview.

So section 1 is the Office of the Provincial Auditor. It starts on page 2. It briefly describes the purpose of the office, including who we serve and what we do. It highlights key accountability mechanisms included in *The Provincial Auditor Act* and the legislative framework for the independence of the office and its staff. In particular, it highlights our responsibilities to the Legislative Assembly and the relationship of the office to this committee.

Section 2.0, which is our 2018-19 funding request, it starts on page 8. It sets out our request for resources for the year ended March 31st, 2019. We based this request on the amount reflected in our audited financial forecast and work plan, which is in section 3.0.

So section 3.0, our annual work plan for 2018-19 and supporting schedules, starts on page 15. This section includes our audited financial forecast and trend information such as salaries. We use our Act, our strategic plan, and a risk-based model to decide our priorities and allocate resources in the development of this work plan and, in turn, our financial forecast.

The financial forecast, which starts on page 17, details our 2018-19 revenue, which is really funding from the Legislative Assembly, and both the planned expenses and expenditures on page 20. Virtus Group, the firm that I just referred to earlier who is appointed independent of our office, audits our financial forecast. As shown on page 16, Virtus Group provides an unqualified audit report on our financial forecast. This unqualified report gives you assurance that the information in the plan is reliable. It tells you our forecast is consistent with and reasonable in relation to our work plan and our strategic plan.

So now I'm going to focus on our 2018-19 funding request. You might want to turn to page 9 of the plan, so it sets it out there. So consistent with *The Provincial Auditor Act*, our funding request includes two separate appropriations. The first is our main appropriation. That's that (PA01) appropriation you'll find on the page. For 2018-19, we are requesting a main appropriation of \$8.151 million. It's the same amount as in the prior year. When determining this appropriation, we looked at and considered carefully the government's current and anticipated fiscal situation, and we continue to try to operate in a very frugal and practical manner in terms of our spending. We've looked for opportunities to reduce and control our spending, and we've identified the financial pressures that we expect to absorb, in essence, by increasing efficiencies and reducing costs wherever possible.

So pages 10 to 12 of the plan sets out the factors that we have considered and their estimated impact on our costs. So under *The Provincial Auditor Act*, the staff of the office are to have similar benefits as those offered to the public servants. And so we estimate that changes in employer costs of the various employee benefit plans will fully offset reductions in others. So that is saying that there's an \$8,000 increase that we're estimating for employee premiums for EI [employment insurance]. In the extended health care plan, we're expecting that to be offset by actually \$8,000 decrease in WCB [Workers' Compensation Board] premium rates. So it was kind of nice that they actually worked well in terms of offsetting there.

We're actually expecting inflation will increase our costs by about \$21,000, and that changes the PST [provincial sales tax] both in terms of rate and the broadening of the base will increase our costs by about \$13,000.

So the office is also impacted by the changes in the size and the number of government agencies. And for this area, we estimate that the net increase in government agencies will increase our

costs by about \$22,000. And you'll find details on that in section 4.1 which is page 30.

[08:30]

So with respect to salaries and agents in advisory services, which I touched on a little bit earlier, the office has higher peak workloads than in the past. Now as I mentioned earlier in my past presentation, most government agencies, including the CIC Crowns, now have a March 31st year-end. And so this really means that we're completing a significant amount of our work, financial work, within a really compressed time frame. And so what it's doing as an office, as I indicated earlier, has really increased the importance of us using outside contracts which is . . . What we're doing is we're actually contracting staff from accounting firms in Saskatchewan here to help us during those peak periods.

In addition, we continue to contract advisers to gain the necessary expertise and knowledge for our performance work. And what we find is that using contract approach in both of those areas has been quite cost effective for our office as opposed to trying to maintain permanent staff on board to cover those peak periods, or frankly, to develop and maintain the expertise in the areas that we're venturing into for our performance work.

However in saying that, we are finding that the costs are increasing and to some extent quite dramatically. We've estimated that we expect them to increase about 14 per cent over this next year based on what we hit last year and what we're seeing in terms of the costs that are being provided. As indicated in the report, we are taking active steps in terms of trying to, you know, manage those costs and keeping them as low as possible. In terms of working with the firms, it means that we are working with some different firms than we did earlier, and we're finding, you know, that the costs there are a bit more lower and more manageable for our office.

In addition, as I touched on earlier, we're facing an aggressive job market for newly qualified professionals and that has resulted in a higher than anticipated turnover. And so as I chatted a little bit earlier there, you know, we are fully aware that salary and employment conditions are key to maintaining and retaining qualified staff to do quality work. So although we're a training office and we do expect a certain level of turnover, we are closely monitoring that situation to make sure that we have sufficient qualified staff on board so that we can continue to do qualified work.

But overall we're estimating at this point that any savings that we have in salary is going to be actually offset by our increased costs for agent and advisory. What we're doing more and more as an office, frankly, is looking at those two things in tandem. Because it's frankly how we're having to manage more so as a workforce. So overall we're estimating that, you know, for identifiable costs that we're going to be having to absorb about \$56,000. It doesn't sound big in terms of when you say it like that, but when you look at the base of the office is 8 million, it is quite a bit.

We also know that there's costs that we're going to be absorbing that we can't really directly identify. We know that

there continues to be changes in assurance standards, professional accounting standards, and auditing standards. Those result in changes and modification in methodology. What we're doing there is we're very actively working with other legislative audit offices so that we can share practices and minimize the costs that result from changes in those standards. And to date, that approach is working quite well in terms of trying to control that area. So that's the main appropriation.

So the second appropriation, which is the appropriation for unforeseen expenses, and that's that (PA02). So *The Provincial Auditor Act* requires the inclusion of a second appropriation with the estimates presented each year. Its purpose is to provide the office with resources in order to respond to unforeseen circumstances. This includes unforeseen work such as requests from your committee, costs to improve the timeliness of our work, and unplanned salary and benefit increases. The quid pro quo on this appropriation is that when the office uses the appropriation, we're required to report back to this committee. And so we do that in our quarterly forecasts, in our annual reports on operations. And so we just don't tell you how much we spent, but we tell you why, you know, and to make sure that you know what we're doing in this area.

You'll find that we haven't dipped into this area for a number of years, and I think that reflects the fact that we, as an office, we really try to, you know, manage within the main appropriation and work hard to do that. So any unused amounts are returned to the General Revenue Fund each year. We don't retain it as an office.

So for the 2018-19, we are requesting 535,000 for unforeseen expenses. You'll note that's a small decrease from the prior-year budget. So consistent with prior years, it reflects our previous net financial assets target of one month of salary and benefits.

So in summary, our office respectfully asks that your committee approve our request for resources for 2018-19. You'll find that these amounts are set out in section 2.3 of the plan, that's on that page 9, and it's in the format that the Assembly has asked us to use. So that concludes my presentation, and we'd be pleased to respond to any questions that you may have.

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

Ms. Beck: — Thank you. Thank you again. One of the questions that I have is just around those unforeseen expenses, and I'm just trying to pull up the amount. You noted that, for the last couple of years anyway, that you have not gone into that second allocation. I note that it is written into the Act in 10.1 as you note. And so I'm just wondering about the reasons that that amount was written into the legislation. I think you briefly touched on some of the reasons that you might have that there. Maybe go a little further into what that is meant to cover, but I think it's a \$500,000 allocation.

Ms. Ferguson: — So what it really is is that, you know, at one point in time actually, the office was able to . . . If it did not spend all of its appropriation, it was able to retain the amount that was unspent. And the reason for that, at that point in time, was that frankly as auditors, you know, things change,

circumstances change. You know, we operate on a . . . When we set our budget, we operate on the assumption that we'll . . . that the government will be co-operative. Frankly, if the government's not co-operative, it increases costs for audit process. We operate on the assumption that the processes that the government has will actually remain relatively status quo. Sometimes that doesn't happen. We also operate on the assumption that, you know, our work plan will be relatively stable from one year to the next.

What it's designed to do, it's designed to make sure that the office can do its job without having to go back to the Assembly, that frankly that it can manage. And so when the legislation was changed to not allow us to keep our unspent amounts, it put in this second appropriation aspect so that the office actually can manage appropriately, make decisions appropriately, and is not hamstrung by the fact that perhaps it may need to have additional funding, you know, to do its job. You know, so it's to make sure that . . . It's frankly an independence piece. You know, it's to make sure the office can operate independently and is not subject to the whims of the government in terms of budgetary controls.

Ms. Beck: — So that you're not constrained financially should there be issues that arise, matters put forth, perhaps by this committee for example, that required further scrutiny, that is in the public interest to look further into. And so that wouldn't be constrained by your budget, your main budget allocation.

Ms. Ferguson: — And that's exactly right, you know. And so it, you know . . . And it also makes sure that from a committee perspective, if they ask our office to do work, that there is resources, right? So that there, you know, frankly it's that you don't have to go back to the Legislative Assembly and ask for funding to do those types of further work.

Ms. Beck: — And provide scrutiny perhaps that would be subject to budget allocations from folks who are being, who might be involved.

Ms. Ferguson: — That's right, yes. And also you know, sometimes things may be time sensitive too, right? And sometimes that additional funding request, the timeline on that might not align with the time sensitivity of a matter.

Ms. Beck: — Thank you for that.

The Chair: — Ms. Lambert.

Ms. Lambert: — Thank you. I just wanted to ask if you could elaborate a little further on the salary increases and how that works in your office.

Ms. Ferguson: — So basically from a salary increases aspect, you know, where we're at is that, like frankly for last year, the senior team, we've held the line on that. They haven't had salary increases — much to their chagrin.

The lower level of staff, what we've done is . . . You'll find that when people enter the office, it's not so much that they're having salary increases, but they progress from one level to the next to the next. So we've got a natural progression that if you meet certain milestones in terms of work performance and gain

competencies, then you're moving from being an auditor to a senior auditor to an assistant manager to a manager. And so what we're finding is that as long as you've got performance, they're progressing through promotions. So that's the primary way that we're handling the salary component.

As I indicated earlier, we are monitoring very carefully, you know. We don't want to be in a position where we're losing senior staff, you know, and if we enter that area, then I will be giving salary increases just because it's not in the best interest of the public. We are operating in a very competitive environment, as I indicated. The costs that . . . Our counterparties, the firms, they are giving salary increases, you know, and that's who we lose our staff to.

And we are losing staff to the ministries, you know, so that shows us that we're not overpaying people. So if I need to make salary increases, I will be making salary increases because frankly it'll be in the best interest. I think we've got a track record of being very prudent in that area and operating, you know, in a fiscally responsible manner.

Ms. Lambert: — Thank you.

The Chair: — Any further questions on the business and financial plan? Seeing none . . . Just confirming that I'm seeing no questions. So if there are no more questions, we need a few motions with respect to this report. Mr. McMorris.

Mr. McMorris: — Right. There are two motions. So the first one I believe is:

That the 2018-19 estimates of the Office of the Provincial Auditor, vote no. 28, provincial audit (PA01) be approved as submitted in the amount of \$7,922,000.

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

That the 2018-19 estimates of the Office of the Provincial Auditor, vote 28, Provincial Auditor be approved, estimated in the amount of \$7,922,000.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Okay, Mr. McMorris.

Mr. McMorris: — And the second motion is:

That the 2018-19 estimates of the Office of the Provincial Auditor, vote no. 28, unforeseen expenses (PA02) be approved as submitted in the amount of \$535,000.

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

That for the 2018-19 estimates of the Office of the Provincial Auditor, vote 28, unforeseen expenses (PA02) be approved as submitted in the amount of \$535,000.

Any questions or discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. Mr. McMorris.

[08:45]

Mr. McMorris: — And a third motion:

That the 2018-19 estimates of the Office of the Provincial Auditor as approved be forwarded to the Speaker as Chair of the Board of Internal Economy pursuant to section 10.1(4) of *The Provincial Auditor Act*.

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

That the 2018-19 estimates of the Office of the Provincial Auditor as approved be forwarded to the Speaker as Chair of the Board of Internal Economy pursuant to section 10.1(4) of *The Provincial Auditor Act*.

Any questions or discussions on this motion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. Ms. Beck.

Ms. Beck: — Thank you, Madam Chair. I would like to put forth a motion calling on this committee to amend the agenda to include discussions around documents tabled today.

The Chair: — And what is your motion?

Ms. Beck: —

That the Standing Committee of Public Accounts amend its November 29th, 2017 agenda to include discussion of documents tabled today.

Thank you.

The Chair: — Ms. Beck has moved:

That the Standing Committee of Public Accounts amend its November 29th, 2017 agenda to include discussion of documents tabled today.

Is the committee ready for the question? Ms. Beck.

Ms. Beck: — Thank you, Madam Chair. Again, I did enter briefly into comments on this, but I appreciate the opportunity to speak to this motion. Today we received documents, I'm referencing particularly Appendix A, response to queries from the November 8th, 2016 PAC [Public Accounts Committee] proceedings. These are questions that were asked, now it's over a year ago, and we finally received these documents today.

But I note that there are some unanswered questions that have been tabled here. Specifically I'm talking the second question on the first page of this document, is around the names of the subcommittee of cabinet and ministers of cabinet. And it's noted that those names were not forwarded.

The second piece is around the queries following the April 2012 unsolicited phone call. And in the comments, it notes that we don't have all of the requested information, given the scope of the audit. One thing that I would suggest, over the last . . .

The Chair: — Ms. Beck, I'm sorry. The debate right now is whether or not to add this to the agenda, and you're . . .

Ms. Beck: — Just some preamble as to why I think it's important that we add it to the agenda given that . . . I mean obviously the scope over the last year of what was being contemplated here has changed. There have been comments in the House by the Premier. I'm looking at a document from October 30th of this year, so quite recently.

And more than that, Mr. Speaker, we were asked if the Provincial Auditor could access all cabinet documents related to any decisions made with respect to the GTH [Global Transportation Hub] issue, and we certainly made that possible. I think that this document calls that into question in some regard.

It's not always the case, Mr. Speaker, that cabinet documents are made available for, to an independent review of a matter by an . . . [inaudible interjection] . . . Well there certainly is. And as we have established already, that this was a prematurely concluded debate on this when we have outstanding questions already and that is the scope of this committee.

The Chair: — Okay, through the Chair please. Just to be clear here. Thank you, Ms. Beck. There are some outstanding questions that still remain and there's some documentation that the PAC committee doesn't have yet that the steering committee . . . There is a process through which the steering committee is trying to work to get access to that information. And so there is some context there that . . . And just to assure you that the steering committee will continue to work on this and will bring it to Public Accounts.

Ms. Beck: — Do we have a timeline?

The Chair: — Yes. Would Mr. McMorris like to speak to this?

Mr. McMorris: — Well yes. As fairly new to this and a change of the Vice-Chair, I mean there is a subcommittee that deals with this that will then eventually make the decisions as to what comes back to PAC and what doesn't. I mean there's been a motion already to finalize those reports. That doesn't say that we can't have more discussion on it through the subcommittee, and that's certainly what we'll do.

The Chair: — And the subcommittee will report back to PAC and this entire body, just to be sure that the member is aware of that. Ms. Beck.

Ms. Beck: — Do we have a timeline on when we can expect that report back?

The Chair: — Well Mr. McMorris and I, as the Deputy Chair and the Chair, and the Committee Clerk will work on that. We'll try to work on that. I don't have a timeline on that, but in the very near future we can commit to doing that.

So with respect to your motion, are there any further comments? Seeing none . . . Sorry, I'm off track here. Ms. Beck has moved:

That the Standing Committee of Public Accounts amend its November 29th, 2017 agenda to include discussion of documents tabled today.

Is that agreed?

Some Hon. Members: — No.

The Chair: — No. Ms. Beck.

Ms. Beck: — Recorded division, please.

The Chair: — Recorded division. All those in favour of the motion:

That the Standing Committee of Public Accounts amend its November 29th, 2017 agenda to include discussion of documents tabled today.

Please raise your hand. Thank you. All those opposed? That vote is lost, five to one. Thank you.

Seeing that's the wrap on our agenda here, everything for the day. Thank you, Ms. Ferguson, for your time. We always appreciate you coming and telling us about the work of your office and what we've seen in the past and what we can expect in the future. And with that, could I get a motion to adjourn? Mr. McMorris has moved that this committee adjourn. Is that agreed?

Some Hon. Members: — Carried.

The Chair: — Carried. This committee now stands adjourned until the call of the Chair.

[The committee adjourned at 08:50.]