

STANDING COMMITTEE ON PUBLIC ACCOUNTS
Wednesday, June 18, 2015

MINUTE NO. 36
9:32 a.m. – Māwawapiwin Room (Room 8)

1. **Present:** Danielle Chartier in the Chair and Members Larry Doke, Glen Hart, Russ Marchuk, Warren Michelson, Rob Norris, Randy Weekes and Trent Wotherspoon.

Provincial Auditor's Office

Judy Ferguson, Provincial Auditor
Mobashar Ahmad, Deputy Provincial Auditor
Kelly Deis, Deputy Provincial Auditor
Mark Anderson, Executive Director
Tara Clement, Principal
Charlene Drotar, Principal
Kim Lowe, Principal
Carolyn O'Quinn, Principal
Victor Schawb, Principal
Rosemary Volk, Principal

Provincial Comptroller's Office

Terry Paton, Provincial Comptroller
Chris Bayda, Executive Director, Financial Management Branch

2. The committee considered its representation at the Canadian Council of Public Accounts Committees (CCPAC) and Canadian Council of Legislative Auditors (CCOLA) Annual Conference in Winnipeg, Manitoba on August 23 to 25, 2015.
3. It was moved by Mr. Weekes:

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

The question being put, it was agreed to.

4. The committee considered Chapter 12 (Highways and Infrastructure) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 22 (Highways and Infrastructure – Bridge Maintenance) of the *2014 Report of the Provincial Auditor (Volume 1)* and Chapter 49 (Highways and Infrastructure – Highway Maintenance) of the *2014 Report of the Provincial Auditor (Volume 2)*. Ms. Ferguson and Mr. Anderson of the Office of the Provincial Auditor provided an overview of the chapter.

The following Highways and Infrastructure officials appeared before the committee:

Witnesses

Nithi Govindasamy, Deputy Minister
Len Frass, Acting Deputy Minister, Operations
Dave Smith, Assistant Deputy Minister, Design and Innovation

Wayne Gienow, Executive Director, Corporate Services

5. The committee concluded consideration of Chapter 12 (Highways and Infrastructure) of the *2014 Report of the Provincial Auditor (Volume 2)*.
6. The committee concluded consideration of Chapter 22 (Highways and Infrastructure – Bridge Maintenance) of the *2014 Report of the Provincial Auditor (Volume 1)*.
7. The committee concluded consideration of Chapter 49 (Highways and Infrastructure – Highway Maintenance) of the *2014 Report of the Provincial Auditor (Volume 2)*.
8. The committee recessed from 10:20 a.m. until 10:27 a.m.
9. The committee considered Chapter 31 (Conseil scolaire fransaskois – Financial Management and Governance Practices) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* and Chapter 6 (Education) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 27 (Teachers' Dental Plan) of the *2014 Report of the Provincial Auditor (Volume 2)*. Ms. Ferguson and Mr. Deis of the Office of the Provincial Auditor provided an overview of the chapter.

The following Education officials appeared before the committee:

Witnesses

Ministry of Education

Donna Johnson, Assistant Deputy Minister
Clint Repski, Assistant Deputy Minister
Doug Volk, Executive Director, Teachers' Superannuation Commission
Josh Kramer, Assistant Director, Financial Management, Corporate Services

Conseil scolaire fransaskois

Donald Michaud, Directeur de l'éducation
Ronald Ajavon, Directeur général désigné aux affaires

Regina Public School Division No.4

Ernie Cychmistruk, Director, Education
Mike Walter, Deputy Director, School Services

Regina Catholic School Division No. 81

Brian Lach, Superintendent, Education Services
Rob Currie, Director, Education

10. The committee concurred with recommendation 31-1 made at page 180 of Chapter 31 (Conseil scolaire fransaskois – Financial Management and Governance Practices) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Board of Conseil scolaire fransaskois approve a written delegation of authority setting out the authority of each staff involved in procurement decisions. The committee noted that the Ministry of Education has complied with the recommendation.
11. The committee concurred with recommendation 31-2 made at page 181 of Chapter 31 (Conseil scolaire fransaskois – Financial Management and Governance Practices) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Board of Conseil scolaire fransaskois approve written policies for key financial management processes based on its assessment of financial risks. The committee noted that the Ministry of Education has complied with the recommendation.

12. The committee concurred with recommendation 31-3 made at page 182 of Chapter 31 (Conseil scolaire fransaskois – Financial Management and Governance Practices) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Board of Conseil scolaire fransaskois approve a comprehensive code of conduct and conflict-of-interest policy for Board members, management, and staff. The committee noted that the Ministry of Education has complied with the recommendation.
13. The committee concurred with recommendation 31-4 made at page 182 of Chapter 31 (Conseil scolaire fransaskois – Financial Management and Governance Practices) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Board of Conseil scolaire fransaskois monitor compliance with its code of conduct and conflict-of-interest policy and address identified conflicts of interest and violations of the code. The committee noted that the Ministry of Education has complied with the recommendation.
14. The committee concurred with recommendation 31-5 made at page 182 of Chapter 31 (Conseil scolaire fransaskois – Financial Management and Governance Practices) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Board of Conseil scolaire fransaskois implement a development plan to address gaps between competencies required and those possessed by Board members. The committee noted that the Ministry of Education is making progress towards compliance with the recommendation.
15. The committee concurred with recommendation 31-6 made at page 183 of Chapter 31 (Conseil scolaire fransaskois – Financial Management and Governance Practices) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Board of Conseil scolaire fransaskois require systematic and regular performance evaluations of senior management. The committee noted that the Ministry of Education has complied with the recommendation.
16. The committee concurred with recommendation 31-7 made at page 186 of Chapter 31 (Conseil scolaire fransaskois – Financial Management and Governance Practices) of the *2014 Report of the Provincial Auditor (Volume 2)* that Conseil scolaire fransaskois document its strategy to manage its net debt for the Board's approval. The committee noted that the Ministry of Education has complied with the recommendation.
17. The committee concurred with recommendation 31-8 made at page 187 of Chapter 31 (Conseil scolaire fransaskois – Financial Management and Governance Practices) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Board of Conseil scolaire fransaskois implement a risk management process that requires the identification and written analysis of financial risks that impact Conseil scolaire fransaskois. The committee noted that the Ministry of Education has complied with the recommendation.
18. The committee concurred with recommendation 31-9 made at page 188 of Chapter 31 (Conseil scolaire fransaskois – Financial Management and Governance Practices) of the *2014 Report of the Provincial Auditor (Volume 2)* that Conseil scolaire fransaskois maintain accurate and current forecasts of financial information within its financial records. The committee noted that the Ministry of Education has complied with the recommendation.
19. The committee concurred with recommendation 31-10 made at page 193 of Chapter 31 (Conseil scolaire fransaskois – Financial Management and Governance Practices) of the *2014 Report of the Provincial Auditor (Volume 2)* that Board of Conseil scolaire fransaskois use documented analysis to support significant decision items, including analysis of financial, strategic, and reputational implications of recommendations and alternative options. The committee noted that the Ministry of Education has complied with the recommendation.

20. The committee concurred with recommendation 13-1 made at page 153 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina School Division No. 4 develop and implement safety manuals to be used by schools to guide safety and maintenance for all science labs and shop areas in its practical and applied arts programs. The committee noted that the Ministry of Education is making progress towards complying with the recommendation.
21. The committee concurred with recommendation 13-2 made at page 153 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina Roman Catholic Separate School Division No. 81 develop and implement safety manuals to be used by schools to guide safety and maintenance for all science labs and shop areas in its practical and applied arts programs. The committee noted that the Ministry of Education has complied with the recommendation.
22. The committee concurred with recommendation 13-3 made at page 155 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina Roman Catholic Separate School Division No. 81 formally document its annual review and sign-off of emergency response plans. The committee noted that the Ministry of Education has complied with the recommendation.
23. The committee concurred with recommendation 13-4 made at page 156 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina School Division No. 4 review its practices for emergency response kits and provide guidance to schools on the required contents of kits. The committee noted that the Ministry of Education has complied with the recommendation.
24. The committee concurred with recommendation 13-5 made at page 156 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina Roman Catholic Separate School Division No. 81 review its practices for emergency response kits and provide guidance to schools on the required contents of kits. The committee noted that the Ministry of Education has complied with the recommendation.
25. The committee concurred with recommendation 13-6 made at page 156 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina School Division No. 4 determine the appropriate location for placement of safety-related signage and safety items such as fire extinguishers and first aid kits in schools. The committee noted that the Ministry of Education is making progress towards complying with the recommendation.
26. The committee concurred with recommendation 13-7 made at page 156 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina Roman Catholic Separate School Division No. 81 determine the appropriate location for placement of safety-related signage and safety items such as fire extinguishers and first aid kits in schools. The committee noted that the Ministry of Education has complied with the recommendation.
27. The committee concurred with recommendation 13-8 made at page 157 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina School Division No. 4 develop requirements for air quality testing to be conducted when construction takes place during the school year. The committee noted that the Ministry of Education has complied with the recommendation.

28. The committee concurred with recommendation 13-9 made at page 157 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina Roman Catholic Separate School Division No. 81 develop requirements for air quality testing to be conducted when construction takes place during the school year. The committee noted that the Ministry of Education has complied with the recommendation.
29. The committee concurred with recommendation 13-10 made at page 158 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina School Division No. 4 develop processes to keep safety components (e.g., eye wash stations, emergency exits) accessible in science labs and shop areas. The committee noted that the Ministry of Education is making progress towards complying with the recommendation.
30. The committee concurred with recommendation 13-11 made at page 158 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina Roman Catholic Separate School Division No. 81 develop processes to keep safety components (e.g., eye wash stations, emergency exits) assessable in science labs and shop areas. The committee noted that the Ministry of Education has complied with the recommendation.
31. The committee concurred with recommendation 13-12 made at page 159 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina School Division No. 4 assess the level of physical security required for each school in the division. The committee noted that the Ministry of Education is making progress towards complying with the recommendation.
32. The committee concurred with recommendation 13-13 made at page 159 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina Roman Catholic Separate School Division No. 81 assess the level of physical security required for each school in the division. The committee noted that the Ministry of Education has complied with the recommendation.
33. The committee concurred with recommendation 13-14 made at page 160 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina School Division No. 4 set expectations for safety training that school staff are required to take including defining the number of first aid trained staff required in each school. The committee noted that the Ministry of Education has complied with the recommendation.
34. The committee concurred with recommendation 13-15 made at page 160 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina Roman Catholic Separate School Division No. 81 define the number of first aid trained staff required in each school. The committee noted that the Ministry of Education has complied with the recommendation.
35. The committee concurred with recommendation 13-16 made at page 162 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina School Division No. 4 develop performance measures and targets related to student safety and report on these measures and targets periodically to its Board. The committee noted that the Ministry of Education has complied with the recommendation.
36. The committee concurred with recommendation 13-17 made at page 162 of Chapter 13 (Physical Safety of Students at School) of the *2013 Report of the Provincial Auditor (Volume 1)* that Regina Roman Catholic Separate School Division No. 81 develop performance measures and targets related

to student safety and report on these measures and targets periodically to its Board. The committee noted that the Ministry of Education has complied with the recommendation.

37. It was moved by Mr. Wotherspoon:

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

The question being put, it was defeated on the following Recorded Division:

YEAS-1

Wotherspoon

NAYS-6

Doke Hart Marchuk Michelson Norris Weekes

38. It was moved by Mr. Wotherspoon:

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

The question being put, it was defeated on the following Recorded Division:

YEAS-1

Wotherspoon

NAYS-6

Doke Hart Marchuk Michelson Norris Weekes

39. The committee concurred with recommendation 6-1 made at page 44 of Chapter 6 (Education) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of Education check the accuracy of its contributions to the Saskatchewan Teachers' Retirement Plan on a periodic basis. The committee noted that the Ministry of Education has complied with the recommendation.

40. The committee concluded consideration of Chapter 27 (Teachers' Dental Plan) of the *2014 Report of the Provincial Auditor (Volume 2)*.

41. The committee recessed from 12:00 p.m. until 1:02 p.m.

42. The committee considered Chapter 5 (Economy) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 32 (Economy – Monitoring IT Service Providers) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 43 (Economy – Regulating Pipelines) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 19 (Economy – Managing Oil and Gas Wells) of the *2015 Report of the Provincial Auditor (Volume 1)*. Ms. Ferguson and Ms. Volk of the Office of the Provincial Auditor provided an overview of the chapter.

The following Economy officials appeared before the committee:

Witnesses

Laurie Pushor, Deputy Minister

Ed Dancsok, Assistant Deputy Minister, Petroleum and Natural Gas

Denis Haas, Chief Financial Officer, Revenue and Corporate Services

43. The committee concluded consideration of Chapter 5 (Economy) of the *2014 Report of the Provincial Auditor (Volume 2)*.
44. The committee concluded consideration of Chapter 6 (Economy) of the *2012 Report of the Provincial Auditor (Volume 1)*.
45. The committee concurred with recommendation 32-1 made at page 202 of Chapter 32 (Economy – Monitoring IT Service Providers) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of the Economy maintain agreements with its IT service providers that reflect the current structure, responsibilities, and programs of the Ministry. The committee noted that the Ministry of Economy is making progress towards complying with the recommendation.
46. The committee concurred with recommendation 32-2 made at page 202 of Chapter 32 (Economy – Monitoring IT Service Providers) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of the Economy include appropriate provisions for security requirements and security reporting in agreements with IT service providers. The committee noted that the Ministry of Economy is making progress towards complying with the recommendation.
47. The committee concurred with recommendation 32-3 made at page 205 of Chapter 32 (Economy – Monitoring IT Service Providers) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of the Economy establish written policies and procedures for employees regarding taking corrective actions on and reporting problems with IT service providers. The committee noted that the Ministry of Economy has complied with the recommendation.
48. The committee concluded consideration of Chapter 43 (Economy – Regulating Pipelines) of the *2014 Report of the Provincial Auditor (Volume 2)*.
49. The committee concluded consideration of Chapter 19 (Economy – Managing Oil and Gas Wells) of the *2015 Report of the Provincial Auditor (Volume 1)*.
50. The committee recessed from 1:58 p.m. until 2:02 p.m.
51. The committee considered Chapter 10 (Government Relations) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 33 (Government Relations – Processes to Assess Public Concerns) of the *2014 Report of the Provincial Auditor (Volume 2)*. Ms. Ferguson and Ms. O’Quinn of the Office of the Provincial Auditor provided an overview of the chapter.

The following Government Relations officials appeared before the committee:

Witnesses

Sheldon Green, Executive Director, Advisory Services and Municipal Relations

Bev Hungle, Director, Financial Services, Corporate Services

52. The committee concluded consideration of Chapter 10 (Government Relations) of the *2014 Report of the Provincial Auditor (Volume 2)*.
53. The committee concurred with recommendation 33-1 made at page 211 of Chapter 33 (Government Relations – Processes to Assess Public Concerns) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of Government Relations centrally maintain guidance for tracking and assessing public concerns regarding municipalities. The committee noted that the Ministry of Government Relations has complied with the recommendation.
54. The committee concurred with recommendation 33-2 made at page 212 of Chapter 33 (Government Relations – Processes to Assess Public Concerns) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of Government Relations require staff responsible for assessing public concerns about municipalities to document potential conflicts of interest, and then assign staff accordingly. The committee noted that the Ministry of Government Relations has complied with the recommendation.
55. The committee concurred with recommendation 33-3 made at page 212 of Chapter 33 (Government Relations – Processes to Assess Public Concerns) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of Government Relations provide written guidance to staff on when and how to document their analysis of public concerns regarding municipalities. The committee noted that the Ministry of Government Relations has complied with the recommendation.
56. The committee concurred with recommendation 33-4 made at page 213 of Chapter 33 (Government Relations – Processes to Assess Public Concerns) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of Government Relations include key information about public concerns with potential impact on the system of municipal government received by the Community Planning Branch in its electronic system. The committee noted that the Ministry of Government Relations has complied with the recommendation.
57. The committee recessed from 2:24 p.m. until 2:29 p.m.
58. The committee considered Chapter 26 (Social Services) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 55 (Social Services – Supervision of Community-Based Organizations) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 27 (Saskatchewan Housing Corporation – Long-term Capital Planning) of the *2015 Report of the Provincial Auditor (Volume 1)* and Chapter 31 (Social Services – Placing Minister's Ward in Permanent Homes) of the *2015 Report of the Provincial Auditor (Volume 1)*. Ms. Ferguson and Mr. Ahmad of the Office of the Provincial Auditor provided an overview of the chapter.

The following Social Services officials appeared before the committee:

Witnesses

Ken Acton, Deputy Minister
Don Allen, Assistant Deputy Minister, Housing Programs and Finance
Constance Hourie, Assistant Deputy Minister, Income Assistance Programs and Corporate Planning
Tammy Kirkland, Assistant Deputy Minister, Child and Family Programs
Tobie Eberhardt, Executive Director, Program and Service Design
Bob Martinook, Executive Director, Community Living Service Delivery
Miriam Myers, Executive Director, Finance

59. The committee concluded consideration of Chapter 26 (Social Services) of the *2014 Report of the Provincial Auditor (Volume 2)*.
60. The committee concluded consideration of Chapter 55 (Social Services – Supervision of Community-Based Organizations) of the *2014 Report of the Provincial Auditor (Volume 2)*.
61. The committee concluded consideration of Chapter 27 (Saskatchewan Housing Corporation – Long Term Capital Planning) of the *2015 Report of the Provincial Auditor (Volume 1)*.
62. The committee concluded consideration of Chapter 31 (Social Services – Placing Minister’s Ward in Permanent Homes) of the *2015 Report of the Provincial Auditor (Volume 1)*.
63. The committee considered Chapter 56 (Standing Committee on Public Accounts) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 29 (Summary of Implemented Recommendations) of the *2014 Report of the Provincial Auditor (Volume 2)*. Ms. Ferguson and Ms. Lowe of the Office of the Provincial Auditor provided an overview of the chapter.
64. The committee concluded consideration of Chapter 56 (Standing Committee on Public Accounts) of the *2014 Report of the Provincial Auditor (Volume 2)*.
65. The committee concluded consideration of Chapter 29 (Summary of Implemented Recommendations) of the *2014 Report of the Provincial Auditor (Volume 2)*.
66. It was moved by Mr. Norris:

That this committee do now adjourn.

The question being put, it was agreed to.
67. The committee adjourned at 3:42 p.m. to the call of the chair.

Rob Park
Committee Clerk

Danielle Chartier
Committee Chair