

STANDING COMMITTEE ON PUBLIC ACCOUNTS



FIRST REPORT

May 2, 2001

2nd SESSION of the 24th LEGISLATURE

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

I. INTRODUCTION

Mr. Krawetz, Chair of the Standing Committee on Public Accounts, presents the Committee's first report of the Twenty-fourth Legislature.

Business Conducted

This report reflects the work of the Committee on three matters of significant importance to both the Legislative Assembly and the Office of Provincial Auditor. Over the course of 9 meetings held during the First Session of the Twenty-Fourth Legislature, the Committee set aside its regular business to consider proposals for changes to *The Provincial Auditor Act*, a process for the appointment of a new Provincial Auditor, as well as the overlap of jurisdiction with the Standing Committee on Crown Corporations.

The matter of finding a new Provincial Auditor resulted from the resignation of Mr. Wayne Strelieff from that position in April 2000. Mr. Strelieff left the position to become the Auditor General of the province of British Columbia.

The subject of changes to the *The Provincial Auditor Act* came before the Committee on February 17th, 2000, when the *Special Report by the Provincial Auditor to the Legislative Assembly of Saskatchewan regarding Changes to The Provincial Auditor Act* was tabled with the Clerk and referred to the Standing Committee on Public Accounts. On May 25th, 2000, the Minister of Finance forwarded through the Chair a draft of his advisory committee's *Report of the Provincial Auditor Advisory Committee*. This draft served as notice for the final report of the advisory committee, which was tabled in the Committee by the Chair on June 13th, 2000 (***PAC 3/24, Minister of Finance: Report of the Provincial Auditor Advisory Committee, dated June 7th, 2000***). That report provided recommendations to the Minister of Finance on changes to *The Provincial Auditor Act*.

The observations, conclusions and recommendations contained in this report are based on the Committee's review of, and testimony heard in connection to, the *Special Report by the Provincial Auditor to the Legislative Assembly of Saskatchewan regarding Changes to The Provincial Auditor Act* (Special Report). In examination of the Special Report, the Committee agreed to take into consideration the Minister of Finance's *Report of the Provincial Auditor Advisory Committee* (Advisory Report) with respect to both the proposed amendments to *The Provincial Auditor Act* and the process for selecting a Provincial Auditor. To assist in comparing the recommendations of the two reports, the Committee asked for and received from the Provincial Auditor a further two documents. These documents, listed below, were most helpful to the Committee and helped to focus its deliberations.

PAC 7/24 Office of the Provincial Auditor: Report by the Provincial Auditor's Office to the Standing Committee on Public Accounts regarding recommendations contained in the Minister of Finance's Provincial Auditor Advisory Committee's June 2000 report.

PAC 8/24 Office of the Provincial Auditor: Report by the Provincial Auditor's Office to the Standing Committee on Public Accounts comparing recommendations of the Minister of Finance's Provincial Auditor Advisory Committee's June 2000 report with recommendations of the Special Report by the Provincial Auditor to the Legislative Assembly of Saskatchewan regarding Changes to The Provincial Auditor Act.

Finally, as a part of its review of proposed changes to *The Provincial Auditor Act*, your Committee took the opportunity to address the perennial concern of overlap of jurisdiction between the Standing Committee on Public Accounts and the Standing Committee on Crown Corporations. Your Committee's remedy for that issue is also addressed in this report.

Membership

Membership of the Standing Committee of Public Accounts for the 24th Legislature was established on December 14th, 1999. Your Committee met for organization on February 29th, 2000 and elected Mr. Krawetz to preside as Chair. Mr. Kowalsky was elected as Vice-Chair on the same date, but stepped down from the Committee on May 2nd. Ms. Lorjé was appointed to the Committee on May 2nd and elected as Vice-Chair June 1st, 2000.

On April 27th, 2000 a new rule was adopted by the Legislative Assembly to permit temporary substitution of members on the Standing Committee on Public Accounts. Your Committee has made use of this new provision and thanks those Members who have served as substitutes.

Acknowledgments

The Committee expresses its appreciation to the Office of the Clerk for administrative support and procedural advice, to the Acting Provincial Auditor and staff, to the Provincial Comptroller and staff, to Hansard, and to the members of the Minister of Finance's Advisory Committee who appeared before the Committee.

II. SELECTION PROCESS and TERMS OF OFFICE FOR NEW PROVINCIAL AUDITOR

Upon the resignation of Mr. Wayne Strelieff as provincial auditor (*Sessional Paper No. 30 -- Letter of resignation of the Provincial Auditor (Wayne Strelieff) dated March 15, 2000*), it was your Committee's purpose to take a leading role in the development of a process for the selection of a new provincial auditor, in establishing the terms of office for a new provincial auditor, and in participating in the selection of the next provincial auditor. Your Committee asked for input on these matters from the Office of Provincial Auditor and from the Office of the Provincial Comptroller. As well, your Committee considered those recommendations of the Special Advisory Report that related to the appointment process (recommendations 1 through 3); the term of office (recommendation 20); the salary (recommendation 21); and qualifications (recommendation 29) of the Provincial Auditor (*see Appendix C for summary of the Advisory Report recommendations*). Members of the Minister of Finance's Advisory Committee were called and questioned on these recommendations. The Acting Provincial Auditor was given an opportunity to respond to the Advisory Report.

Selection Process and Terms of Office for the Provincial Auditor

After considerable deliberation, your Committee made a number of decisions related to the selection process and terms of office for the Provincial Auditor. Your Committee makes the following recommendations.

RECOMMENDATION 1

That the appropriate changes be made to The Provincial Auditor Act so that the selection of a candidate for the position of Provincial Auditor must be the unanimous choice of the Standing Committee on Public Accounts; and further that the successful candidate be recommended by report of the Standing Committee on Public Accounts to the Legislative Assembly of Saskatchewan at the earliest opportunity

RECOMMENDATION 2

That the appropriate changes be made to The Provincial Auditor Act so that the selection process for the position of Provincial Auditor be as follows:

- i) That the Standing Committee on Public Accounts appoint a selection committee of three persons to consist of a person designated by the Office of the Clerk, a senior staffing officer from the Public Service Commission, and an independent individual who is a member in good standing of the Institute of Chartered Accountants of Saskatchewan and holds a senior position within the private sector, the academic field, or the Institute of Chartered Accountants of Saskatchewan; this individual should not be engaged in public practice;***
- ii) That the said selection committee be charged with responsibility for drafting a newspaper advertisement for the position of Provincial Auditor; establishing criteria for selecting applicants; the shortlisting of applicants to a list of no more than three candidates for the position of Provincial Auditor; the drafting of questions for the interview of the shortlisted candidates; and the selection of a senior interviewer from the Public Service Commission to conduct the interviews;***
- iii) That the draft advertisement, screening criteria, and interview questions be submitted to the Standing Committee on Public Accounts for its approval;***
- iv) That the selected candidates be interviewed before the Standing Committee on Public Accounts;***
- v) That interviews be conducted on the basis of the approved interview questions and all questions to candidates be conducted by the interviewer.***

RECOMMENDATION 3

That the salary and compensation accorded to the Provincial Auditor be provided on the basis of the following proposed amendment to section 4 of The Provincial Auditor Act:

- 4(1) Subject to subsections (2) and (3), the Provincial Auditor is to be paid a salary equal to the average salary of all deputy ministers and acting***

deputy ministers of the Government of Saskatchewan calculated as at April 1 in each year;

- 4(2) any benefits or payments that may be characterized as deferred income, retirement allowances, separation allowances, severance allowances, or payments in lieu of notice, are not to be included in the average salary of all the deputy ministers and acting deputy ministers pursuant to subsection (1);**
- 4(3) where, as a result of a calculation made pursuant to subsection (1), the salary of a Provincial Auditor would be less than that Provincial Auditor's previous salary, the Provincial Auditor is to be paid not less than his or her previous salary;**
- 4(4) the Provincial Auditor is entitled to receive any privileges of office and economic adjustments that are provided generally to deputy ministers.**

RECOMMENDATION 4

That the appropriate changes be made to The Provincial Auditor Act so that the term of office of the Provincial Auditor be set at 10 years and that the incumbent shall not be re-appointed but would be eligible to re-apply in competition for a second term.

Qualifications of the Provincial Auditor

Having reviewed the issue of qualifications of the Provincial Auditor, your Committee is not of the opinion that changes are necessary to *The Provincial Auditor Act*. The existing provisions are sufficient.

III. SUBSTANTIVE CHANGES TO THE PROVINCIAL AUDITOR ACT

The *Special Report* of the Provincial Auditor contained and made argument for 15 recommendations concerning changes to *The Provincial Auditor Act* (see Appendix B for a summary of the recommendations). The Minister of Finance's *Advisory Report* made another 28 recommendations concerning not only changes to *The Provincial Auditor Act*, but also to the creation of an "independent audit committee" responsible to the Standing Committee on Public Accounts and empowered to assist the Committee in a variety of ways (see Appendix C). Both reports addressed the appointment process for the Provincial Auditor, which is the subject of the first 5 recommendations of this report. The focus of this part of the First Report is the other substantive changes to *The Provincial Auditor Act* as proposed by both the Provincial Auditor and the Minister of Finance's advisory committee.

It was noted in the introduction to this First Report that the question of amendments to *The Provincial Auditor Act* came before your Committee by way of the Auditor's Special Report. The Auditor's Special Report was in response to the announcement in the December 6th, 1999, Speech from the Throne, which

announced that the Government of Saskatchewan intended to introduce changes in order to update *The Provincial Auditor Act*. To these ends, the Minister of Finance, who pursuant to the Government Organization Act is assigned responsibility for the Provincial Auditor Act, created the Provincial Auditor Advisory Committee on May 10, 2000. This Advisory Committee was given the responsibility of reviewing the changes being considered by the Government, and to take into consideration the recommendations proposed in the Provincial Auditor's Special Report. For these reasons, your Committee was most appreciative to receive both a draft and then the final report of the Advisory Committee.

The many recommendations of both reports were examined and compared. Your committee questioned the Acting Provincial Auditor, members of the Advisory Committee and the Provincial Comptroller with respect to the current Auditor's Act and the various proposed changes. After much deliberation and debate, your Committee came to a number of conclusions. These conclusions are presented below as the observations and recommendations of the Standing Committee on Public Accounts to the Legislative Assembly.

***Special Report of the Provincial Auditor – Changes to The Provincial Auditor Act
(February 2000)***

Special Report Recommendation 1 -- Establishment of Measurable Objectives in Act

Your Committee disagrees with the recommendation that the Act needed amendment to clarify the objectives of the Office of Provincial Auditor. Your Committee is satisfied that the existing provisions of the Act sufficiently set out the Assembly's objectives.

Special Report Recommendation 2 – Act Should Exclusively Govern the Provincial Auditor

Your Committee concurs that the Provincial Auditor should continue to be governed exclusively by the Act and agrees that no amendments are necessary in this regard to the current Provincial Auditor Act.

Special Report Recommendation 3 – Act Should Clearly Set Out the Information that the Provincial Auditor is Responsible to provide to the Assembly

Your Committee disagrees with the recommendation that the Act should define that the Provincial Auditor should provide the information that PAC needs to effectively carry-out its mandate. Your Committee is of the opinion that the information it now receives from the Provincial Auditor is sufficient and does not need to be defined, therefore it does not concur with this recommendation.

Special Report Recommendation 4 (1) – Codification of the Recommendations of the Task Force on the Roles, Responsibilities and Duties of Auditors

Your Committee does not agree that conclusions and recommendations of the Report of the Task Force on the Roles, Responsibilities and Duties of Auditors need to be incorporated in the Act. The Committee is of the opinion that the recommendations should continue to serve as guidelines but that it is not necessary to put those protocols into statute.

Special Report Recommendation 4(2) – Audit of all Agencies Owned or may be Controlled by the Government

Your Committee is of the opinion that the Act should not include a definition of what entities should be audited by the Provincial Auditor, especially with respect to third-party funded organizations. Your Committee would prefer that the Provincial Auditor bring audit problems to the Standing Committee on Public Accounts on a case-by-case basis, as is presently done.

Special Report Recommendation 4(3) – Examination of Partnerships

Your Committee does not concur that it is necessary for the Act to provide the Provincial Auditor with authority to examine partnerships with other jurisdictions and governments. However, your Committee does encourage the Department of Finance and the Crown Investments Corporation of Saskatchewan to ensure that partnerships with other governments and corporations include audit provisions in the agreement.

Special Report Recommendation 4(4) – Access to Accounts of Transfer Payments

Your Committee does not agree that the Act should be amended to provide the Provincial Auditor with unrestricted access to the officials and accounts of recipients of transfer payments. Your Committee notes that matters concerning transfer payments can be dealt with by way of the present section 16 of the Act which permits PAC to request the Provincial Auditor to undertake special assignments, even though that section does not authorize the Provincial Auditor to access these accounts.

Special Report Recommendation 5 – Ethical Values for Conduct of Public Business

Your Committee disagrees that the Assembly should set out in the Act its ethical values for the Provincial Auditor's conduct of public business.

Special Report Recommendation 6 – Selection of Provincial Auditor by PAC

Your Committee strongly concurs that the Act should be amended to require the Standing Committee on Public Accounts to select and recommend to the Assembly a person for appointment as Provincial Auditor. Your Committee notes that it has adopted this position as its own first recommendation to the Assembly (see above).

Special Report Recommendation 7(1) – PAC should recommend Provincial Auditor Budget

Your Committee concurs that the Standing Committee on Public Accounts should decide the financial resources of the Office of Provincial Auditor and that those resources should be included in the estimates presented to the Assembly. Therefore, your Committee recommends the following:

RECOMMENDATION 5

That the appropriate changes be made to The Provincial Auditor Act so that the Standing Committee on Public Accounts decides and recommends the resources required for the operation of the Office of Provincial Auditor.

Special Report Recommendation 7(2) – Retention of Unspent Resources and Revenues

Your Committee does not agree that the Provincial Auditor should retain the authority, as it presently exists in the Act, to retain revenues and unspent appropriation at the end of the fiscal year. In reviewing this issue, your Committee took into consideration recommendations 5, 6, 18 and 19 of the Advisory Committee Report. Your Committee is of the opinion that the Act should be amended to reflect the following four recommendations.

RECOMMENDATION 6

That The Provincial Auditor Act be amended so that authority is provided to permit the estimates of the Provincial Auditor to include a provision for unforeseen expenses, especially as they relate to the need to conduct special audits.

RECOMMENDATION 7

That the appropriate changes be made to The Provincial Auditor Act to allow the Provincial Auditor to request Special Warrant funding, which shall be provided on the recommendation of the Standing Committee on Public Accounts.

RECOMMENDATION 8

That The Provincial Auditor Act be clarified to ensure that the Provincial Auditor is required to return to the General Revenue Fund any unspent appropriation at the end of each fiscal year.

RECOMMENDATION 9

That The Provincial Auditor Act be clarified to ensure that the Provincial Auditor is required to deposit to the General Revenue Fund all revenues generated through the office of the Provincial Auditor, with the exception that expenditure recoveries (i.e. employee secondments) may be retained by the Provincial Auditor.

Special Report Recommendation 8 – Independence of the Provincial Auditor

Your Committee concurs that the Act should retain the current provisions that provide the Provincial Auditor with complete independence from the Assembly's committees and boards and the Government.

Special Report Recommendation 9 – Autonomy to Decide how to Utilize Resources Provided

Your Committee concurs that the Act should not be changed, and that the Provincial Auditor should continue to have the autonomy to decide how best to spend the resources available to obtain the required people and tools to do the job.

Special Report Recommendation 10(1) – Access to Recipients of Transfer Payments

This recommendation relates to special report recommendation 4, and concerns the Provincial Auditor's access to the people, places, documents, and electronic information of recipients of transfer payments. Your Committee reiterates its response to special report recommendation 4 (above) and concurs with the Advisory Committee that the Standing Committee on Public Accounts should deal, on a case-by-case basis, with audit issues which arise relating to how the Government is changing the deployment of resources (i.e., the administration of government programs by organizations outside of government).

Special Report Recommendation 10(2) – Treatment of Officials who Fail to Provide Access to Provincial Auditor

Your Committee disagrees that *The Provincial Auditor's Act* should include provisions that officials who fail to provide the Provincial Auditor access to the accounts they manage should be deemed to have obstructed an Officer of the Legislative Assembly in the discharge of the duties required by the Assembly. Your Committee concurs with the Advisory Committee that there should be no change to the Act to impose penalties when the access of the Provincial Auditor is restricted.

Special Report Recommendation 11 – Provision of Reliable Information to Assembly

Your Committee concurs that the current Act ensures the reliability of the information the Provincial Auditor provides to the Assembly, therefore no changes in this regard are necessary.

Special Report Recommendation 12 – Fixed Term of Office for Provincial Auditor

Your Committee concurs that the appointment of the Provincial Auditor should be for a ten-year fixed term. The Committee's recommendations with respect to the term of office are contained in Part II of this report (see above).

Special Report Recommendation 13 – Periodic Review of Provincial Auditor's Objectives

Your Committee does not concur that the Act should require the Standing Committee on Public Accounts to periodically review the Assembly's objective for the Provincial Auditor. This matter is related to special report recommendation 1, which your Committee also rejected.

Special Report Recommendation 14(1) – Annual Business and Financial Plan and Annual Report

Your Committee concurs that both the Annual Business and Financial Plan, and the Annual Report of the Office of Provincial Auditor should be tabled in the Legislative Assembly. Your Committee notes that it has been receiving these reports but the process should be put into legislation. Therefore, your Committee recommends the following:

RECOMMENDATION 10

That The Provincial Auditor Act be amended to require the Provincial Auditor to table in the Assembly an annual business and financial plan and an annual report on operations.

Special Report Recommendation 14(2) – Audit of the Provincial Auditor

The current Act requires that an auditor appointed by Cabinet audits the Provincial Auditor. Your Committee disagrees that the provision as it presently exists is satisfactory, therefore it disagrees with the recommendation that no change is necessary to the Act. In reviewing this matter, your Committee took into consideration recommendations 11 through 13 of the Advisory Committee Report. The following recommendations for change to the Act are made to the Legislative Assembly.

RECOMMENDATION 11

That The Provincial Auditor Act be amended to provide for the appointment of the auditor of the accounts of the office of the Provincial Auditor on the recommendation of the Standing Committee on Public Accounts.

RECOMMENDATION 12

That the Standing Committee on Public Accounts be encouraged to annually prepare an engagement letter to set out the terms of the audit which will be performed by the auditor of the accounts of the office of the Provincial Auditor.

RECOMMENDATION 13

That The Provincial Auditor Act specify that the report of the auditor of the accounts of the office of the Provincial Auditor be tabled in the Legislative Assembly.

Special Report Recommendation 15 – Review of Provincial Auditor’s Performance

Your Committee concurs that the Standing Committee on Public Accounts should review the Provincial Auditor’s planned and actual performance, and to provide advice on that performance. Your Committee also concurred with recommendations 8 and 9 of the Advisory Committee Report, as they relate to this matter. Your Committee makes the following recommendations to the Assembly.

RECOMMENDATION 14

That The Provincial Auditor Act be amended to require the Standing Committee on Public Accounts to review annually the plan and report on operations with the Provincial Auditor and to provide advice to improve the Provincial Auditor’s performance.

RECOMMENDATION 15

That The Provincial Auditor Act provide that the Provincial Auditor’s Annual Report on Operations be referred to the Standing Committee on Public Accounts for review.

RECOMMENDATION 16

That The Provincial Auditor Act authorize the Standing Committee on Public Accounts to request the assistance of the Audit Committee or acquire any other advisors in the review of the Provincial Auditor’s budget, the review of the Provincial Auditor’s Annual Report on Operations, or with respect to other issues.

Report of the Provincial Auditor Advisory Committee (June, 2000)

As noted, the majority of recommendations of the Advisory Committee Report related to matters raised in the Provincial Auditor’s Special Report. Your Committee reviewed those in conjunction with the Special Report. However, a number of independent recommendations were made by the Advisory Committee and reviewed by your Committee.

Establishment of an Independent Audit Committee

Your Committee concurs with the Advisory Committee that the dormant Audit Committee, as constituted by *The Provincial Auditor Act*, should be revived and transformed to assist the Standing Committee on Public Accounts. Your Committee makes the following recommendations in that regard.

RECOMMENDATION 17

That The Provincial Auditor Act be amended to provide for the establishment of an independent Audit Committee, and that the independent Audit Committee be responsible to the Standing Committee on Public Accounts, to:

- ***advise the Standing Committee on Public Accounts with respect to the Provincial Auditor's Business and Financial Plan and Annual Report on Operations or with respect to other issues, at the request of PAC; and,***
- ***advise the Provincial Auditor, the Minister of Finance, the Minister of the Crown Investments Corporation of Saskatchewan or the Standing Committee on Crown Corporations, as requested by them, to facilitate discussion and resolution of audit and accounting issues.***

RECOMMENDATION 18

That The Provincial Auditor Act provide that the appointment of members of the Audit Committee be by Speaker's Warrant on the unanimous recommendation of the Standing Committee on Public Accounts, and that the appointment process should allow for advice from the Standing Committee on Crown Corporations.

RECOMMENDATION 19

That The Provincial Auditor Act require the Provincial Auditor and government officials to provide any information that is necessary to enable the Audit Committee to perform its duties.

Qualifications of Appointed Auditors

Your Committee concurs with the Advisory Report recommendation that the qualifications for the auditor appointed to audit the accounts of the Provincial Auditor should be expanded to include all recognized accounting professions regulated by an Act. In reporting this matter, your Committee notes the concern of the Acting-Provincial Auditor that the qualifications of auditors hired under other acts should not be part of *The Provincial Auditor Act*. Your Committee accepts the point that auditors appointed by the Government is not within the jurisdiction of the Provincial Auditor, although the issue of reliance on these auditors is an important principle that must be preserved. However, the qualifications of the Government's appointed auditors should be defined. Your Committee finds that the definition of these qualifications is best accommodated under *The Provincial Auditor Act*. Therefore your Committee makes the following recommendations.

RECOMMENDATION 20

That The Provincial Auditor Act be amended to expand the qualification requirements for appointed auditors, including the auditor of the accounts of the office of the Provincial Auditor, to include all professional accounting groups regulated by an Act.

RECOMMENDATION 21

That The Provincial Auditor Act incorporate the principle that the Provincial Auditor can rely on the appointed auditor if he or she possess the defined designations outlined in the said Act.

Administrative Housekeeping Issues

Your Committee concurs that legislative amendments are needed to request the Provincial Auditor participate in audit assignments in connection with the filing of a prospectus and registration material required for the issuance and sale of securities of the Government of Saskatchewan. The Acting Provincial Auditor told the Committee his office has no concerns with this issue. Therefore your Committee makes the following recommendation:

RECOMMENDATION 22

That The Provincial Auditor Act be amended to address administrative changes required to the Oath of Secrecy, Limitation of Liability and the Preservation of Secrecy provisions and to require the Provincial Auditor to participate in audit assignments in connection with the issuance and sale of securities of the Government of Saskatchewan.

Investment Authority

Your Committee concurs with the recommendation that the Act does not need to be changed to provide the Provincial Auditor with investment authority.

IV. REFERRAL OF PROVINCIAL AUDITOR REPORT TO STANDING COMMITTEE ON CROWN CORPORATIONS

For many years it has been your Committee's observation that an overlap of responsibility exists between the Standing Committee on Public Accounts and the Standing Committee on Crown Corporations for the review of Crown corporations issues. During the last Legislature your Committee recommended to the Assembly that the concerns raised by the Provincial Auditor, particularly with respect to the Crown Investments Corporation (CIC) of Saskatchewan and its subsidiaries, be referred for review to the Standing Committee on Crown Corporations. Your Committee was of the opinion that the Standing Committee on Crown Corporations is better able to address CIC issues raised in the reports of the Provincial Auditor.

Part of the problem is that there has not been any direct means by which the Assembly could easily separate Crown corporation concerns from the Auditor's report, and then refer those issues directly to the Standing Committee on Crown Corporations. Your Committee discussed this matter with the Acting Provincial Auditor (*at the request of the Committee the Acting Provincial Auditor table the following report: PAC 11/24 –The form of the Provincial Auditor's Reports to the Legislative Assembly, dated December 19, 2001*). The Acting Provincial Auditor indicated that the report of the Provincial Auditor could be structured in such a way to accommodate the referral of a part of the report the Standing Committee on Crown Corporations. Your Committee is of the opinion that a restructuring and direct referral of CIC issues will solve the problem of overlap. Therefore, the following recommendation is made to the Assembly:

RECOMMENDATION 23

That The Provincial Auditor Act be amended to authorize the referral of the Auditor's report on CIC (Crown Investments Corporation) Crown corporations and their subsidiaries be directed to the Standing Committee on Crown Corporations.

Respectfully submitted,

Ken Krawetz, Chair
Standing Committee on Public Accounts

APPENDIX A
OFFICIALS AND WITNESSES CALLED by
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

Provincial Auditor's Office - List of Officials

Fred Wendel, Acting Provincial Auditor
Brian R. Atkinson, Acting Assistant Provincial Auditor
Rodd Jersak, Manager
Gordon J.K. Neill, Q.C., Legal Counsel

Provincial Comptroller's Office - List of Officials

Terry Paton, Provincial Comptroller
Chris Bayda, Director, Financial Management Branch
Lisa Healy, Analyst
Lori Taylor, Senior Analyst, Financial Management Branch

Witnesses

Provincial Auditor Advisory Committee

John K. Aitken, FCA, Committee Member
Nola D. Joorisity, CA, CMA, Committee Member

APPENDIX B
Summary of Recommendations
Special Report of the Provincial Auditor—February 2000

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
<p>1. To ensure the Assembly receives independent, reliable and relevant information from the Provincial Auditor about the Government's performance, the Act should explicitly set out the Assembly's objective for the Provincial Auditor.</p>	<p>Objectives provide direction. Well-managed governing bodies are those that set out their purpose in terms of clear and measurable objectives.</p> <p>Explicitly setting out the Provincial Auditor's objectives in law ensures that everyone understands what the Assembly wants from the Provincial Auditor. Explicitly setting the Provincial Auditor's objectives in law prevents the Government and the Assembly's Committees and Boards from interpreting the law in a way that prevents the Provincial Auditor from providing the Assembly the information it needs. Also, setting the Provincial Auditor's purpose in law will help to ensure the Provincial Auditor achieves the Assembly's objective.</p>	<p>The current Act does not explicitly set out the Assembly's objective for establishing the Provincial Auditor.</p>	<p>The Act should clearly set out the Assembly's purpose for establishing the Provincial Auditor.</p> <p>We suggest the Act should contain the following objective for the Provincial Auditor. The Provincial Auditor's objective is to ensure the Assembly receives independent, reliable and relevant information about the Government's management of the public resources and responsibilities entrusted to it by the Assembly. The Provincial Auditor assists the Assembly to hold the Government accountable for its performance. This objective is consistent with current practice.</p>

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
2. To ensure the Assembly receives independent, reliable and relevant information from the Provincial Auditor about the Government's performance, the Act should exclusively govern the Provincial Auditor.	Changes to the Provincial Auditor's responsibilities should be made within <i>The Provincial Auditor Act</i> and not through other acts. Making changes within the Act ensures the Assembly can fully understand and debate the implications. The Standing Committee on Public Accounts agreed with this important principle in 1993 when it considered changes to <i>The Crown Corporations Act, 1993</i> . That Act was proposing changes to the Provincial Auditor's responsibilities.	The current Act exclusively governs the Provincial Auditor.	No change recommended.
3. To ensure the Assembly receives independent, reliable and relevant information from the Provincial Auditor about the Government's performance, the Act should clearly set out the information that the Provincial Auditor is responsible to provide to the Assembly. That information should be	To ensure the Assembly receives the information it expects from the Provincial Auditor, it is important the Act clearly states what information the Provincial Auditor is responsible to provide. We look to the mandate of the Standing Committee on Public Accounts to determine what information the Assembly expects from the Provincial Auditor to achieve the Assembly's objective.	The current Act sets out what information the Provincial Auditor is responsible to provide the Assembly. We interpret the Act as sufficient to provide the Standing Committee on Public Accounts with this information. However, the wording of the Act is not clearly consistent with the information the Committee needs to effectively carry out the Committee's examination and evaluation mandate. As a result,	<p>The Act should be changed to specifically require the Provincial Auditor to provide the following additional information about the Government's performance. The Provincial Auditor should report to the Assembly:</p> <ul style="list-style-type: none"> ◆ When the Government's use of public money has not been efficient and economical. ◆ When the Government has not established satisfactory procedures,

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Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
<p>consistent with the Assembly's objectives.</p>	<p>The Committee's mandate sets out what it will examine and evaluate. As stated in its mandate, the Committee works with the Provincial Auditor to effectively carry out the Committee's examinations and evaluations. The Committee therefore needs information from the Provincial Auditor consistent with the Committee's examinations and evaluations.</p> <p>The Committee states it will examine and evaluate:</p> <ul style="list-style-type: none"> ◆ The collection of and accounting for revenue. ◆ The probity of and value for money in tax expenditures. ◆ The adequacy of safeguards to protect assets from loss, waste and misappropriation. ◆ Whether appropriate financial management controls are in existence. ◆ The systems and practices to determine whether transfer payments are used for purposes 	<p>government officials sometimes argue that the Provincial Auditor's mandate to provide information to the Assembly does not extend to all of the matters listed in the Committee's mandate. To ensure the Assembly receives the information it needs, the Assembly should change the Act to clearly set out what information it requires from the Provincial Auditor.</p>	<p>where procedures could appropriately and reasonably have been used to measure and report on the effectiveness of programs.</p> <ul style="list-style-type: none"> ◆ Whether the Government's performance reports are reliable and include clear measurable objectives, the risks to achieving those objectives, how the risks are managed, and the planned and actual results. ◆ When recipients of transfer payments do not have adequate systems and practices to safeguard and control public money and have not used public money for the purpose intended. ◆ When tax expenditures (credits) do not have appropriate financial controls and do not have appropriate procedures to measure and report on the effectiveness of the tax expenditure.

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
	<p>intended.</p> <ul style="list-style-type: none"> ◆ The efficiency, economy, and effectiveness and value for money in implementation of government programs and in their achievement of stated goals in the operation and acquisition of goods and services. ◆ Whether expenditures are within the limits and for purposes authorized by the Legislature and in general, in compliance with legislative authority. ◆ Any financial management reforms in government to determine whether due regard is given to maintaining legislative accountability (e.g., changes to <i>The Provincial Auditor Act</i>). ◆ The activities of all Crown corporations and agencies. ◆ The value for money obtained from the divestiture of any Crown corporation or agency. 		
4. To ensure the Assembly receives independent,	The Act should provide the Provincial Auditor the authority to examine and report on all	We think the current Act gives the Provincial Auditor the authority to examine and report on all	

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Special Report of the Provincial Auditor – February 2000

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
<p>reliable and relevant information from the Provincial Auditor about the Government's performance, the Act should give the Provincial Auditor the authority to provide the required information.</p>	<p>to examine and report on all government organizations and on other organizations that receive public money (e.g., recipients of transfer payments). This is necessary so the Provincial Auditor can provide the Assembly with all the information required by the Committee's examination and evaluation mandate.</p>	<p>examine and report on all government organizations. Sometimes, however, there is confusion about the Provincial Auditor's authority. Also, the current Act does not ensure the Provincial Auditor can examine and report on how well recipients of transfer payments manage public money. To ensure the Assembly receives the information it needs, the Assembly needs to change the Act to clearly set out the Provincial Auditor's authority. Four areas need change.</p> <p>1. At times, there is confusion about the Provincial Auditor's authority and responsibility when the Government appoints its own auditor to audit a government agency. In February 1994, in response to a Standing Committee on Public Accounts recommendation, the Crown Investments Corporation of Saskatchewan (CIC) and the Provincial Auditor established a Task Force to clarify the roles, responsibilities, and duties of auditors. The Task Force reported to the Committee on October 27, 1994. The Chair of the Task Force advised the Committee that the Task Force</p>	<p>The Act should make it clear that the Provincial Auditor shall report to the Assembly on all government organizations regardless of whether or not the Government has appointed its own auditor to audit an organization. The conclusions and recommendations of <i>The Report of the Task Force on the Roles, Responsibilities and Duties of Auditors</i> should be included in</p>

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
		<p>concluded:</p> <ul style="list-style-type: none"> ♦ The Assembly created one overall auditor, the Provincial Auditor, to audit the accounts of the Government of Saskatchewan ♦ The duties and responsibilities of the Provincial Auditor, as defined in <i>The Provincial Auditor Act</i>, apply to the audits of commercial Crown corporations, either directly or through reliance on appointed auditors. ♦ Audits, whether done by the Provincial Auditor or appointed auditors, ultimately must satisfy the needs of the Assembly. <p>The Chair of the Task Force also advised the Committee that the conclusions formed the basis for the recommendations of the Task Force. On October 27, 1994, the Committee agreed with the Task Force recommendations. The Task Force protocols have operated satisfactorily for several years. The protocols relate to how audits are planned, carried out and</p>	the Act.

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
		<p>reported to satisfy the needs of the Assembly. The Act should include the Task Force's protocols and conclusions.</p> <p>2. At times, there is confusion about the Provincial Auditor's authority to examine and report on government organizations established under a business corporations act or <i>The Non-profit Corporations Act, 1995</i>. When government officials do not allow the Provincial Auditor to examine these organizations, the Assembly does not receive the information it requires for holding the Government accountable for its performance.</p> <p>3. The Government is carrying out more of its programs in partnerships. There may be confusion in the future about the Provincial Auditor's authority to examine and report on cost and revenue sharing programs carried out in partnership with other jurisdictions and other levels of government.</p> <p>4. The current Act does not ensure the Provincial Auditor's authority to examine the management practices of</p>	<p>The Act should make it clear the Provincial Auditor has the authority to audit all government agencies that are owned or that may be controlled by the Government.</p>

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
		recipients of transfer payments to ensure public money is safeguarded and spent for the purpose intended.	<p>The Act should provide the Provincial Auditor with authority to examine partnerships with other jurisdictions and other levels of government.</p> <p>The Act should provide the Provincial Auditor unrestricted access to the officials and the accounts of recipients of transfer payments.</p>

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
<p>5. To ensure the Assembly receives independent, reliable and relevant information from the Provincial Auditor about the Government's performance, the Act should ensure the Provincial Auditor shares the same values as the Assembly.</p>	<p>Shared ethical values influence everything an organization does. The Assembly and the Provincial Auditor should share the same ethical values for public sector conduct. Setting out in law, what values the Assembly wants the Provincial Auditor to have will help ensure the Provincial Auditor discharges responsibilities and exercises authority following the Assembly's values.</p> <p>Ethical values for the conduct of public business include selflessness, integrity, objectivity, accountability, and leadership.</p>	<p>The current Act does not explicitly set out the ethical values the Assembly expects of the Provincial Auditor for the conduct of public business.</p>	<p>The Act should clearly set out the ethical values the Assembly wants the Provincial Auditor to have for the conduct of public business.</p>
<p>6. To ensure the Assembly receives independent, reliable and relevant information from the Provincial Auditor about the Government's performance, the Act should ensure that the</p>	<p>The Provincial Auditor should be an Officer of the Legislative Assembly. This way the Provincial Auditor enjoys the protection accorded to the Assembly's Officers by <i>The Legislative Assembly and Executive Council Act</i>. A</p>	<p>The current Act makes the Provincial Auditor an Officer of the Assembly. The current Act does not make the Standing Committee on Public Accounts responsible to select and recommend to the Assembly a person for appointment as the</p>	<p>The Act should require the Standing Committee on Public Accounts to select and recommend to the Assembly a person for appointment as Provincial Auditor.</p>

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
<p>Provincial Auditor enjoys the protection of the Assembly.</p>	<p>committee of the Assembly should select and recommend to the Assembly a person for appointment as Provincial Auditor to ensure the Assembly is involved. The Standing Committee on Public Accounts is the appropriate committee to select the Provincial Auditor as this Committee must work closely with the Provincial Auditor. Also, The Act should set the Provincial Auditor's salary. This ensures the Government and committees and boards of the Assembly cannot change the Provincial Auditor's salary. The Provincial Auditor needs the protection of the rules of the Assembly, which ensure a full public debate of the Provincial Auditor's salary. All of these protections will help ensure the Provincial Auditor can examine and report on difficult issues in a credible manner. To be of value, the Provincial Auditor must be truly independent and perceived to be independent.</p>	<p>Provincial Auditor. Currently, the Act states Cabinet selects and appoints the Provincial Auditor. The Provincial Auditor's salary has the protection of the Assembly because the Act sets the Provincial Auditor's salary. The salary is currently set at the average salary of all Deputy Ministers to recognize the importance of the position in relation to government officials.</p>	

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
<p>7. To ensure the Assembly receives independent, reliable and relevant information from the Provincial Auditor about the Government's performance, the Act should ensure the Provincial Auditor has the required resources.</p>	<p>The Assembly should influence the amount of resources for the Provincial Auditor that is included in the Estimates. Also, to prevent a conflict of interest, members of the Executive Council or Government-appointed officials should not have the ability to influence or be perceived to influence the amount of resources for the Provincial Auditor that is included in the Estimates. The Standing Committee on Public Accounts is made up of elected members that are not members of the Executive Council. In 1983, the Committee changed its rules for membership to recognize a conflict of interest if members of the Executive Council sat on a committee charged with holding the Executive Government accountable. Before this change, members of the Executive Council were members of the Committee. The Committee is the appropriate committee to review and recommend the Provincial</p>	<p>The current Act does not require the Standing Committee on Public Accounts to decide the Provincial Auditor's resources that are included in the Estimates the Government presents to the Assembly.</p>	<p>The Act should require the Standing Committee on Public Accounts to recommend the resources for the Provincial Auditor.</p>

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
	<p>Auditor's resources. Currently, the Board of Internal Economy recommends our resources. This Board includes members of the Executive Council. Also, under the Act we have to audit the accounts of the Board.</p> <p>Also, the Assembly should provide the Provincial Auditor with flexibility to react to unforeseen issues that the Provincial Auditor must examine (e.g. Channel Lake and the closure of the Plains Health Centre). To provide this flexibility, the Act needs to provide the Provincial Auditor with the autonomy to use revenues such as audit fees and to retain unspent resources at the end of a fiscal year to pay for the costs of audits. The Assembly can control the amount of unspent resources the Provincial Auditor has through the annual amount included in the Estimates for the Provincial Auditor. We note the Assembly has given</p>	<p>Similar to many government agencies, the Act gives the Provincial Auditor the authority to receive other revenues, to use those revenues and to retain unspent resources.</p>	<p>No change recommended.</p>

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
	many government agencies the autonomy to use revenues and unspent resources from previous years to carry out their responsibilities so they have the flexibility to do their jobs effectively.		
8. To ensure the Assembly receives independent, reliable and relevant information from the Provincial Auditor about the Government's performance, the Act should ensure the Government and the Assembly's committees and boards cannot intrude on the Provincial Auditor's responsibility to decide what should be audited and how it should be audited and reported to the Assembly.	If the Assembly is to receive independent and relevant advice, the Provincial Auditor must have the autonomy (independence) to decide what audit work needs to be done and how the work is carried out and reported to the Assembly (i.e., the work plan). The Act must ensure the Provincial Auditor is truly independent of the Government and its appointed officials in deciding the work plan. Also, the Act must ensure the Provincial Auditor can decide the work plan without interference from the Assembly's committees and boards. A key safeguard for ensuring the Provincial Auditor can examine and report difficult issues in a credible manner is the protection of the rules of the Assembly which ensure a full	The current Act provides the Provincial Auditor with complete independence from the Assembly's committees and boards and the Government. The Provincial Auditor decides what is to be audited and how the audit is carried out and reported to the Assembly (i.e., the work plan). The current Act attaches conditions and allows the Provincial Auditor to refuse assignments requested by the Assembly's committees and the Government. This was done to ensure the Provincial Auditor was not diverted from doing the primary work set out in the Act.	No change recommended.

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
	public debate. If those that are audited by the Provincial Auditor decide the Provincial Auditor's work plan, they have a conflict of interest. Also, if others decide the Provincial Auditor's work plan, the Provincial Auditor is no longer accountable for the work plan. To obtain the views of the Assembly on the adequacy of the work plan, the Standing Committee on Public Accounts should review the plan. The Committee should advise the Provincial Auditor what changes to the plan would help the Committee carry out its mandate.		
9. To ensure the Assembly receives independent, reliable and relevant information from the Provincial Auditor about the Government's performance, the Act should ensure the Government and the Assembly's committees and boards cannot interfere with the Provincial Auditor's	If the Assembly is to receive independent, reliable, and relevant advice, the Provincial Auditor must have the autonomy (independence) to decide and acquire the necessary people and tools that are needed to do the job properly. The Act must ensure the Provincial Auditor can acquire the necessary people and tools without interference from the Executive Government and its appointed officials and	The current Act gives the Provincial Auditor the autonomy to decide how best to spend the resources available to obtain the required people and tools to do the job properly.	No change recommended.

APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
<p>authority to decide and acquire the necessary people and tools needed to meet the Assembly's objective.</p>	<p>committees and boards of the Assembly.</p>		
<p>10. To ensure the Assembly receives independent, reliable and relevant information from the Provincial Auditor about the Government's performance, the Act should ensure the Provincial Auditor has access to people, places, documents, and electronic information to provide the Assembly with the information it requires.</p>	<p>The Provincial Auditor needs unrestricted access to officials and accounts that the Provincial Auditor is required to examine to provide the Assembly with the required information. If government officials do not give the Provincial Auditor access to accounts they manage (e.g., the First Nations Fund), the Act should impose penalties on those officials.</p>	<p>The current Act provides the Provincial Auditor with adequate access except for access to recipients of transfer payments.</p> <p>However, the Act does not impose penalties on officials who restrict the Provincial Auditor's access.</p>	<p>The Act should provide the Provincial Auditor with access to the people, places, documents, and electronic information of recipients of transfer payments.</p> <p>The Act should state that officials who fail to provide the Provincial Auditor access to the accounts they manage are deemed to have obstructed an Officer of the Legislative Assembly in the discharge of the duties required by the Assembly. The Act should then require a debate about this matter as provided for by <i>The Legislative Assembly and Executive Council Act</i>.</p>
<p>11. To ensure the Assembly receives independent, reliable and relevant information from the</p>	<p>The Act should require the Provincial Auditor to adhere to rigorous auditing standards to ensure the information provided</p>	<p>The current Act ensures the reliability of the information the Provincial Auditor provides to the Assembly. The Act requires the</p>	<p>No change recommended.</p>

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
<p>Provincial Auditor about the Government's performance, the Act should ensure the Provincial Auditor provides reliable information to the Assembly.</p>	<p>to the Assembly is reliable. Currently, The Canadian Institute of Chartered Accountants sets generally accepted auditing standards for the private and public sectors.</p>	<p>Provincial Auditor to be a Chartered Accountant. The Act also requires the Provincial Auditor to follow generally accepted auditing standards as prescribed by The Canadian Institute of Chartered Accountants. The Institute of Chartered Accountants of Saskatchewan has processes for ensuring Chartered Accountants do their examinations properly.</p>	
<p>12. To ensure the Assembly receives independent, reliable and relevant information from the Provincial Auditor about the Government's performance, the Act should provide for the periodic renewal of the position of Provincial Auditor.</p>	<p>The Provincial Auditor should be appointed for a fixed term. Appointing the Provincial Auditor for a fixed term provides for the periodic renewal of the position of Provincial Auditor to bring new ideas to the operation of the Office. The term should be long enough so that the Provincial Auditor can effect positive change to the Government's management of public resources. Making a difference to the way the Government manages public resources can take many years.</p>	<p>The current Act does not provide for the periodic renewal of the position of Provincial Auditor. The Provincial Auditor is appointed until the Provincial Auditor reaches the age of 65, or the Assembly removes the Provincial Auditor for cause, or the Provincial Auditor chooses to end his or her tenure.</p>	<p>The Act should make the appointment of the Provincial Auditor for a ten-year fixed term.</p> <p>Also, as a transitional matter, the Committee should discuss and decide the date that the current Provincial Auditor's term begins and include that date in any changes to the Act.</p>

APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
<p>13. To ensure the Assembly receives independent, reliable and relevant information from the Provincial Auditor about the Government's performance, the Act should require the Standing Committee on Public Accounts to monitor what is happening within Saskatchewan and in other jurisdictions to re-evaluate the Assembly's objective for the Provincial Auditor.</p>	<p>The Assembly needs to monitor what is happening in Saskatchewan and in other jurisdictions to re-evaluate periodically its objective for the Provincial Auditor. This is necessary to ensure the Provincial Auditor continues to fulfill the Assembly's information needs. The Assembly should require the Standing Committee on Public Accounts to do this because this Committee works most closely with the Provincial Auditor. Also, this Committee's mandate is to hold the Government accountable for its performance.</p>	<p>The current Act does not require the Standing Committee on Public Accounts to periodically reassess the Assembly's objective for the Provincial Auditor.</p>	<p>The Act should require the Standing Committee on Public Accounts to periodically review the Assembly's objective for the Provincial Auditor.</p>
<p>14. To ensure the Assembly receives independent, reliable and relevant information from the Provincial Auditor about the Government's performance, the Act should clearly set out the Provincial Auditor's accountability to the Assembly for the use of</p>	<p>The Act should provide the Provincial Auditor with complete autonomy to discharge the Provincial Auditor's responsibilities. With this autonomy it is important that the Provincial Auditor is accountable for the use of authority and the discharge of responsibilities.</p> <p>An effective accountability</p>	<p>The current Act does not require the Provincial Auditor to give the Assembly an annual business and financial plan setting out planned performance and an annual report on operations setting out actual performance. The Provincial Auditor currently gives the Assembly these two reports. The Act should require the Provincial Auditor to give these two reports</p>	<p>The Act should require the Provincial Auditor to give the Assembly an annual business and financial plan and an annual report on operations.</p>

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
<p>authority and the discharge of responsibilities.</p>	<p>relationship should ensure there is:</p> <ul style="list-style-type: none"> ♦ An agreed upon plan that is clear as to responsibilities, authority, performance expectations, and resources needed; ♦ A reliable report on performance; ♦ A reasonable review of performance. <p>In other sections of this Report, we discussed responsibilities, authority and resources. In this section, we discuss the information the Assembly needs on the Provincial Auditor's expected (planned) performance and actual performance and on the review of the planned and actual performance.</p> <p>To hold the Provincial Auditor accountable, the Act should require the Provincial Auditor to give the Assembly two performance reports. Those</p>	<p>to the Assembly.</p> <p>The current Act requires that an auditor appointed by Cabinet audits the Provincial Auditor. By law, that auditor is required to provide independent, reliable, and relevant information to the Standing Committee on Public Accounts about the Provincial Auditor's performance. Also, by law, the auditor that audits the Provincial Auditor has the same authority and responsibility as the Provincial Auditor.</p>	<p>No change recommended.</p>

**APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000**

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
	<p>reports are a business and financial plan setting out planned performance and an annual report on operations setting out actual performance. The performance reports should include audit assurance from the person who audits the Provincial Auditor that the performance reports are reliable.</p> <p>The Act should also ensure the Assembly receives receive independent, reliable and relevant information about other aspects of the Provincial Auditor's performance (e.g., compliance with the law) directly from the person who audits the Provincial Auditor.</p>		
<p>15. To ensure the Assembly receives independent, reliable and relevant information from the Provincial Auditor about the Government's</p>	<p>The Assembly needs to monitor the Provincial Auditor's planned and actual performance and to provide advice to the Provincial Auditor to improve performance. This is necessary to ensure the</p>	<p>The current Act does not require the Standing Committee on Public Accounts to review the Provincial Auditor's planned and actual performance and to provide advice to the Provincial Auditor.</p>	<p>The Act should require the Standing Committee on Public Accounts to review annually the plan and report on operations with the Provincial Auditor and to provide advice to improve the</p>

APPENDIX B of the First Report
Summary of Recommendations
Special Report of the Provincial Auditor – February 2000

The Assembly's Risks	Why the Act should address the risks	How the current Act manages the risks	Recommendation for change to the Act
<p>performance, the Act should require the Standing Committee on Public Accounts to monitor the Provincial Auditor's performance to ensure the Assembly is receiving the information it needs to hold the Government and the Provincial Auditor accountable.</p>	<p>Provincial Auditor provides the Assembly with required information about the Government's performance effectively. To recognize the Provincial Auditor is accountable only to the Assembly, the review should be carried out by a Committee of the Assembly that does not include Cabinet Ministers or Government-appointed officials. The Standing Committee on Public Accounts is the appropriate committee to monitor the Provincial Auditor's performance. The Act should require the Committee to do so and provide the Committee with the authority to acquire the resources to do so effectively.</p>		<p>Provincial Auditor's performance. The Act should also provide the Committee with authority to acquire the resources to do so effectively.</p>

APPENDIX C
Summary of Recommendations
Report of the Special Advisory Committee to the Minister of Finance
June 2000

- Recommendation 1: The Committee recommends that legislation be amended to provide for the appointment of the Provincial Auditor upon the unanimous recommendation to the Legislative Assembly by the Standing Committee on Public Accounts and the approval by resolution of the Assembly.
- Recommendation 2: The Committee recommends that legislation allow the Standing Committee on Public Accounts to request advice from the Audit Committee or any other advisors in the process for selecting the Provincial Auditor.
- Recommendation 3: The Committee recommends that the Standing Committee on Public Accounts seek the advice of the Audit Committee in the selection of the Provincial Auditor.
- Recommendation 4: The Committee recommends that legislation provide for the review, alteration, as appropriate, and approval of the estimates of the Provincial Auditor by the Standing Committee on Public Accounts and the referral of these estimates through the Speaker, to the Legislative Assembly.
- Recommendation 5: The Committee recommends that the estimates of the Provincial Auditor include a provision for unforeseen expenses, especially as they relate to the need to conduct special audits.
- Recommendation 6: The Committee recommends that legislation allow the Provincial Auditor to request Special Warrant funding, which would be provided on the recommendation of the Standing Committee on Public Accounts.
- Recommendation 7: The Committee recommends that legislation require the Provincial Auditor to provide to the Speaker, for tabling in the Legislative Assembly, an Annual Report on Operations.
- Recommendation 8: The Committee recommends the Legislative Assembly refer the Provincial Auditor's Annual Report on Operations to the Standing Committee on Public Accounts for review (i.e., to monitor planned to actual performance and provide advice to the Provincial Auditor to improve the Provincial Auditor's performance).
- Recommendation 9: The Committee recommends that legislation allow the Standing Committee on Public Accounts to request the assistance of the Audit Committee or any other advisors in the review of the Provincial Auditor's budget, the review of the Provincial Auditor's Annual Report on Operations, or with respect to other issues.
- Recommendation 10: The Committee strongly encourages the Standing Committee on Public Accounts to seek the advice of the Audit Committee in the review of the Provincial Auditor's budget, the review of the Provincial Auditor's Annual Report on Operations, or with respect to other issues.

- Recommendation 11: The Committee recommends that the legislation be amended to provide for the appointment of the auditor of the accounts of the office of the Provincial Auditor on the recommendation of the Standing Committee on Public Accounts.
- Recommendation 12: The Committee encourages the Standing Committee on Public Accounts to annually prepare an engagement letter to set out the terms of the audit which will be performed by the auditor of the accounts of the office of the Provincial Auditor.
- Recommendation 13: The Committee recommends that the legislation specify that the report of the auditor of the accounts of the office of the Provincial Auditor be tabled.
- Recommendation 14: To provide for an independent audit committee, the Committee recommends legislation be amended to provide for the appointment of members of the Audit Committee by the Lieutenant Governor in Council on the unanimous recommendation of the Standing Committee on Public Accounts.
- Recommendation 15: To enhance accountability processes, the Committee recommends that legislation be amended to establish an Audit Committee, as a committee responsible to the Standing Committee on Public Accounts, to:
- continue to receive draft reports of the Provincial Auditor and meet with the Provincial Auditor and management to facilitate discussion and resolution of issues;
 - advise the Standing Committee on Public Accounts with respect to the Provincial Auditor's Business and Financial Plan and Annual Report on Operations or with respect to other issues, at the request of PAC; and,
 - advise the Provincial Auditor, the Minister of Finance, the Minister of the Crown Investments Corporation of Saskatchewan or the Standing Committee on Crown Corporations, as requested by them, to facilitate discussion and resolution of audit and accounting issues.
- Recommendation 16: The Committee recommends legislation be amended to require the Provincial Auditor to provide the reports of the Provincial Auditor to the Audit Committee at least ten days before they are finalized.
- Recommendation 17: The Committee recommends legislation be amended to require the Provincial Auditor and government officials to provide any information that is necessary to enable the Audit Committee to perform its duties.
- Recommendation 18: The Committee recommends that legislation clarify that the Provincial Auditor is required to return to the GRF any unspent appropriation at the end of each fiscal year.
- Recommendation 19: The Committee recommends that legislation clarify that the Provincial Auditor is required to deposit to the GRF all revenues generated through the

office of the Provincial Auditor. The Committee notes that expenditure recoveries (i.e., employee secondments) may be retained by the Provincial Auditor.

- Recommendation 20: The Committee recommends that legislation establish a non-renewable ten-year term of office for the position of Provincial Auditor.
- Recommendation 21: The Committee recommends that the definition of salary be clarified in legislation to ensure that it is not subject to interpretation in the future.
- Recommendation 22: The Committee recommends that legislation be amended to expand the qualification requirements for appointed auditors, including the auditor of the accounts of the office of the Provincial Auditor, to include all professional accounting groups regulated by an Act.
- Recommendation 23: The Committee recommends that legislation be amended to address administrative changes required to the Oath of Secrecy, Limitation of Liability and the Preservation of Secrecy provisions and to require the Provincial Auditor to participate in audit assignments in connection with the issuance and sale of securities of the Government of Saskatchewan.
- Recommendation 24: The Committee recommends no changes to The Provincial Auditor Act with respect to the reporting and examination requirements.
- Recommendation 25: The Committee recommends that the Standing Committee on Public Accounts deal, on a case-by-case basis, with concerns about whether or not an organization is owned or controlled by the Government and subject to audit by the Provincial Auditor. The Committee encourages the Standing Committee on Public Accounts to seek the advice of the Audit Committee on these issues.
- Recommendation 26: The Committee encourages the Department of Finance and the Crown Investments Corporation of Saskatchewan to undertake to ensure agreements with respect to partnerships with other jurisdictions and other levels of government and corporate partnerships include audit provisions.
- Recommendation 27: The Committee recommends that the Standing Committee on Public Accounts deal, on a case-by-case basis, with audit issues which arise relating to how the Government is changing the deployment of resources (i.e., the administration of government programs by organizations outside of government.)
- Recommendation 28: The Committee recommends no change to The Provincial Auditor Act to provide the Provincial Auditor with investment authority.
- Recommendation 29: The Committee recommends no change to The Provincial Auditor Act with respect to the qualification requirements of the Provincial Auditor.
- Recommendation 30: The Committee recommends no changes to The Provincial Auditor Act with respect to incorporating the objective for establishing the Provincial Auditor,

ethical standards for the Provincial Auditor and requiring the Standing Committee on Public Accounts to periodically review the objective for the Provincial Auditor.

Recommendation 31: The Committee recommends no change to The Provincial Auditor Act to impose penalties when access of the Provincial Auditor is restricted.