



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

Mr. Trent Wotherspoon, Chair
Regina Rosemont

Mr. Don McMorris, Deputy Chair
Indian Head-Milestone

Mr. Greg Brkich
Arm River

Mr. David Buckingham
Saskatoon Westview

Mr. Herb Cox
The Battlefords

Ms. Lisa Lambert
Saskatoon Churchill-Wildwood

Ms. Vicki Mowat
Saskatoon Fairview

Mr. Randy Weekes
Biggar-Sask Valley

[The committee met at 09:00.]

The Chair: — Okay, we'll convene the Standing Committee for Public Accounts. I'll introduce members: Deputy Chair, Mr. McMorris; Mr. Weekes; Ms. Lambert; Mr. Buckingham; Mr. Cox; and Ms. Mowat.

We have the following items to table: PAC 93-28, Provincial Auditor of Saskatchewan: Second quarter financial forecast for the period ending September 30th, 2018; PAC 94-28, Ministry of Justice: Responses to questions raised at the September 26th, 2019 meeting; PAC 95-28, Water Security Agency: Responses to questions raised at the September 25th, 2019 meeting; PAC 96-28, Ministry of Education: Report of public losses July 1st, 2019 to September 30th, 2019; PAC 97-28, Ministry of Health: Report of public losses July 1st, 2019 to September 30th, 2019.

I'd like to advise the committee that pursuant to rule 142(2), the following report was committed to the committee: sessional paper no. 46, Provincial Auditor of Saskatchewan, *Business and Financial Plan for the Year Ended March 3, 2021*.

I'd like to introduce and welcome our Provincial Auditor, Judy Ferguson, to the committee. She's here with officials. I'll ask her to briefly introduce her officials.

Ms. Ferguson: — Thank you, Chair, Deputy Chair, and members. With me this morning is Ms. Angèle Borys. Angèle is our chief operating officer and the deputy that's responsible for our support services division. And right behind her and not at the table, being too shy I think, is Ms. Heather Tomlin, our office manager.

The Chair: — Thank you very much. We'll move along with consideration of the Provincial Auditor *Business and Financial Plan for the Year Ended March 31, 2021*, and the *Annual Report on Operations for the Year Ended March 31, 2019*. We're going to begin with the *Annual Report on Operations for the Year Ended March 31, 2019*. If the auditor has some brief introductory remarks, we'd welcome those and then I'll open it up for questions.

*Annual Report on Operations for the
Year Ended March 31, 2019*

Ms. Ferguson: — Yes, I do. Thank you very much for the opportunity. So for those of you that may have the report with you, you know, you might want to just pull it out because you can just flip through the pages as I go through. For those of you that may be online and listening, the report is publicly available on our website. We're www.auditor.sk.ca.

So the annual report. What we do as an office to ensure the members and the public receive value that they deserve from us, we actually follow what we call a process for accountability for results. What we do is we set and we communicate measurable results and responsibilities, and you'll find that we do that through our strategic planning exercise. And our strategic plan is actually included in our business and financial plan.

So we plan what needs to be done to achieve those results. We do the work and we monitor the progress. And we monitor using

performance measures, and we have performance targets. And so what we include in the annual report is really the results of what happened against those performance measures and targets. We do that from both an operational perspective and a financial perspective. So you'll find the report really has two distinct different pieces, both operational and financial. And of course, as evident by our meeting today, we report out publicly on our results.

So in essence the annual report really completes an accountability cycle that starts with our business and financial plan that we presented to this committee in November of 2017. So the business and financial plan process is in essence almost like 18 months to two years out from the annual reporting process. And that's actually a positive way to do things, so it's not unusual whatsoever.

So you'll find that the annual report includes seven unqualified, independent, external audit reports on the key aspects of our operations, both the financial operations, the actual performance operating aspect, and our controls. Basically what happens is the audit that we do of other government agencies, an auditor comes into our office and does a parallel audit. We call that the integrated audit, the annual integrated audit. So we're subject to the annual integrated audit.

Over and above that, we've actually adopted best practice where we have that auditor come and audit our performance measures and our results. And the reason that we do that is so that you know that what we're providing you is reliable information. So you don't have to, just frankly, trust us; you've got independent advice. Our independent auditor is Virtus Group. We don't appoint the auditor. That auditor actually is appointed by cabinet. And they've been our auditor for a little while. So you'll find that there's seven different independent audit reports within that document.

I'm going to briefly highlight a few of our achievements and challenges for the last year. You'll find that we have 10 performance measures with targets. And I'm very pleased to report that we have actually met all of those performance targets. And it's pages 13 to 22. You'll find details about each of them, and you'll see that they're grouped under four different strategic goals.

We use our reports on the results of our audits, so it's our 2018 reports volume 1 and 2. They report the results of our audit work in which you as a committee review. And what we're very pleased to see is that there is a very high rate of implementation of the recommendations in those reports, and you'll see that rate detailed on page 17.

We also survey management each and every year in terms of what their views of our office is, the value that we're providing, and we're really pleased that we are maintaining strong feedback in terms of the value of the office. You'll see that. There's a graph also on page 17.

And you'll also see that what we do is we try to present information on a trend basis, not just a one-off, so that you can sort of see the directional aspect. So as an office we really do feel like we are making a difference to achieving our mission and

vision of having better management in the public sector.

We're also happy that our employee engagement remains good and stable. You'll see that on page 19. During 2018-19 we renewed our executive team. We had one of our deputies — she had worked with the office for 19 years — she retired from the office. She was replaced by Trevor St. John, who you've seen at the meetings already. So Trevor moved into the education division. And we had Mr. Kelly Deis move into the environment and infrastructure division, which Regan had retired out of.

We do that deliberately as an office to rotate staff, even at the deputy level, so that there's a fresh look at, you know, when we're doing the audits, so you have a fresh look. It renews that. So we do that at the deputy level. We also do rotation at the lower levels within the office too, just to make sure that we get objective, independent looks at what we're doing.

We manage our finances very prudently, and you can see that on pages 20 and 21. We worked within our approved appropriation and returned the full contingency appropriation. We prepare reliable financial reports; we maintain effective controls over our operations; and we complied with our governing authority, which is *The Provincial Auditor Act*.

Furthermore there's an area that, if you recall from last year, we needed to work on and that was increasing public awareness. We're really pleased to report that we are making headway, progress in that area. You know, we participate in an omnibus survey each year to provide a measure of that, and that survey shows that there is an increase in there. We are using social media as we chatted about last year. We've actually quadrupled our Twitter followers and we've tripled our LinkedIn followers, but the numbers are still modest amounts, so we know that we need to continue to grow those areas.

We recognize that surveying the legislators and members of the Assembly also means that the public need to be aware of our office and the role of our office and the work of our office. So this is an important area.

An area of continuing challenge, frankly, is we still have higher-than-desired turnover of staff, particularly staff that recently attained their accounting designation. We know that the public accounting firms have the same issue that we're facing. Part of it is the rejigger in terms of the accountancy profession. Also I think it's part of . . . It's, you know, just a sort of a different perspective on basically the individuals that are that age in terms of how long they stay with a particular employer. So that is a challenge that we're facing.

We are still able to recruit high-quality people. We have no trouble bringing people in the door that are really high-quality, competent individuals. Our challenge is really retaining them, you know. So I'll chat a little bit further on our business and financial plan on that dimension. But it is something that we're facing and it takes time and energy from our office to manage that particular area.

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

The Chair: — Well thank you for the presentation and the report

and the different performance measures that you've assessed and reported out to us. I'd open it up for questions. Ms. Mowat.

Ms. Mowat: — Thank you very much. And thanks for the report as well. I appreciate the fact that everything is sort of pulled out and explained, so I would say as usual at this point.

So I do have a couple of questions. On page 17 . . . You mentioned in your oral remarks as well that the percentage of recommendations that has been acted on by the government has increased. So you're up to 97 per cent on both type 1 and type 2 recommendations, which is quite a bit over your target of 85 per cent, I think is something we can all agree on as . . . You know, that's sort of like the work of this committee, so we really appreciate the work that you've put into making that happen.

I'm wondering how you account for this progress. And when you look at these numbers, what does that mean to you?

Ms. Ferguson: — I think your comments are exactly right. You know, I think we have a well-functioning Public Accounts Committee in Saskatchewan. If you look across Canada, you can't say the same of every jurisdiction. And we, as legislative auditors, do see a co-relationship between the acceptance of recommendations to a well-functioning Public Accounts Committee. So as an audit office, we greatly appreciate the support that you provided. I also think that the status updates, the requirement for the committee to have status updates presented to the committee, the fact that they're being tabled too is contributing, I think, to a higher acceptance rate.

Bottom line, our office, we can't hold the officials to account. That's your job. And you're doing that. And so it has a domino effect on the acceptance of the recommendations themselves too. So you know, I think it's a case where, you know, the work of the committee and the work of our office is . . . There's synergies there and it's paying dividends.

Ms. Mowat: — Thank you. You mentioned the area of continuing challenge in retaining staff. That's something I noticed as well when I was reading through the report, in terms of the difference between the . . . So on page 32 the difference between the 2019 actual and the 2019 budget is \$296,000, and I think this is because of a vacancy that existed that was trying to be filled. I'm just wondering how you're managing staff turnover. Has that vacancy been filled now?

Ms. Ferguson: — So what it is . . . You're right. You know, it's the time difference between somebody going off, you know, and somebody coming on. There's a lag, right? And so you end up with, really, salary savings.

What we've done as an audit office is we've used more contract during the last year. So we've increased the use of contract to fill in those gaps. So what's happening is that we used to hire and staff up, you know, on an annual cycle. And I think Angèle would say that it's a continual cycle now in terms of . . . So we've changed the timing of when we're hiring to be more continuous in terms of hiring, you know, and utilize contracts more. And really it's a case of trying to figure out, you know, how can we keep them longer.

[09:15]

Ms. Mowat: — Fair enough. And have you considered any types of incentives or, you know, are you looking at putting a plan together for retention? You know, it seems very attractive that you offer training, so I think that's excellent in terms of the recruitment. I'm just wondering sort of what the thoughts are, or if the plan is to sort of go forward on a more contractual basis as needed.

Ms. Ferguson: — Well what we're doing is, we hold exit interviews for everybody that leaves. And what we find is that they're very useful in terms of figuring out, you know, why they're not staying. Unfortunately we aren't hearing common themes. You know, it'd be better if we heard common themes, right, because then you know what the issue is.

One of the big things is work-life balance, you know, trying to make sure that really they have that balance, or perceive to have the balance, I think, sometimes. So it's working on that. So we're trying to change, making sure we're staggering deadlines of our performance work more. So you know, that type of stuff.

We're taking more of a pooled approach in utilization of staff. So they might not work just for one division. They might work for a variety of divisions, again to smooth what's happening. In some cases, putting bigger teams on jobs so the out-of-town isn't as high. So I would suggest really it's a multi-faceted approach that we're trying to take.

We're very sensitive to salaries, you know, because we are hearing that some are going across, and even going across to other government agencies, at higher salaries. So we're having a good look to make sure that we're in the ball game in terms of the salaries. And we'll be looking carefully at that once more again too. So yes, there's not one thing as to why people are leaving.

Ms. Mowat: — Sure, and I certainly appreciate your comments around the workplace culture, work-life balance, and making sure that folks feel supported. Because you know, without being able to pinpoint a specific reason, that can obviously be a contributor to high staff turnover.

Ms. Ferguson: — What's interesting though is our employee engagement's high. And so, you know, what we perennially hear is that, like, great place to work, you know, but. You know, it's the "but," right? The "but" is the salary. The "but" is I don't want to travel or I just want to stay at one desk. You know, so it's a bunch of different "buts."

Ms. Mowat: — Thank you. Moving on to, I guess, the next page, the schedule of actual costs to audit government agencies, I note a great deal of discrepancy between the planned costs and actual costs. And I was wondering if you can speak to what the budgeting process looks like and how you try and account for this because, you know, you seem to be quite close in some areas and then some areas are quite a bit higher. Like, I see the government-wide and sectoral work, the actual costs were much lower than planned costs. I was just wondering if you could speak to a little bit of that. I see the specific notes on page 47, but was wondering if you could speak to that a little bit more broadly.

Ms. Ferguson: — Absolutely, because I think it sets the stage for what we're talking about next. So when we're coming up with

our work plan, we're making our best guess as to, you know, what work we're going to do within the next 12 months. And so as you can appreciate, our audits don't neatly fit into an April to March cycle. In reality we start audits at different points in time during the year, particularly our performance audits.

Even our annual integrated audits, the financial audits, the timing may change on those a bit too. Sometimes we have control over that timing; other times we don't. Like for example, on larger audits we try to do as much work as we can before the end of March so those costs would be, you know, in the 12-year cycle. But sometimes what happens is we go to the agency and they're not ready for us to come in and audit on the financial audits. So that pushes our work later into the next fiscal year.

The same happens with our performance work too, is that we've set a timetable in that we think that we're going to start this audit, say, within September or October. We're working with the agency in terms of developing, you know, formulating what we're specifically doing. And they say, well geez, this is really good except your key contact person is on vacation now and we can't accommodate you at that. So time frames change all the time on that. So that's one driver.

The second one is, like the performance work, what we're doing is, when we're setting our budgets for performance work we set them based on a subject matter, and then we work with the entity and the organization to formulate what we're actually doing. Sometimes we guess pretty good. Other times not as much, right?

In the year under review here on Health, you know, if you recall from your reports that you looked at, we did work on comparison of labs between the provincial labs, between Regina and Saskatoon. We did an audit on opioids. We did an audit of maintenance of facilities in Saskatoon. Well on our maintenance of facilities, that one was a lot more complex than we thought it would be. We'd done lots of maintenance audits before and so we used a ballpark of hours that we had used on audits of school divisions. But frankly when we got up to Saskatoon it was totally different. We were out, so it took us more time than we thought. So it's those types of things.

The ones that you're highlighting, the cross-government and sectoral work, what we tend to do on that is when we're putting the subject matter sometimes we think, oh it's going to be sectoral or government-wide. And when we work our way through the topics we end up putting them elsewhere sometimes, that we decide that it's not going to be a couple of different agencies; rather it's going to be this particular agency. So those costs end up moving into different categories at times too.

Ms. Mowat: — Thank you. So I think, given that explanation, the numbers are quite a bit closer than one might expect they would be.

Ms. Ferguson: — Well, we try.

Ms. Mowat: — So I think this is my last question. So you were talking about increasing public awareness, and I remember us talking about this last year as well. And you maybe remember me asking this question, but I'm going to ask it again. I am wondering if there's been consideration given to adding additional forms of social media such as Facebook.

Ms. Ferguson: — We've looked at that actually. And we've consulted with other audit offices again on that, and I think right now we feel that LinkedIn and Twitter is more business platforms. The advice that we're getting on Facebook is that it's a different array of people that are using Facebook and they're using it for different reasons. And so yes, so the advice that we're receiving from other jurisdictions that are using Facebook, I think they're looking at whether or not they are going to continue using it too. So I think we're okay. We just need to grow what we're doing.

Ms. Mowat: — Fair enough. Thank you. Those were all my questions, Mr. Chair.

The Chair: — Thank you for the responses and the questions. Any other questions on this front? Would someone move that we conclude consideration of the *Annual Report on Operations for the Year Ended March 31, 2019*? Ms. Lambert moves. All agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved.

***Business and Financial Plan for the
Year Ended March 31, 2021***

The Chair: — We'll move along with the consideration of the Provincial Auditor's *Business and Financial Plan for the Year Ended March 31, 2021*. I'd welcome some introductory remarks and then I'd open it up for questions.

Ms. Ferguson: — Thank you for the opportunity. So this is a plan, as the Chair just indicated, for March 31st, 2021. So we've jumped two years ahead now. And so it contains information that *The Provincial Auditor Act* requires, along with additional supporting information. When we prepare this plan, what we're doing is we're using the CPA [chartered professional accountant] published SOP 2 [standard operating procedure] which really sets out guidelines for performance reporting for the public sector. So you know, so we're using that as a guideline to help us determine the content of it.

I'm going to provide a quick recap of the content of the *Business and Financial Plan* and then focus in on our funding request. So section 1 of the plan, it provides a description of the purpose of the office. It highlights the key accountability mechanisms included in *The Provincial Auditor Act* and also really the legislative framework that gives our office independence, including administrative independence. It highlights our responsibilities to the members of the Assembly and in particular to this committee itself, right? So you know, it shows that we have a direct accountability relationship to this committee.

Section 2 is our funding request, which I'm going to highlight a little bit later. What we've done is, it's the area that sets out how many dollars that we need to enable to really fulfill our responsibilities under the Act. Section 3 is the work plan, and that's the work plan that we were just talking about in the annual report in operations. This is what we're planning to do for 2021.

And section 4, it's got a whole mess of information in there. It provides details to support our work plan. It also includes the

potential areas of focus of performance work over the next three years. So it's that three-year rolling plan, and it contains information that the committee has requested in the past. So what we're trying to do is, you know, anticipate questions that you may have and provide you with that information so you can look at it, consider it, and provide you opportunities to ask questions.

And as indicated earlier, the last section in the report is our strategic plan. It's our plan from 2017 to 2021. The reason that's important in there is that it includes not only our strategic goals, our four strategic goals, but our performance measures. And our targets are in that section of the plan.

So I'm just going to roll back to section 2, which starts on page 8 if you want to follow along. So consistent with *The Provincial Auditor Act*, the funding request includes two separate appropriations. The first one's our main appropriation and the second one is the appropriation for unforeseen expenses.

So with respect to the main appropriation, which is on page 8 there, we're requesting 8.208 million. And so that's actually a very modest increase over our last budget. It's less than 1 per cent or \$57,000. You know, as a committee, you may recall that really our appropriation for the last few years has remained flat at 8.151. And our office has really been absorbing inflationary increases since that point in time and looking for efficiencies. We've tried to do that again in this plan, but we think we need a little bit more.

So when determining our '20-21 request, we carefully considered the work that we need to do to achieve our mandate. We considered factors, forces, and trends affecting our appropriation, and we did that using information available at September 30th of 2019. So that's the information that we based our funding request on.

We laid these out starting on page 10 of the plan. So our main cost as an audit office is salaries and benefits. You know, that's how we get our job done, is through the use of our staff. As I was just referring to when I talked to the annual report on operations, the market for our staff remains aggressive. We happen to have those ideal skill sets that folks are looking for. We have a lot of accountants, but we also have accountants that have good IT [information technology] knowledge, that are good in data analytics. You know, bottom line, our staff are frequently sought out and frankly enticed elsewhere.

So you know, as I indicated earlier, what are we doing? We're carefully monitoring the market conditions and salaries. We're monitoring the staff qualifications, the expertise, that work-life balance, you know. And as I indicated earlier, we're fortunate, we can attract good people. It's just to try to keep them. So what we're trying to do is offer fair compensation and benefits and similar to those provided in the public sector.

To augment our staff and really to manage those peak workloads . . . If you recall most of government has a March 31st year-end now, so that means, you know, that time frame, we have to really ramp up for that. So what we do is we use contract staff to augment to manage those peak loads. What we're finding is that the rates from the accounting firms are creeping up, so our strategy thus far is to use the smaller to mid-size firms to help control those costs. But even those are creeping up on us too.

[09:30]

We also use contract staff to augment our expertise on our performance work. And to date we've been actually quite fortunate in that we've been able to hire people at decent rates and in some cases lower than we had thought too. So that part seems to be working quite decently.

Another driver for us for costs is the change in the number and size of the agencies and whether or not the government is using an appointed auditor for the annual integrated audit. So you'll see on page 30 we break out sort of the changes there. And so what we're anticipating is an increase in our costs by \$28,000, and that's comprised of \$12,000 for the net impact of the creation and windup of government agencies, and 16 for a change in use of appointed auditor.

Another factor affecting us is inflation, and to prepare the plan we used the treasury board recommended inflation rate of 2.2 per cent. So after looking for efficiencies and savings, you know, we're anticipating the inflation will cost us an additional \$26,000. And that's really primarily impacting things like our office software and licensing, our travel costs — like the hotel costs and just the travel itself — our supplies, and our contracted services.

So that's it for the main appropriation. I just want to move on to the unforeseen one. For the unforeseen we're requesting \$538,000. So just to give you a bit of background on that appropriation, *The Provincial Auditor Act* requires the inclusion of a second appropriation with the estimates presented each year, to provide our office with resources in order to respond to unforeseen circumstances.

So what are unforeseen circumstances? Well that may be a request from your committee. It could actually be a request under *The Provincial Auditor Act* that, you know, cabinet can make a request through an order in council. It also can be things that we do to try to improve the timeliness of our work, and also to cover unplanned salary and benefit expenses.

The quid pro quo on that appropriation is that we just don't spend it. We give you information as to when we're spending it and also why we're spending it. So when do you get that information? You get that information through our quarterly financial reports, one of which was just tabled this morning, and through our annual report on operations. So you know, so there's an accountability mechanism to that appropriation.

As I indicated in my last presentation, for last year we returned the full amount to the General Revenue Fund. And that's the quid pro quo. We return what's unspent at the end of the fiscal year.

Consistent with prior years, we've determined this request to equate to one month of salary and benefits. So we use salary and benefits because that's our main expense for the office and that's what we need to really make sure that we're covering to operate.

So there's one additional matter that's set out on page 12 that I would like to draw to your attention. As I indicated earlier, we use September 30th to prepare our funding request, so at that time we didn't think we could do a good estimate in terms of salary and general salary increases for salary and benefits for our staff

for 2020 and 2021. And the reason for that is that at the end of September we like to monitor what's happening in the government in terms of increases in salary. If we recall, during that month a lot of salary negotiations were underway with really nothing finalized, you know, and so as a result we decided that we couldn't make a reliable estimate.

Since that point in time, actually on November 20th, cabinet approved increases for out-of-scope employees that fall within the Public Service Commission for compensation rates there and also for compensation of both salaries and adjustments to pensions. Angèle and the team are looking at that and trying to figure out what we're going to be doing, so we haven't figured out . . . so the numbers that are presented before you don't include that. What we would do is use our contingency appropriation to fund that amount once we figure out what that is.

So in summary we respectfully ask your committee to approve our request for funding for both the main appropriation and our appropriation for unforeseen expenses. You'll find that page 9 of the report sets out this request in the Assembly requested format.

So in closing I do want to really express my appreciation for myself and on behalf of the office of the support of this committee. As I indicated earlier, we do think we have a well-functioning Public Accounts Committee in Saskatchewan. We appreciate the support that you provide to our office but also I think in terms of holding the government to account and moving practice forward in the province. We'd be pleased to respond to any questions.

The Chair: — Thank you for the report, for the presentation. I'll open it up for questions. Ms. Mowat.

Ms. Mowat: — Thank you and thanks again for the oral remarks. I think you answered a lot of my questions already, so that's a good sign for how much time I will spend asking more questions.

In terms of the number of FTEs, full-time equivalent positions that the office expects, it's listed at 60 here and it's got a breakdown of the number of professional accountants and those who are training to become professional accountants and so on. I'm wondering how this compares to other provinces and if you've done any sort of jurisdictional scan lately to see how the office stacks up. I imagine it can't be, you know, a straight per capita thing because the work exists, I would say, you know . . . In Saskatchewan, even though we don't have a very large population, we still have all of the work of government that needs to be audited. So I'm just wondering if you can comment on that briefly.

Ms. Ferguson: — I'll let Angèle do the flip-flip-flip here for a moment. Basically we do gather interprovincial information on this. We don't have permission to share the actual numbers, but what we can say is that the percentages actually range a little bit in terms of how offices are structured, in terms of whether or not they're a training office. A training office is offices that train staff for CPAs, and whether or not they're training . . . Let me stop there.

In some respects it depends on how much of their portfolio is performance work and how much is financial work, and that does

vary by offices quite a bit. What we find is the Western provinces — Saskatchewan, Alberta, and BC [British Columbia] — we have a higher weight of financial work and a lower weight of performance work than Quebec and than Ontario. Their ratios are frankly just a bit at the opposite. So as a result, they hire . . . Ontario hires a lot less students and a lot less CPAs because they don't use them on performance audits. So there's a range in mix there. We are quite similar in terms of percentages, in terms of the ratios of staff for the offices that have similar ratios in terms of the type of work that's being done.

Ms. Mowat: — Thank you. You mention at a few different points, and it's expanded in . . . I don't remember what you called chapter 4, but it's in chapter 4.1, the impact of changes to government agencies. So it's listed on page 10 to explain that there's a net increase there. I know you talked a little bit about this but I was wondering if you could give a broad explanation of what that looked like. So I see there's a table there. So now I'm jumping back to page 30.

Ms. Ferguson: — So on page 30 what we do is . . . And part of it's the driver is that, you know, a good chunk of our work is weighted to the financial work, too, is a driver on this table. So we keep track of the agencies, the government agencies that are created each year and the government agencies that are wound up.

In Saskatchewan there's about 270 different agencies that comprise of the Government of Saskatchewan, and so our office is responsible for the audit of all of them. In some cases, as I indicated earlier, agencies may decide to use an appointed auditor. In that case our direct costs reduce but, you know, as reflected in our report, we try to make sure that the public knows the overall cost of auditing the government, which is on page 34. So it's just a matter of where the money's coming from. So if they use an appointed auditor, our direct costs go down but the cost to government, that doesn't change, right? In some cases it goes up.

So on this one here what you'll find is that during the . . . For 2020-2021 the government has created the Saskatchewan Technology Fund. They made a decision because of the restructuring of the government and also the restructuring of the health authority and the changes to the Act there that the affiliates actually fall within the government reporting entity. So there's a number of affiliates there. You'll see a large number of affiliates. They're done by appointed auditors, so our involvement there is less. So that's an increase there.

You can see that there's a few agencies that are being wound up — Ag Implements Board, the Physician Recruitment Agency, and then STC's [Saskatchewan Transportation Company] finally, you know, fully wound up. So that reduces our costs. We don't have to do that work any more. There was a change in that our office is doing the audit of Global Transportation Authority directly now and so that does increase our costs. So there's ins and outs, and that's normal that there's ins and outs every year.

Ms. Mowat: — Thank you. And I appreciate the explanation too of what the implications are for changes when there's an appointed . . . Yes, I appreciate that.

On page 17, I was just wondering if you could explain the

expense under agent and advisory services. The 2020 estimate looks like it's \$506,000 and it looks like it's sort of out of character compared to 2018 up to the 2020 projections. So I was wondering if you could elaborate on that a little bit for us.

Ms. Ferguson: — I think really what we're doing on . . . Well I don't think, I know what we're doing on that one there is that we're recognizing right now we have high staff turnover, right? As indicated earlier, this is the area that we're pulling in to make sure that we're dealing with those gaps. And you know, in terms of when somebody leaves and we rehire, we use agent and advisory services to do that. So you know, it's a recognition that we're going to have to use that tool to make sure that we're addressing that issue.

Ms. Mowat: — Thank you. And I see that it's expected to go down in 2021. So it's expected that this will be not a trend into the future?

Ms. Ferguson: — We're optimistic. Yes.

Ms. Mowat: — Thank you. You talked a little bit about out-of-province travel. I see a note, it's note no. 2 underneath the chart there on page 33 that "Some specialized training was not available in province as initially anticipated." I'm wondering if you can speak to what this training was.

Ms. Ferguson: — For the year under review, I think it was pension. We've got staff in our office that are specialized in pension and receive specialized pension training. Sometimes that training is offered in Saskatchewan. Sometimes we have to go out-of-province for that training. So this year I think it was the pension amounts that caused the fluctuation.

Ms. Mowat: — Thank you. In terms of the . . . You mentioned in your opening remarks the uncertainty around staff salaries as representing a bit of a question mark as you were preparing your plan. And obviously, you know, November 20th announcement doesn't give us a lot of time before this meeting to figure out what that means. Do you have any idea of, like, a ballpark of dollars at this point of what we're talking about here?

[09:45]

Ms. Ferguson: — We do. We anticipated the question. But it is, like I'll say, it is a ballpark. You know, Angèle has not been able to, what I would say, sharpen her pencil. She's done some rough crunching for me, so really at this point in time she's guessing about \$185,000 is what it would cost. But like I said, it's a rough estimate.

Ms. Mowat: — Thank you. I appreciate that, and we'll note that with an asterisk that it's a rough estimation at this point.

Turning our attention to the potential areas of focus for performance work, which is always something we're quite interested in. We spend a lot of time on performance work in this committee. I know in the past you've provided a bit of an explanation, but I was wondering if you can sort of revisit that a little bit in terms of how the decision-making process goes and what gets prioritized for year one, when were the decisions made for audits that are happening upcoming this year and then and so on, and so the prioritization of work.

Ms. Ferguson: — I'd be pleased to. So really what we're doing here is we're laying out the areas of focus, you know, for the next three years. And you'll see that this is, internally we refer to it as a rolling three-year plan, you know. You'll see if you do a comparison from last year to this year, you'll see some changes between what was on year two to what's year one, what was on year three to year two. So it's refreshed every year.

But how do we get the subject matters on the page? Really what we're doing is we're looking at what's the discussion of the legislators. We're probably one of the few places that read *Hansard* in terms of what's happening in the Assembly and the committees. We're looking to see what questions are being asked by the legislators. We're actually looking at what's happening within the different government entities. In particular we look at their strategic plans. We look at their risk assessments, like which risks, which areas do they think are highest risk and that they're facing from an entity point of view. We consult with entities in terms of areas that they think we should be focusing in on.

We listen to the public. We listen to the public in terms of concerned citizen requests that come in and just even what's happening in the general media itself. And we also talk to our colleagues across Canada, you know, to see what they're finding from a risk assessment in a priority assessment aspect.

So we take that information in every year, and it's not done at sort of one stop. It's kind of a continual process. And then the teams basically from there identify what we call subject areas and broad subject areas. Then what we do on an annual basis is we look at those areas, those proposed areas.

We're trying to make sure that we get coverage in terms of programs and functional areas. So a functional area would be, like maintenance would be a functional area. A program is looking at opioids, right? So that's the difference there. We also try to get coverage across the government agencies so that we aren't looking at the same agency all the time, making sure we're getting coverage in the Crown corporation sector, in the treasury board sector, in the ministry sector. So coverage over time. And, let me see, programs, coverage, types of agencies.

And then when we're doing that, one of the questions that we always ask is, you know, the team that's proposing it have to explain why is it important that we're looking at it. What value is the audit going to add, okay? You know, as you can appreciate, what we are is we are a provider of information to the Assembly, and so there's areas that we think that you should know whether or not they're operating well or not. And so it's the value to the Assembly. Will it help make better government, right? Will it help improve government practice, you know, and etc.?

And then another question that we ask, is it auditable? You know, is there general criteria? We always compare to good practice. We don't compare to best practice. We compare to good practice. Is the area auditable? And sometimes areas aren't auditable so they fall off the table too. So it's going through that cycle. So we do that every year, yes.

Ms. Mowat: — Thank you. And I guess I'll be somewhat brief even though I could ask questions about many of these. In terms of the year three, I see mental health in schools and regulation of cigarettes and vaping. And I know that these are, you know, both

issues that we're hearing about a lot in the public right now. And in terms of what you're auditing, is the goal to make it three years from now so we can look back and see how we're doing at present? Or how does that . . . Maybe if you could address those two briefly.

Ms. Ferguson: — Excellent question. So the mental health in schools, so like at this stage, what we're doing is we're formulating an area of focus. We don't know exactly what we're doing, but what we're hearing from basically both the school divisions and the ministry — and frankly the educators, holistically — is that mental health, in terms of teachers' mental health and also students' mental health, is playing a greater and greater role in terms of a challenge that the education system is facing. We know that it is an area that the ministry is turning their mind to. So whether or not we look at mental health from a teacher perspective or from a students' perspective, we aren't sure as yet.

We do know that there's a lot of literature out in terms of mental health within the school system. We may be looking at the interplay between the education system and the health system too. So at this stage we're not exactly sure what we're looking at. We'll work with the ministry and the school divisions to formulate that further. But for us it's a huge issue in terms of, it affects really the success our education system. So we think it's worth having a good look at that.

The second one is the regulation of cigarettes and vaping. The Liquor and Gaming Authority is charged with a regulatory role, and so it would be looking at the Liquor and Gaming Authority's regulatory role in that area. So that one's more concrete in terms of what we would be doing.

Ms. Mowat: — Thank you. And similar for the regulation of cannabis that's scheduled for year one then?

Ms. Ferguson: — Yes, exactly. It's looking at how they're fulfilling that regulatory role that they have because it's, as you can appreciate, that's a new area for them.

Ms. Mowat: — I see that succession management is listed in both the SLGA [Saskatchewan Liquor and Gaming Authority] and Finance. I don't think it's listed anywhere else. But is this something that is a regular performance audit that sort of rotates into different areas?

Ms. Ferguson: — As I indicated earlier, we like to look at both functional and programs. So this would fall into that functional area. What we know is that some organizations, in terms of really the age of their staff, succession management's a bit more important for certain organizations than others because of the mix in the age of the staff. So when you see it pop up, you know, it's typically in those organizations who are facing those challenges at that point in time.

Ms. Mowat: — Thank you very much. I have no further questions, Mr. Chair.

The Chair: — Any other questions at this point from committee members? Thanks, Member, for your questions as well. And thank you, Auditor, for all your work and your answers, of course here, but all your work throughout the year.

Not seeing any other questions at this point, I know there's agreement with the estimates that are there. And I'd welcome a motion to deal with, first of all, subvote (PA01).

Mr. McMorris: — So I will move a motion:

That the '20-21 estimates of the Office of the Provincial Auditor, vote 28, Provincial Auditor (PA01) be approved as submitted in the amount of \$7,978,000.

The Chair: — Moved by Deputy Chair McMorris. All agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved. Carried. And I'll welcome another motion.

Mr. McMorris: — The second motion would be:

That the 2020-21 estimates of the Office of the Provincial Auditor, vote 28, unforeseen expenses (PA02) be approved as submitted in the amount of \$537,000.

The Chair: — Moved by Deputy Chair McMorris. All agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried as well. And I'd welcome the final motion for the Speaker.

Mr. McMorris: — The final motion is:

That the '20-21 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: — Moved by Deputy Chair McMorris. All agreed?

Some Hon. Members: — Agreed.

The Chair: — Okay. That's carried as well. So I think we've got everything covered here today. Thank you so very much for the work. I would welcome a motion to conclude consideration of the *Business and Financial Plan for the Year Ended 2021*. Moved by Mr. Weekes. All agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried as well. Just as a final remark, thank you so very much to you as our Provincial Auditor, your entire team, all the officials, that staff that do invaluable work for the people of the province in safeguarding public dollars and protecting the public on so many fronts. So thank you for that work. Do you have a final remark you'd care to offer us?

Ms. Ferguson: — Just thank you, actually. We thank you for the support in terms of the budget request, but also for the ongoing support of the committee of the office. We really do appreciate that and recognize that not all provincial auditors have the luxury of a solid Public Accounts Committee. So we respect that.

The Chair: — Thank you for those comments. At this point I

would welcome a motion to adjourn. Moved by Mr. Cox. All agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. This committee stands adjourned until the call of the Chair.

[The committee adjourned at 09:56.]