

## STANDING COMMITTEE ON ESTIMATES

April 27, 1995

**The Chairperson:** — I'll call the meeting to order. Good morning to everybody. Our job today, as you can see by the agenda, is to first of all elect a Vice-Chair, and then we'll continue the estimates for the Office of the Provincial Auditor; and, time permitting, move on to estimates for the Legislative Assembly.

With respect to the election of the Vice-Chair, by tradition I believe that the Vice-Chair has been a member of the opposition. Are you prepared at this time to deal with that item or . . .

**Mr. Goohsen:** — I have no idea. Nobody's told me anything about this.

**The Chairperson:** — You have no idea, okay. If you want to wait to consult with your caucus, that's quite fine too. If you . . . There he is; there's your caucus. Not a member, okay. I did mention this to Mr. Toth on the way out, so we could delay it. It's not an urgent item.

**Mr. Goohsen:** — I don't know if he wants to be the vice-chairman or not or what. So we'd better delay it until we see what he wants to do.

**Mr. Sonntag:** — Do we get to pick from all committee members of the opposition who are present?

**The Chairperson:** — Well actually that's true, we could do that. Well that being the case, then maybe what we'll do is just delay that, the election of the Vice-Chair, until they . . . until you . . . Well we'll ask you to bring it back for us.

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#### Item 1

**Mr. Goohsen:** — Thank you, Mr. Chairman. Good morning, Mr. Speaker, and auditors. My first question is: was the Provincial Auditor able to make enough from the audit fees charged to agencies and Crown corporations to run his offices? If not, where did the remaining money come from? I guess, in other words, were you able to charge enough audit fees to the agencies to cover everything?

**Mr. Strelloff:** — Mr. Chair, members, the question that you asked must relate to 1994-95, the current year, rather than '95-96,

the budget proposal. So as you can see on page 12, the work that we had planned to do for the government's year ended '93-94 was 4.7 million.

So remember that for the government's year end March 31, '94, we do that work in '94-95. So our plan was 4.7 million. Then on page 14 where you see under the '94-95 forecast, you see that our forecast to the end of March 31, '95 is \$4.342 million. And that 4.3 comes from two components — an appropriation of 3.8 and audit fees of 500,000.

So you can see that the audit plan would cost 4.7, our forecast in spending was 4.3, so we haven't been able to carry out all the planned work for the year ended March 31, '94. We list in one of the appendices what work we plan not to get done for the year ended March 31, '94 of the government, which of course is the work that we carry out in '94-95. That list is on page 49. I think that . . . yes, on page 49 that shows the audits that we will not be carrying out.

**Mr. Goohsen:** — Thank you, Mr. Auditor. The list that we went over the other day on page 49 prompted me to wonder, how did you make the decision of which areas you would not do when you found yourself to be short of money?

**Mr. Trew:** — Point of order, Mr. Chair.

Thank you, Mr. Chair. As Mr. Upshall pointed out the last time we met on April 25, what we're about today is the estimates for the year coming, that is the year '95-96. Both questions asked by Mr. Goohsen have been dealing with the past year. This is unlike Crown Corporations Committee. This is where our task is to ask questions about the auditor's expenditures coming and his plans for the coming year, the year he's in right now, not the year past. And I would ask you to rule Mr. Goohsen's question out of order.

**Mr. Goohsen:** — I'd like to speak on the ruling before you make your ruling, Mr. Chairman.

**Mr. D'Autremont:** — Thank you, Mr. Chair. And, Mr. Chairman, in determining whether or not the auditor is spending the monies appropriately and whether or not sufficient monies are available to carry out the legislative duties of the auditor, I believe it's important that the committee be able to track his previous record and make determinations

whether or not the monies were available and whether the duties were carried out properly. Therefore to determine those things, we need to follow the past history as well as the current projections for the next year.

When we look at estimates in the legislature in Committee of the Whole, Mr. Chairman, we deal not just with the estimates as they come up for the next year, but also with the past track record. And I believe it's important that we carry on with the same measures here.

**The Chairperson:** — Thank you very much.

**Ms. Hamilton:** — Mr. Chair, it seems that although, you know, I send my regrets and apologies that I wasn't able to be here on Tuesday, clearly most of the questions that have been asked so far, the answers are recorded in the *Hansard*. And so I think what we're doing is going over old grounds, sort of doubly going over it, when it would be more important to get on to the job at hand and the task that we have set before us.

**The Chairperson:** — Thank you.

**Mr. Goohsen:** — Can I make a comment?

**The Chairperson:** — Yes.

**Mr. Goohsen:** — I can appreciate where the members opposite are coming from and I respect their opinion. However there is a question here of policy, and there was a policy established probably that we're not aware of on how decisions were made. And that policy may or may not reflect into this coming year. We have to know whether that policy in fact is a policy, and then if that policy is going to be used in the future. And that's what we're trying to establish, that link of which is the track record that my colleague has referred to.

**The Chairperson:** — Thank you . . . (inaudible interjection) . . . It's not a usual item unless there's something new that you want to add to your point of order.

**Mr. Trew:** — I do wish to just in response. I appreciate what Mr. Goohsen is saying, but the Provincial Auditor's Business and Financial Plan deals with the coming year. In addition, he's dealt with the list of things that weren't covered last year and assured us on April 25 that this year's budget will in fact allow him . . . and he is committed to doing the complete audits including those items that were missed last year. Therefore this discussion is certainly

irrelevant this year.

**The Chairperson:** — Yesterday we got into a very similar discussion on a point of order. At that time — and it's recorded on page 123 of last day's minutes — I made this ruling. That:

. . . we're dealing with the funding with respect to the proposed budget for the coming year. (And that) The member is able to reference into the past year but not to concentrate on the past year. The references should be kept brief for comparison purposes, (and) not for points of debate.

And I just want to reiterate that should be the rule which we follow — that the emphasis should be on this year's budget with occasional reference for comparison purposes being allowed from the previous year.

**Mr. Goohsen:** — Thank you, Mr. Chairman. I want to tie this question together very quickly. And I guess I think for the record, I will say that if my questioning is out of order from this point on, I've got a lot more important work to be doing and I'll be leaving.

Now we wanted to know, Mr. Auditor, and, Mr. Speaker, what, what, in terms of the possibility of your not being able to meet your targets . . . because the monies may again fall short. And there's always that possibility. As a businessman I find lots of years unexpected expenses come up and we can't do the things that we originally planned in our original targets.

So if the probability occurs of not being able to do all of the work that you think that you can do, then how will you decide which departments you will not scrutinize as carefully as you might have?

**Mr. Strelloff:** — Mr. Chair, members. You're right, the plan that we put forward to the Board of Internal Economy in October was our best thinking at that point on what it would cost to carry out the work during the year. And a plan, depending on events, can change. So we will be constantly adjusting our work plan and deadlines — some work will get done easier than we think initially and some will be more difficult.

In terms of the impact of alternative funding levels, on page 15 of the plan that we provided to you, we set out . . . and this was provided to the Board of Internal Economy too, and also

was provided . . . a similar kind of scenario was set out last year as well and the year before. We said, well if you choose not to provide us sufficient funding and if we don't obtain sufficient funding from billing government organizations directly, here's the types of organizations that we would not examine during the year. So page 15 sets out the revolving and other special-purpose funds.

The thinking there is that in the choice . . . that the risk there of problems and the risk to you is less than other organizations, primarily because most of these revolving, or many of these revolving and special-purpose funds, are administered within government departments. So there is some measure of control there.

Then we said, well a next choice would be some of the smaller health boards. We thought we would examine those on a more cyclical basis rather than all 29. And then we said, the agricultural marketing boards, which some of them do not administer significant amounts of money, so we thought well, that would be a reasonable choice to not examine during the year.

And then certain CIC-related (Crown Investments Corporation of Saskatchewan) Crown corporations we thought that, okay, if we had to go that far, we would examine those on a more cyclical basis, or participate in the audit of those on a more cyclical basis.

So that was the types of choice or the decisions that we presented — we present now and we've presented in the past — in terms of making sure that members know the impact of funding decisions, the impact of work taking more time and effort than what we planned.

**Mr. Goohsen:** — Is this an arbitrary decision that you have the power to make as the auditor, or does someone else have impact on your decision? Who makes the actual authority?

**Mr. Strelieff:** — The decision on how best to carry out my job within the context of the money that is provided to me, within the context of the legislative requirements, at the end of the day is the responsibility of the position of the Provincial Auditor.

**Mr. Goohsen:** — So you have that power to make those decisions of what to do and what not to do?

**Mr. Strelieff:** — That responsibility.

**Mr. Goohsen:** — Then leading from your other question, I wondered, what is a significant amount of money, in your reference that you made to . . . (inaudible interjection) . . . the agricultural boards, yes.

**Mr. Strelieff:** — Some of the agricultural boards, compared to other government organizations, administer less money . . . I'm just going to the report to try to remember exactly what some of these do.

Mr. Wendel is pointing out, on page 49, when we made the choice in '94-95, there are some examples of some of the organizations that we decided not to examine. There was the Broiler Hatching Egg Producers' Marketing Board, the Chicken Marketing Board, the Commercial Egg Producers' Marketing Board, the Pulse Crop, the Sheep Development.

And I'm just trying to see if I have somewhere how much money they administer. Some of them administer less than \$100,000, compared to say the Department of Social Services, which maybe in their social assistance plan administers, I don't know, \$500 million.

And when you're trying to decide how best to use your resources and provide assurances to the Assembly, it seems reasonable that we would devote more attention to the student aid plan — or not student aid plan . . . well that as well — the social assistance plan compared to some of the agricultural boards.

For example, the broiler hatching egg producers' marketing council, the board revenue was 39,000 and the board spending is 30,000. So compared to \$500 million, it seems reasonable that we devote more of our energy to the social assistance plan.

And there's also a test in terms of, what's the past experience have we had with some of the organizations? Is it likely that there's a lot of problems in one area compared to another? Does that . . .

**Mr. Goohsen:** — Yes, I'm getting the idea. I'm wondering though, do you have a kind of a cut-off level in your mind that you would target towards, as say, you know, like you've used a figure 30,000, or would it be a half million or . . .

**Mr. Strelieff:** — Well one of the starting points

is that when the Assembly creates an organization, even if it's the Canola Development Commission, the Assembly says we want this organization to exist and we want the Provincial Auditor to examine that. I mean that's just important by itself, regardless of how much money is being administered.

I mean you've set up an organization, therefore you must consider it important, and therefore you must consider whether the management of that organization and the financial statements it provides you are reliable, and whether it's complying with your legislative authorities. You must think that's important, so we try to examine every organization that you set up. That's a starting point.

**Mr. Goohsen:** — So even though you're saying you may not have gone into detail with some of these in the past, you probably did take a kind of an overview of the whole situation before you dropped them off the list or onto the list, whichever way you . . .

**Mr. Strelieff:** — The ones on the list we didn't examine at all. At the end of the day when you don't have the funding, you still have to make the decision on whether you examine that organization at all. There's also . . . well that's part of the decision as well. We try to examine every organization every year and then bring to your attention those that we haven't.

In the past we used to say, four or five years ago we used to . . . or three or four or five years ago, we used to carry out the practice or policy that, well we'll continue to try to examine every organization every year, but if we're provided insufficient funding what we'll do is, instead of doing the work in a 12-month period, we'll extend it to 14 months. And so we'll be late in reporting but we'll get to it.

But it kept on getting later and later, and so more recently we decided that, well just a minute; if we continue with the practice of extending the time frames we're going to be examining issues that are really old and out of date. And so we decided that well, let's just . . . let's go to the policy of not examining certain organizations, given our funding, and then make sure though that you know that. Like then that's why we provide those lists of organizations that we haven't examined, to make sure you know that, and then try to . . . well, and operate accordingly.

**Mr. Goohsen:** — That's kind of a revelation for me, because having watched from afar not so

long ago, it was always my perception that when the auditor didn't get his work done that this was a serious reflection on the inability of the government to accomplish its work.

The decision to suddenly go to a dropping-off list in order to make it appear that suddenly something had changed and that all of a sudden all the work was getting done, when in fact a whole lot of things were no longer being looked at, is definitely a false impression then that people have gotten in their minds of the working having been properly done. And so it makes me wonder if this process has been legitimate for the taxpayer.

So my question is to you then: these ones that weren't examined last year, now they're on the list to be examined this year — what if you're short of money this year again; do these ones get priority to be checked out so that there's at least a spot check periodically of every so many years?

**Mr. Strelieff:** — Mr. Chair, members, as you know, the proposal that's recommended by our office and the Board of Internal Economy, if that funding is provided, our plan and intention is to examine each one of these organizations.

Now if that funding is not provided, then the information on page 15 is how we would decide which organizations not to examine, which in general sense are assessments of significance and risk.

For example, if you . . . I think the proposal is that our funding is 4.377, so say what was approved was 4.1, then the first one on the list that we would consider not examining would be revolving and other special-purpose funds.

Now in '94-95 we had those organizations on the list, and we did examine those organizations because the government chose to provide us funding to examine those organizations. So the first ones on the list that we wouldn't examine, we did examine last year. So we would be examining in '95-96 all the organizations that we didn't examine in '94-95, depending on how much it goes down from 4.377.

**Mr. Goohsen:** — I have the distinct impression then that the same ones that weren't checked last year would be the ones that wouldn't be checked this year if the funding were not available.

**Mr. Strelieff:** — Well say if the funding

proposes 4.377, so if you moved it down to . . . I think the revolving and special-purpose funds say in total . . . say if it's \$200,000, so if you move it down to 4.177, then the revolving and special-purpose funds, those are the ones that we would first not examine. We examined those last year in '94-95, so there wouldn't be two years in a row that we have not examined those.

And that's part of what we would be considering as well — if we haven't examined something in the past, should we examine something in the future and then drop something off that we examined last year and perhaps found that it was a pretty well-run organization and was producing reliable information to you. So we would consider the coverage to make sure that we're not present at an organization for an extended time.

**Mr. Goohsen:** — Now the concept of finishing a year's work in 12 months seems like a good one.

**Mr. Strelieff:** — Yes, that's right.

**Mr. Goohsen:** — But as you have alluded to the past, you sometimes would go to 14 months. And now of course, you went just to 12 and you cut it off and made a list that you didn't check. So that's fine. Is that now a policy that's in place that will be automatically triggered this year if you get behind in your work, or would you be able to extend to 14 months to finish up this coming year, or who makes that decision and what happens there?

**Mr. Strelieff:** — There will be work that is on both ends of the year. For example, I mean we won't just cut it off as of September 30. There's the 12 months and no further work will be carried out on the prior year — or sorry, March 31, and no work will be carried out on the prior year.

There is work that we carry out — like, use the current example — in '94-95 that relates to work in '95-96. And there is work that we do in '95-96, that work relates to '96-97, so there's overlaps. So it's not, I mean it's not just at the end of a specific date, that's it.

But the 12-month idea still drives it but 12 months of work is carried out . . . some of it's carried out in different years. But the funding for 12 months of work is what we are proposing. But there's some work that pertains to the prior year and some work that pertains to a future year. But in general, if it all could be

packaged up in 12 months, here it is.

**Mr. Goohsen:** — Yes, I understand that principle because of course every business has to have a block of years in order to consider all things that go on in the process, and ours is no different than these other ones. So we have some understanding of that.

But when we discussed this a few minutes ago, you suggested that your report had been able to be brought in at a specific time rather than to dragging that on, was the impression I got. Was I wrong in making that impression, that your report now had come in at a 12-month period at a certain time as a result of being able to have a list of things that you didn't have to continue on? And so then the report for this coming year, is that going to be on date? And if so, at any cost, irregardless of whether the work is done or not done, then you have a list of things that you don't do so that you can have your report come in on time?

**Mr. Strelieff:** — As you know, we moved to two reports now — a fall report and a spring report. If we're able to carry out our work plan as planned and we don't have any unforeseen, strange occurrences, I would hope to see that our spring report of next year would provide a list of those organizations that we weren't able to examine.

That list, there shouldn't be anything on that list. It should be all done because the funding that we're proposing for this year, the plan . . . it's based on a plan to get every one of these audits done. So that list should be empty. Whereas, as you know, some prior years the list was . . . there was a list there.

So the intent is to make sure that in our . . . you know, the fall report will report on a segment of work that we've done. And the spring report will complete the whole year's work. And that spring report should have a list of work not done that should be empty.

**Mr. Goohsen:** — Yes, the best laid plans of mice and men and all that.

**Mr. Strelieff:** — That's right. Yes.

**Mr. Goohsen:** — And realistically, I hear what you're saying and I hope that it's successful. But if we get 2 feet of snow and 3 inches of rain in the middle part of Saskatchewan and the government has to spend 3 or \$400 millions on a disaster fund there, they may decide to cut everything back 10 per cent and

you might find yourself not being able to accomplish these things.

**Mr. Streliaff:** — That's right.

**Mr. Goohsen:** — So what I'm saying is though, very simply, is that we do now have a policy established where you will always have your reports turned in on time, it would seem to me, irregardless of whether the work has ever been done or not. And you may never ever get your work finished again because you have no deadline that is contingent upon having gotten the work all done. So you have no weapon left to force the government either to give you better funding or to give you more manpower, or whatever is necessary in order to actually be assured to finish all the work, although you do have a target there. But you can't ever be sure that your work will ever be finished again.

**Mr. Streliaff:** — Well we do bring to your attention the work that we haven't completed or finished or even done, and that's our mechanism to make sure that you're aware of this. I mean that's important and that's . . .

**Mr. Goohsen:** — But anyway, then that leads to the next question. What kind of manpower do you have for this coming year to be able to get this job done? I guess I should say person power.

**Mr. Streliaff:** — Page 18, the '95-96, 62 persons. On the left-hand side on the . . . where it has person-years, the '95-96 request, 62.

**Mr. Goohsen:** — So it appears that you're actually dropping in numbers of people. Is that what that says?

**Mr. Streliaff:** — That's from our requests, yes. There's two main reasons for the number of staff going down. One is, as you know, we're moving through a protocol relationship with other auditors, as recommended by a task force report. That protocol relationship is a smoother one and allows us to make sure we're present in the audits in a more effective way, and we're hoping it does not require us to examine those organizations that have appointed auditors directly. We can work through a protocol relationship. That has helped.

And the second reason why the staffing has gone down is that some of the district health boards have moved to integrating their administrative functions faster than we

anticipated and therefore the extent of work that we have to do has been reduced.

**Mr. Goohsen:** — Well in 1993-94 you didn't have health boards, so . . . and you had a request for 69 and then it drops to 66 and then to 62. So that can't be the only factor.

**Mr. Streliaff:** — The starting point on that for '93-94, the requested 69, the request for our funding for that year, we requested sufficient funding to do all, to participate in all 20, whatever the numbers of health boards were in that year. And we weren't provided that funding and therefore only participated in six, I think, so . . .

**Mr. Goohsen:** — So you never got the 69 people?

**Mr. Streliaff:** — That's right. That was requested. As you can see, in the forecasts on the next page, on 19, where it says the forecast for the years . . . the actual spending for '93-94 was 4.0; the forecast for '94 was 4.3, while our funding requests for those years was 4.7 and 4.7. So we didn't receive all the funding and therefore didn't have all the staff, therefore have those lists of work not done.

**Mr. Goohsen:** — All right. So what are the real numbers of your employees?

**Mr. Streliaff:** — Okay, let's go to 43, where it has on page 43 the budget request and then the actuals. So you can see on page 43, where in '94 you were talking about, the year '94, where we requested 69; the actual was 61. So as a result of those eight people not being in the office out comes that list of organizations not examined.

**Mr. Goohsen:** — Okay, out of the actual people that you did have now and the ones that you are anticipating that you will have, have you changed any of your senior management staff in the process now? I guess from last year to this year, or are you planning any senior management changes?

**Mr. Streliaff:** — The senior management team that's in place in '94-95, at the beginning of '94-95, is the same senior management team that's in place right now.

**The Chairperson:** — I was wondering, Mr. Auditor, whether we wanted Fred to leave for that particular response or not. Carry on, Mr. Goohsen.

**Mr. Goohsen:** — I wasn't pointing any fingers directly at any individuals, for sure.

The eight less people that you got than what you had asked for out of this list now between actuals and projected, was that just because of the funding that you didn't get those eight people? And is that the result of your not being able to accomplish your mission that you had set out for yourself, or was there some other factor, like you got a bigger computer and didn't need somebody or anything like that?

**Mr. Strelloff:** — In general, the answer is I think yes to that question, that the main impact of . . . the difference between 69 and 61, the main impact of that is funding. I mean and our office is mainly labour. We have space that we rent, we have computer equipment, and travel costs, but the main component of our spending is labour, and therefore it has a . . . just an immediate, direct impact.

**Mr. Goohsen:** — So then had those people been hired and then had to be let go? Or do you have a labour pool that you can draw from in order to staff your . . . on an immediate basis if you happened to say you need six more men tomorrow or six more ladies tomorrow or whatever, could you just simply go to some place and get them? Or how does that work?

**Mr. Strelloff:** — There's a number of perspectives on that. If you look on page 43, you can see that the actual positions have grown from 58 to 61. So there was a number of years where we weren't staffed up, so we didn't have to . . . we weren't downsizing on it at that point.

Now the nature of our business, this past year we've lost 11, 12 people. I shouldn't say . . . I think we've lost, lost meaning people moved on. I think there were seven that have moved on; four are out on secondments.

The nature of our business is we train people. We bring them in as recent university grads. They come in; they have three years of articling, get their chartered accountancy during those three, four, five years of their initial employment. We don't pay them market rates. Once they get their chartered accountancy they are very marketable, and move. When there's opportunities to move, they move.

We have, over the past 12 months, we've lost people . . . we have two secondments at the Department of Finance, and one full-time

person. We have people that used to work for our office at Sask Transportation corporation, SaskPower, University of Regina, Weyerhaeuser, a small firm in Saskatoon, a small firm in Weyburn. They move.

But that's good because that provides us the opportunity to bring in new university people, train them, and make them productive in our office. But also the expectation is that there is turnover.

So in terms of our labour pool, our main source of labour pool is bringing people from the universities, just graduated from their commerce degree or their administrative degree, and they want to obtain a professional accounting designation. And so we encourage movement.

And as you can see, although we have at some points in the past let go people, that hasn't been the case for the last couple of years. The last couple of years it's mainly been people leaving the office for opportunities, which is good.

**Mr. Goohsen:** — It certainly is good. And you can probably be comforted to know that you're getting the best people in the world when you start hiring folks that are just coming out of university, because they are the best you can possibly get, from my experience anyway.

**Mr. Strelloff:** — Don't say that too loudly. We've got one just behind us who just got his chartered accountancy recently in terms of finishing his articling period. And hopefully he's not listening right now.

**Mr. Goohsen:** — I'm sure he is and I'm sure he'll do a fine job for you. But it does sound though as though you are a bit of an apprenticeship training program for the province, which is fine too. But then the question would have to be: how do you train these people? Do you have a special account in here that I've missed that you use to fund training? Or do you have your own training program, or do you have a program set up by somebody else, that you hire or buy?

**Mr. Strelloff:** — The Speaker has advised me on page 18 we should go to, where it has training and development. So in general the training program that we offer is both in-house and also programs offered by the Institute of Chartered Accountants of Saskatchewan, the Society of Management Accountants of Saskatchewan, and the Certified General

Accountants' Association of Canada. I think that's how they . . .

So when someone comes in from a university program and begins with our office — and we've had a couple just begin the last couple, few weeks — they participate in training that we offer internally and they also participate in training that, say, the Institute of Chartered Accountants of Saskatchewan requires as part of the apprenticeship training program for obtaining a chartered accountancy. So there's a combination of training.

And we develop the training in-house. We borrow, we beg, borrow and borrow from other legislative audit offices across Canada. We've done a lot of borrowing from the Office of the Auditor General of Canada in terms of their training programs, and also Alberta and a little bit of B.C. (British Columbia).

And then they go through the in-house training programs, they go through the training that the Institute of Chartered Accountants of Saskatchewan offers, and then they write their uniform final exam which is a national exam for the CA (chartered accountants) organization.

And as you know, or you might know, the national average for passing that exam is 50 per cent. Our office over the past number of years has been quite remarkable in terms of the percentage of people who write that exam have passed. And also the province itself, in terms of comparing the province of Saskatchewan's past rates to other provinces across Canada, have been quite remarkable. Our office, the province, trains people very well and we train them for work within the province, and of course they move on to other provinces as well.

**Mr. Goohsen:** — Well I'm sure you train them really well, and certainly it's good that you have this ability to get young people a start in life. I've found the biggest hurdle in life seems to be for young people to ever get that first job so they can say they've got some experience on their résumé. So I appreciate that you're doing that sort of thing.

But it must make it somewhat difficult with turnover of about, what, 18 or 20 per cent of your work force in a year. Does that deter from your ability to finish your final product?

**Mr. Strelieff:** — Yes. I mean we plan I think on a normalized basis, if anything ever is normal, we plan for I think about six people, six or

seven turning over on a normal . . . and this past year it was more than that. But I think that's a reflection that the economy got stronger and people . . . all of a sudden opportunities appeared and people who were looking for those opportunities got them.

**Mr. Goohsen:** — Yes. Now as we were looking through the numbers here, it appears that you have . . . operating grants have been increased from 946,000 to 1.3 million. Now what will these additional funds allow you to do? Is that just to complete the list, or was there some other work that you plan to get done?

**Mr. Strelieff:** — What operating grants were you talking about? Sorry.

**Mr. Goohsen:** — That's a good question. This 946,000 that was increased to 1.3 — and I don't have a reference to a page.

**Mr. Strelieff:** — So what's the increase, of \$400,000 or something?

**Mr. Goohsen:** — The difference between 946 and 1.3.

**Mr. Strelieff:** — Oh, okay. Okay. I think the information that you're referring to is the increase in funding from the appropriation in the appropriation document, the budget document; there's an operating amount that moves from 900,000 to 1.359 million.

Now remember one of the significant things that is being proposed here is that instead of receiving all our operating funding from the general revenue . . . just a minute. Instead of receiving funding from the General Revenue Fund as well as charging government organization directly, what we're doing, what we're proposing, is that all our funding come from the General Revenue Fund.

So in terms of increasing that operating amount from 900,000 to 1.3 million, what is really happening, the major component of that, is that our funding sources are changing. So on page 19 where you see the change in our spending patterns, that shows the total spending which includes audit fee revenue as well.

Now in that context there's a salary component, as you can see in the first line, page 19; you can see the salary component changing. And then you can see what is referred to as operating costs in the one, two,



three, four, five items below that salary. So now within those five items, what's shifting around, oh, from time . . . from year to year, you can see that the agent and advisory services were contracting more work out than in the past.

I can't remember the final end to your question. You said: does that 900,000 to \$1.3 million mean that you're going to do something different than what's in your list? No. I mean that just allows us . . .

**Mr. Goohsen:** — Other than to include those that were not . . .

**Mr. Strelieff:** — Not examined before.

**Mr. Goohsen:** — Yes. On page 49 you have that list of things you couldn't do.

**Mr. Strelieff:** — That's right.

**Mr. Goohsen:** — So now does that just include being able to do all of those this year? Or is there some other things that you're planning to do?

**Mr. Strelieff:** — Well the first part of schedule . . . on page 29, shows what we plan to do this year — 29, 30, 31, 32 shows a list of all the work that we plan to do. And that's with the 4.377 million; that's the work that we plan to do.

Now if we weren't . . . so from page 29? . . . 21, I thought. It starts off at 21 for this coming year; we show a five-year. . . we show five years of what work we've done. And the first part on page 21 says: okay, with the 4.377 million, here's what we plan to do.

Then the next section shows what we did in '94-95. And then the next section shows what we did in '93-94, '92-93, '91 . . . We thought that it was useful to provide you a five-year overview of what work we've done and what work we haven't done. So we did the five-year overview for what work we've done. We also provided you the five-year overview of what work we haven't done. And the . . . it seems like I'm confusing done's and haven't done's.

So once again though, with the 4.377 million, we expect to do all that work and make sure that at the end of the day, which would be in our next spring report, that that list of work not done is empty. Now as you mentioned before, that's the plan. Now we'll see what happens during this next 12 months because you just

never, never know.

**Mr. Goohsen:** — I'll just pick one example here. And obviously, I'll try to hit for one of the bigger ones so that you have some room to answer my question. So the Department of Social Services, you're anticipating 2,654 hours, and that's going to cost of course a considerable amount of money: 154,107. And I guess that's in thousands, so that's a pretty significant amount of money just on one department.

Now does that indicate then that you go into very detailed specifics in that department, or is that . . . Why would it be so high?

**Mr. Strelieff:** — Well how much money does the department administer is the starting point. They administer . . . just looking at our last year's report, their actual spending was 425 million. They have a social assistance plan, so the number of programs that they administer . . . social assistance plan, child care and children's services, community living, regional operations, family and youth services. They have some payments to Property Management Corporation and Careers Corporation and Legal Aid totalling 425 million. They're also responsible for three trust funds and Crown agencies: the central trust account, New Careers Corporation — I think that responsibility may have changed during the year — Saskatchewan Legal Aid Commission.

So they have a lot of responsibilities, a lot of different organizations. And in a general sense, the more money that an organization administers, the number of organizations that that minister is responsible for within that organization . . . it'll cost us more.

**Mr. Goohsen:** — Okay, so I guess what I'm trying to get at is, where would the cut-off point be of what you examine or don't examine in that kind of a department? Obviously when we talk about Social Services, what comes to mind to me is some person who doesn't have enough money, so they apply for help. And so you have a whole string of administration then that is set up to make sure that person needs the help and gets the help that they should and all that.

**Mr. Strelieff:** — Yes.

**Mr. Goohsen:** — So at what point do you stop looking at it? Is it at the point of where the people that work . . . administer the program, or do you also look at the amount of monies

that are spent to individuals. And do you get to be — I guess — the police force looking at how those end monies are distributed for the needy?

**Mr. Streliaff:** — We don't examine what the individual person does with that money, okay. Now we would examine that . . . Were the amounts paid to individuals? Were those amounts what is required according to the legislation, according to the Department of Social Services' policies? Are they administering their monies, their programs, in accordance with the legislative guidelines that are provided to them?

I mean, that's where we do most of the work — on making sure that the money is spent in compliance with legislative authorities, that making sure that, if the department says that it has spent \$400 million on these types of programs, that they actually have, and making sure that the department has some system in place to make sure that they know what they're doing.

For example, in the past I think one of the points that we talked about was the importance of keeping track of the error rates . . . that Social Services knew that if they're examining . . . when they pay out some money to individuals, there will be errors in that pay-out, while do they have a system in place to make sure that they know what that error rate is and that they're also moving it down and managing accordingly.

And in the past we've reported that to you, but that's one of things that we would do. We're not employees of the Department of Social Services, so we're not out there doing those kinds of examinations in terms of has the right amount been paid to an individual. What we do is . . . has the department carried out that work, and what's the result of their examinations? And are they managing differently as a result of that information?

**Mr. Goohsen:** — I guess what I was trying to find out too is whether your work is detailed enough so that names of . . . Say Tom X is getting social assistance in Moose Jaw, and then all of a sudden Tom X shows up in Prince Albert, getting paid again. And we hear about these kinds of abuses in the system.

Is there any way that your people would have access to those duplications so that you could find out in fact if there was some fraud going on in that area? Or do you not get that detail?

**Mr. Streliaff:** — What we would try to do is say: well, department, are you keeping track of those kinds of things? What system do you have in place to make sure that the same individual isn't receiving monies in different places? And if they don't have a system in place for doing that, we would complain, and we bring that to your attention.

**Mr. Goohsen:** — So you would study their system of checks and balances, and then you would report on that process whether it's efficient or not efficient.

**Mr. Streliaff:** — Whether they have that system in place and are doing the job that you said, that they have some means of detecting whether an individual is collecting money from a number of different places. Have they got that system in place? If they don't, we say, why? We ask them why. And if it seems like they should have a system like that in place and they don't, we bring that to your attention. And when they come to the Public Accounts Committee and you ask them and that effects change.

**Mr. Goohsen:** — So Public Accounts is where I would get into a detailed discussion about that particular department then?

**Mr. Streliaff:** — Particularly with the department officials. Okay, what are you doing to make sure that that question is handled?

**Mr. Goohsen:** — Good. Because I'm just quite sure there has to be a way of being able to do this from the internal structure that we already have, just by applying it maybe better or something like that.

**Mr. Streliaff:** — And among provinces too, the same issue, the same question.

**Mr. Goohsen:** — And we do, I guess, have some interprovincial workings now.

**Mr. Streliaff:** — Yes.

**Mr. Goohsen:** — Yes, chasing down bad dads, as they call it.

Okay under point 3 of your statement, I guess it says, what do we do? We note that you respond to key economic, political, and technological forces affecting those you serve. Our question is, in what way do you respond to political forces; what political forces have you responded to this year, and since the beginning of your mandate?

**Mr. Strelieff:** — Could you tell me the paragraph number, please?

**The Chairperson:** — Could you phrase that question in terms of the future? I think you're asking for some reference there, but I would bring to your attention that it should be phrased with respect to this year.

**Mr. Goohsen:** — I said, what political forces have you responded to this year or will you — I guess I should say — will you respond to? The year's half over maybe. I'm not sure of the dates of the year. When did the year start?

**The Speaker:** — April 1.

**Mr. Goohsen:** — April 1. Well we're already into it. Have you and will you?

**Mr. Strelieff:** — So turn to page 8 where it has the explanation of some of the forces and trends that impact our work plans and that those forces impact what the government does, and therefore what the government does impacts what we do.

For example, the one we were talking about last time, where the government has moved to district health boards, that's in response to all sorts of different forces out there. That impacts how we carry out our work. I mean, all of a sudden, there are 29 district health boards that we now have to go out and examine. That's a result of pressures on who we work for — you. Changes in how the government delivers services . . . and that impacts our work. There's a direct link there.

We put it in page 8 to make people aware that there are forces out there that are affecting how programs are delivered, how services are delivered, that also impact us. We identified three. The increasing demand for improved public accountability, I mean, the idea that the . . . or the Assembly approving some legislation that said to the Provincial Auditor to issue more frequent reports. Well that to me is a result of a pressure out there for improved public accountability that says well, that's impacting what you do. It's impacting what the government does. It also impacts our office.

The changing computer technology — that's affecting what government does, how they carry out their work, and therefore impacts our office.

So that's the, on page 8, the . . . how pressures

and forces out there impact the Legislative Assembly, impact the government, how they deliver services, and impact how we carry out our work, what we have to do.

**Mr. Goohsen:** — Well in the area of computers now, they're the newest and biggest force that we have in terms of being able to do more work for an individual and eliminate jobs. So to what extent does that kind of technology affect your work and your responsibilities and force you to respond?

And do you try to maintain a certain level of a workforce because it's better to have some people employed? Or would you, for example, take and get a great big computer. And if it could do the job of three of those people, would you automatically make the decision to eliminate three people and use the computer technology to its fullest extent? Or is there some measurement in there of a balance in your department?

**Mr. Strelieff:** — The impact of changing computer technology has certainly put pressure on our office to be involved when the new information systems are being developed, for example, rather than waiting until the end of the day and seeing how the information came out.

For example, when the Regina Health Board, when they began reconstructing their information systems as they integrated their operations, and they were moving to, of course, more advanced, more real-time computer systems, they asked us to be involved in reviewing what their system development process was going to be.

Now that's an increasing pressure on us, to be involved at the beginning of the change rather than coming in at the end of the change and perhaps criticizing it. They're saying well, instead of doing that, why don't you come in at that beginning when we're developing our information systems, for example at the Regina Health Board or for example at the Liquor and Gaming Authority or for example at . . . another one that comes to my mind. Instead of coming at the end, come in at the beginning and participate in the discussion.

And also the audit trails that used to be mainly handwritten materials and in print — it's still mainly a lot of printed paper — but there's a lot of audit trails now and key approvals and controls that are built right into computer technology. Well that's changed how we carry

out our audit work and therefore our training as well.

We're finding that our individual auditors, they need computer equipment of their own, right on the spot. And when they go into a department or some other government organization, they need to be able to take data in that's stored in the organization's computer system, put it within their own computer and do tests, select tests, do tests on that information.

Perhaps a few years ago, what the practice would be, would be to take that information from the organization and bring it back to the office and use some sort of centralized computer in the office. Well now it seems like more and more you have to have the equipment to do the job at the point, and you have to be involved before the decisions are being made, in terms of constructing information technology.

It has increased the sophistication of the work. It has increased the sophistication of the people that are doing the work. It's amazing pressures on everybody to keep learning, keep moving, keep being aware of what's going on.

**Mr. Goohsen:** — Well just in comment to that statement you have made, it is mind-boggling the amount of technical things that we have to know in our society today. And I was talking to someone with Revenue Canada who said that no individual could possibly ever retain all the information of all the rules and regulations in that department.

And certainly you have to not only know about all those kinds of things, but a lot of others. So it certainly must be a challenge for you to keep up with everything that has to be done and could be done. And you're to be commended, I'm sure, for doing a good job in light of all of that technology and all of those pieces of information that you have to be aware of.

I wanted to move on though. In the area where you said that you respond to economic forces, now does this mean that your judgement over whether something represents good or bad spending by the government depends or will be depending on how prosperous the economy is?

And is that the only criteria for making these judgements? Or shouldn't your department — I guess in a very general way — shouldn't your department have the opportunity to make fiscal choices and judgements based on somewhat

the theory that, the same as justice, that justice is blind and that you therefore, irregardless of cost, have to finish your job in due diligence of the entire process?

**Mr. Streliaff:** — The first part of your question said something to the effect that do you make judgements on whether the spending of a government is worthwhile, to that effect. And is that judgement affected by whether there is more money in the economy or less money in the economy? We don't make the judgement on whether spending of government is worthwhile. That's your job. We don't do that. Therefore whether the economy is robust or whether it's weak, we don't make that judgement. That's your judgement and your responsibility.

What we try to do is make sure that the government organization has the information to make those kind of judgements and that that information is provided to you as a legislator, and you're then better able to carry out your responsibility on whether spending on one program is needed or not needed, depending on the factors that you put into your judgement and priorities that you, as a member of the legislature, believe are important.

Our role is to try to make sure that you're getting better information to help you make that judgement. So we don't make that judgement on whether the spending of a particular government or the spending within a particular government program is worthwhile.

**Mr. Goohsen:** — I think you've kind of covered what I wanted there.

The seventh point of your mission statement is that you enhance awareness of accountability and management issues. Now does this mean that you undertake public relations and communications or will undertake these things about government spending? And does your staff include a communications director then? And if that process is there . . . I might as well finish it, so you can wrap it all together. More than one question here, I realize. But could you tell us what the detailed kind of costs would be that you would incur in pursuing these kind of objectives such as advertising, booking press release rooms, and those kinds of related things?

**Mr. Streliaff:** — Okay, we don't have a communications director.

When we say we enhance awareness of

accountability and management issues, we start off with the principle that debate is healthy, that maybe people disagree with . . . For example — a position that I've taken for a number of years now — I've said that I think the Assembly needs a complete financial plan and that you, as members of the Assembly, would be able to do your job better if you had that, and I've said that a number of times over a number of years.

Well I'm bringing to your attention that that's an important issue. To me in doing that, I'm enhancing the awareness of accountability and management issues. It's not . . . Let me see . . . and when I'm asked in a public forum, like here or in Public Accounts Committee or Board of Internal Economy or at a session that's sponsored by some sort of professional accounting group and they ask me what are some of the key issues that I think are needed to improve accountability and management in government, one of the issues that I'll bring to the table is the importance of having a complete financial plan. And by doing that, I'm enhancing awareness of accountability and management issues.

I'm stimulating debate because I think debate is healthy. It results in challenge to ideas. It also ends up improving practices as people begin to understand what issue that I'm bringing to the attention of people. If at the end of the day the consensus is that that doesn't make sense, then I move on to a different issue.

So that's what I mean by that — that we enhance awareness of accountability and management issues. We don't have a communication director. It's more of enhancing awareness, trying to make sure that legislators know about the importance of that, trying to make sure that government managers know what's the importance.

**Mr. Goohsen:** — That in itself must be quite a challenge some days because you're not obviously talking to accountants with legislators, and so you have to sort of have two kinds of language in order to explain things. So yes must be very difficult. But I do understand what you're saying in terms of how you try to get the information out.

In point 12 of your Business and Financial Plan, you note that your office enjoys objectivity because of our full independence from executive government. I'm sure all the citizens of the province would agree, and we

appreciate your objectivity. I wonder however if you ever felt your objectivity threatened by your ongoing dispute, I guess, with the government over your office's funding? Is your objectivity stifled?

**Mr. Strelloff:** — The factors of the full independence that we enjoy in our office relates to the ability to examine organizations. We don't have to go into a particular government organization and get agreement that an examination shall be carried out. The examination is going to be carried out because we have the authority to do that through The Provincial Auditor Act.

We manage our own operations, in terms of the independence side. We get to decide who to hire, what to pay people, who to let go, where to buy our goods and services from, so we don't have to worry perhaps that at some point a government will move our office to a different place. We get to decide where to work.

We can report. We can determine what we think is important to report to the Assembly, which of course is a public report. And that's a very important factor in terms of independence. And moving to two reports is an example of that now.

So the independent side comes through our legislation and our ability to determine what to examine to manage our own operations and determine what to report.

Now you've asked about, in that context, what pressures are put on you from time to time that might influence the objectivity of making decisions on what to examine and what to report. Because that's where in general, I think, your questions are coming from. I don't know how to answer that.

I hope that the ability that is within legislation to determine what to examine, what not to examine, what to report and what not to report, where we have funding problems, we bring that to your attention. That allows us the ability to report those kind of issues. That helps keep our independence and our objectivity.

The objectivity is, boy, is a hard question. I hope that if what we recommend in our reports is actually agreed to, supported by the Public Accounts Committee, by the Crown Corporations Committee, by the Legislative Assembly that our recommendations are adopted, moved forward by government

organizations. That that kind of reflects on whether you've carried out your work in an objective way; that the information that you bring forward and the recommendations that you provide are supported.

To me that provides evidence at the end of the day that what you're doing is done in an objective way. You've used your independence and your funding in an appropriate way. And that judgement, I guess, has to be the Assembly's judgement.

**Mr. Goohsen:** — Just to not let you dangle on a string, Mr. Chairman, I have to leave in a little while. There's another meeting, my colleague just informed me. So, I don't know what your aim will be here, if you'll carry on with other questioners or what, but I do have a few other things that I should ask the auditor.

I'll let you think about that if you want while I ask another question, or you can make a decision.

**Mr. Trew:** — I'd like to speak to that.

**The Chairperson:** — We're slated to go till 10:30 today and I'd like to continue to do that if possible at all. You still have another question or two you want to ask?

**Mr. Goohsen:** — Actually, I've got, it looks like four or five pages yet.

**Mr. Trew:** — Yes, I wanted to speak to that. Last time, we were asked to . . . I know Mr. Speaker asked for us to try and extend the time out of some professional courtesy to himself and to the Provincial Auditor and his department. I have moved a 10 o'clock meeting to 10:30 this day at no small inconvenience to the group that I'm hoping to meet with.

I think we should sit until 10:30 today, as we have planned, and if we can we should be passing the business and approve the proposal for the coming year for the Provincial Auditor.

**The Chairperson:** — Fair enough. Well, I'd like to see us carry on the meeting if possible.

**Mr. Trew:** — Or pass the business if . . .

**The Chairperson:** — Well, whatever time it takes.

**Mr. Goohsen:** — I just wanted to warn, you

know, that I'm going to have to leave very shortly. So I'll ask a couple more questions, and then at that point I will have to leave, and so you can carry on as best you can by yourselves.

The word objectivity that we were talking about of course is a kind of good one for us because we were told we're supposed to be very general in our approach to some of these things, to allow wide-ranging answers. So you certainly had latitude with that one. I'm not too sure myself what objectivity means to individuals. I think it's a little different for everybody probably. My objectivity in life is probably quite a bit different than somebody else's.

But anyway under — got to make sure I get into the right question here . . . in point .14 of your plan, you laid out four distinct goals and objectives. Briefly comment, if you would, on what you will do this year to meet those goals and objectives that are pointed under point .14.

**Mr. Strelieff:** — Goal 1 is to provide assurances to the Assembly so that you can rely on the reports and that the Assembly or the government is complying with legislative authorities. We carry out examinations to make sure that the financial reports provided to you are reliable, that the government organizations are complying with key financial authorities, and that management systems and practices are reasonable. That's goal 1.

Goal 2 is to encourage the government to improve accountability information on its performance provided to the Assembly so that you're better able to hold the government accountable. We're continuing to examine and encourage the government to present a complete financial plan. We are examining the annual reports of various government organizations to see how best they can improve to ensure that you're getting better information to be able to hold the government accountable and to assess its performance.

The third goal is to encourage the government to strengthen its management systems and practices so that it will be better able to manage public money effectively. As you know, when we do report to the Assembly in our annual reports or fall reports or spring reports, we have a series of recommendations where we say we recommend the government, for example, establish a contingency plan for its computer systems in a particular government organization. Well we think if they

did that they would improve their ability to manage public money effectively. So as part of our examinations we look for opportunities to improve that process.

To improve our own performance so that you're better able to . . . or that you value our work and assurances and advice and reports, we carry out training. The training that we talked about in terms of student training, in terms of training for our professionals in our staff. We try to improve the way we present information to you, the way we speak, the way we carry out our interrelationships with legislators.

We have introduced a whole series of new audit working relationships as a result of the task force recommendations which we think will improve our performance and our ability to serve you.

So there's on the four goals some aspects of what we plan to do this coming year to make sure that we move those goals along and achieve those objectives.

**Mr. Goohsen:** — I was following this chronologically, but because I have to leave soon I want to jump ahead a little bit to one of my questions that relates to another critic area that I have, and that of course is that on page 49 you have a note that you did not audit the Department of Highways and Transportation in 1994. Will you be examining that department this coming year?

**Mr. Streliaff:** — Yes, we will.

**Mr. Goohsen:** — And how did that affect the circumstances of the . . . It seems like a rather big and important area not to be checking out, I guess is what twiggled in my mind.

**Mr. Streliaff:** — The reason we didn't, is that the year before we did a lot of work in that department. We were there and carried out some very extensive work, and we thought that the department needed a bit of a break to handle some of the issues that we brought to their attention; and now we're going back in. So we gave them a year's break, but we're back there.

**Mr. Goohsen:** — That's good. I appreciate that you had checked it out and that's legitimate to then let it go for awhile if it had to be.

In point .15, you laid out the values which guide your office's operations; the number of

these describe your methods for managing your staff. Could you comment on the initiatives you have taken with your staff for this year to pursue these values.

**Mr. Streliaff:** — We're actually going through another planning . . . We're just at the other end of another planning process that the purpose was to re-examine our mission, our goals and objectives and values; and going through that process we involved all our staff in providing input to the process, and the planning group was made up of people representing different perspectives in the office from all of the different levels as well in terms of seniority.

We have also over this past year established an occupational health and safety group that examines issues related to occupational health and safety; brings them to our attention and makes sure that we handle those issues.

We are trying to communicate internally more effectively, more frequently, so that our office . . . everybody in our office knows what's going on. That's a very difficult job and it's a constant job to keep a group together by trying to make sure that you're communicating and you're listening as well. I mean it's not . . . and you're never doing that well enough of course in any organization, but I mean you're never doing that well enough.

And we also do things like, before we release reports, before we release a spring report or a fall report, we bring the report . . . we bring our whole office together to discuss what's in that report; to answer questions, so that when it does become a public document, everyone has had some opportunity to know what's going on, and so that when they go out to the communities and their working relationships, they have more knowledge which helps them.

Those are some of the matters that we've introduced and continue. But this issue is one I'm sure all know is a constant. I mean you have to constantly be communicating and constantly trying to keep your group working together, and it's not easy.

**Mr. Goohsen:** — Well certainly you have a big load of responsibility and you do a remarkable and phenomenal job, as I work my way through this and conceive of all the challenges that you have.

I had hoped, Mr. Chairman, that by giving you full warning, you could have gotten us one of

the Liberals down to help you form quorum, but it doesn't look like they're going to get here, so I'll carry on with another question in the hopes that somebody will get here before I leave.

Under your schedule of hours and costs, I notice on page 23 an item entitled, Crown corporation cyclical audits, special issue. Could you elaborate on this item for us?

**Mr. Strelloff:** — Page 23?

**Mr. Goohsen:** — Yes. Cyclical audits and special issues.

**Mr. Strelloff:** — The issues that we're dealing with there include . . . remember I mentioned the task force on relationships with public accounting firms and there is individuals in our office who have to coordinate that. Their responsibility is to make sure that those task force recommendations that involve our office being involved in the appointment of public accounting firms, the presenting audit plans to audit committees of Crown corporations, making sure that if there are key issues that are surfacing during the audit that they're brought to our attention and that they're handled, and that before public reports are issued that we're going to the audit committees of each of the corporations presenting views, and making sure that that is happening is part of that work.

Also we're looking at, in this, the SIAST (Saskatchewan Institute of Applied Science and Technology) . . . there's an issue in SIAST that we're working on, that relates to how they manage . . . how their internal financial information systems work. We've had quite a few problems over the last years on making sure that they have the right information to manage their significant responsibilities, and we're doing a more in-depth examination there.

We're also looking at how CIC manages their investments, the information systems, and the information that's brought to the attention of their board. And that's an important cyclical special-issue type of project that . . .

We're also looking at the Sask Property Management Corporation and how it manages. One of the key issues there that we're exploring with them is how they're managing the capital assets across the government and making sure that the information that they're using to manage those significant resources is the information that they need to manage it.

Okay.

**Mr. Goohsen:** — That concludes my questions, Mr. Chairman.

**The Chairperson:** — I would ask for a five-minute recess, give me time to go to the toilet, and reconvene the quorum.

**The Speaker:** — Yes, before you do that, could we reconfirm whether or not next Tuesday is on. Can we make that decision before Mr. Goohsen leaves. Is next Tuesday on at 8:30?

**Mr. Goohsen:** — Tuesday is fine with us.

**The Chairperson:** — Tuesday is fine with you. The rest of the committee?

**Mr. Trew:** — That's presuming that we don't pass the motions required.

**The Chairperson:** — That's true, true. Tuesday, fine. Tuesday at 8:30?

**The Speaker:** — Unless we finish today; I mean that's understood.

**The Chairperson:** — That's right.

**Mr. Goohsen:** — Okay, in the five minutes I'll see if I can find someone to replace me.

**The Chairperson:** — We'll recess for five minutes.

**The committee recessed for a period of time**

**The Chairperson:** — We'll reconvene the procedures of the committee. The item under discussion is vote 28, Provincial Auditor. I have a speakers' list here, and then next on my speakers' list is Mr. Trew.

**Mr. Trew:** — Thank you, Mr. Chairman. This addressed through you to the auditor, I want to congratulate you on the very comprehensive business and financial plan for the year April 1 to March 31, '96, that we are using as a discussion tool.

I've listened to Mr. Goohsen's exhaustive questions of all sorts of things that are covered in the book. And included are things, like on page 43 where you're showing the actual full-time equivalent positions in your department — that is, the Provincial Auditor's department — going from 50 full-time equivalents in 1991 to 62 in 1995, notwithstanding the argument that



we're squeezing your funding and starving you to death. The way I count it, that's a little better than 20 per cent increase in staff.

I was particularly pleased on page 53 to see Arscott & Partners giving the Provincial Auditor's department a clean bill of health in your audit. Of course that's what we expected would happen, but it's always reassuring to have that.

I guess I've got one little personal question of interest, and that is on page 56, statement of changes in financial position. The bottom line shows a cash position in your department of \$509,000. Is that deemed to be sort of the right level, recognizing you've got just — what? — a four, four and a half million dollar budget? Is that cash position? I notice it's stronger this year than the year previously, and I'm just wondering what causes that to happen.

**Mr. Strelloff:** — We're trying to move to but a month's cash position, which is for us about \$360,000. We're trying to move it to there so that when the money comes in, compared to when the spending happens, there's a difference. And particularly when, at least in the past, we were charging fees. So when you charge fees, you have to carry out the work. You have to pay for the work before you get the money. So you need a cash position; otherwise you can't carry out the work. And so the cash position reflects trying to have but a month's balance in there.

**Mr. Trew:** — So it's a little better than a month's. You've got a month and a half. But that's not, in your opinion, out of line, and I accept that as . . . Like out of line may be the wrong terminology for me to use. It's certainly in the realm of acceptability. You've got a little extra cushion right now.

**Mr. Strelloff:** — Well you'll probably see that it moves to about one month's.

**Mr. Trew:** — Yes. I also am pleased in your report to see on page 66 a graph that, as I read it . . . the top one shows spending in your department adjusted for inflation, using the consumer price index and 1983 as the base year, and I see that the spending in the Provincial Auditor's department plummeted from 1983 to 1991 — forgive me for making the observation that 1991 was an election year — and I see the graph of expenditures in your department has risen again. One can argue not enough; one can argue too much. That's fair debate.

But the graph I think is quite clear in the desire not only — well I shouldn't say not only — the desire spearheaded by you and your department to do the job properly, but also I think it speaks fairly well for the current government that in fact we do want statements audited, and audited properly.

I'm pleased to hear you're undertaking to be able to complete the audits of all the enterprises that you have been charged with doing this year; look forward to that in fact happening.

Those are the comments I wanted to make. Again just a congratulations to your staff and yourself for putting together such a comprehensive business and financial plan for the coming year. Mr. Chair.

**Mr. Strelloff:** — Thank you very much.

**The Chairperson:** — Thank you.

**Mr. Toth:** — I'm sorry but I can't just let this slide by without making a comment. And I think it's unfortunate that it seems it was appropriate, not that long ago, for members to find a fair bit of fault with the auditor's office, and all of sudden, taking a lot of credit.

I think the auditor's office is an office responsible to the Assembly and the Provincial Auditor does his best to work with the Assembly. And no doubt there have been some differences of opinion as to whether the Provincial Auditor should be doing all of the audits or whether that we should have private auditors involved. And I think we've had some interesting discussion.

One of the recent discussions, I'm not sure if it was earlier this year, we talked about the role the auditor has in working together with a number of the private auditors that continue to function. And I think the auditor has indicated that he was working out . . . or trying to work towards a resolve as to how an audit is conducted by a private auditor to determine . . . so that the Provincial Auditor then at the end of the day can look over the audits that are handed to him from private auditors; then indicate to the people of Saskatchewan and the legislature that the audit has been conducted in a forthright manner.

And I'm wondering if, Wayne, you can just kind of indicate where you've come to . . . or some of the decisions you have arrived at and how your office works . . . is now working in

conjunction with the number of private audits that take place within the government, and how many private auditors are also involved in auditing of different departments and Crowns within the area of government.

**Mr. Strelloff:** — Thank you, members. As you know, we went through a task force deliberation on how to work together better and there was a task force report came to the Public Accounts Committee and the Crown Corporations Committee, and we've been working with the protocol relationships that that task force has recommended and have gone through quite a bit of work on that.

Yesterday, I think . . . yesterday, we tabled a three-page report in the Assembly saying now we've worked through the audits of financial statements for CIC subsidiary financial statements and we're now able to provide you our assurances on those financial statements as they are tabled. They were tabled yesterday or the day before and this report was tabled yesterday.

And in the report it says that we participated in all these audits and we were able to come to agreements with management of various CIC Crown corporations and public accounting firms on the financial statements. And it has been working, at least from my perspective, working quite well.

It's caused a lot of shifts in, sort of, when do we carry out our work, the timetable of our work, but so far it is working out far better than it has in the past. There's still some issues that we have to go through but there's . . . At least we're working together rather than not.

You asked a question about how many public accounting firms are doing government organization work. We do report that periodically in our reports. How many? A lot, for a start. A significant part of government spending is . . . we participate in the audit with public accounting firms. For example, in almost all of the district health audits that are coming up, there will be a public accounting firm that will usually come from the district itself that we will be working with.

I'd say probably a good 40 per cent of spending of government we're examining with a public accounting firm. And when I say spending, I mean more than the General Revenue Fund; I mean the total spending of the government is probably 8 or \$9 billion which includes all the Crown corporations and

agencies — about 40 per cent of that we participate with a public accounting firm. Now the numbers . . . My guess, if you count each office of a firm, of the same firm as a separate organization, probably 75 that we work with every year. There's a lot of . . . or is that maybe 50; I don't know. There's a lot of contact with public accounting firms right across the province that we have.

**Mr. Toth:** — So you've basically, through the past number of years then, been able to come to an understanding with the private auditors as to the audits they're conducting so that their audit is conducted in conjunction . . . or in a manner that you can review that audit fairly quickly and then periodically choose to audit more in-depth some of the private audits just to see whether or not they fall within the format that you would establish so that when your report given to us is made, then you're quite comfortable in being able to say, yes, these audits fall well within the guidelines that we have established for an auditing process in the province of Saskatchewan. Is that my understanding?

**Mr. Strelloff:** — It's certainly getting better; it's moving closer to that. There's always problems that surface as things move along, but I think the general view in the office on the implementation of the protocol relationships that were recommended by the task force is that work has improved.

**Mr. Toth:** — Just one final question. Would the funds that are allocated to your office, would any of the private audits and the costs that are incurred by the private audits come out of your office or are they covered in a separate manner through the different departments . . . or are they Crowns that they would audit?

**Mr. Strelloff:** — About \$125,000 in this '95-96 budget request would be used by us to hire public accounting firms. The majority of the costs though are negotiated or incurred by the specific organizations.

Item 1 agreed to.

**The Chairperson:** — The total to be voted for the Provincial Auditor — \$4,377,000. In order to authorize that, there are two resolutions. The first resolution being:

Resolved that there be granted to Her Majesty for the twelve months ending March 31, 1996 the following sums: from the General Revenue Fund budgetary

expenditures for Provincial Auditor — \$4,377,000.

Would somebody move that?

**Mr. Trew:** — I so move.

**The Chairperson:** — Agreed. Thank you.

The second part of this resolution is a motion by the Standing Committee on Estimates for the Provincial Auditor, General Revenue Fund, which reads — it's motion no. 2 — reads as follows:

Resolved that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1996, the sum of \$4,012,000 be granted out of the General Revenue Fund.

Do we have a mover? Mr. Sonntag. Those in favour of the motion? Opposed?

**The Speaker:** — Mr. Chairman, just a question on that. Why is that number different than the other?

**The Chairperson:** — I'm advised that the amounts taken out for interim supply no. 1 have been subtracted from the main amount.

**The Speaker:** — Yes, we just wanted that clarification. Thank you.

**The Chairperson:** — That concludes the business for the Provincial Auditor. We could proceed with the permission of the committee to Provincial Secretary. No, pardon me, provincial . . . I got the wrong one here. Which one is it? Legislative Assembly. Legislative Assembly is what I'm after, sorry. What page number is that on?

### General Revenue Fund Legislation Vote 21

**The Chairperson:** — Mr. Speaker, would you like to introduce your officials at this time.

**The Speaker:** — Well we'll just to have to wait just a minute.

**The Chairperson:** — Yes.

**Mr. Toth:** — Mr. Chairman, I believe when we agreed to this meeting the other day, we had agreed we'd sit from 8:30 till 10:30. I believe

we've reached the hour of 10:30. I do have a meeting that's proceeding without me.

**The Chairperson:** — You're not able to stay then, Mr. Toth?

**Mr. Toth:** — If it's the government's decision just to proceed on their own, then I guess they'll have to proceed on their own. But I think it's . . .

**The Chairperson:** — No, I think the time . . .

**Mr. Trew:** — Mr. Chair, tempting as it is to proceed on our own and complete it, Mr. Toth is quite right. We had set a 10:30 adjournment time, and do you require a motion?

**The Chairperson:** — I would require a motion for adjournment.

**Mr. Trew:** — I move that we adjourn.

**The Chairperson:** — Those in favour of the motion? Meeting is adjourned.

Pardon me. Before I just settle that, I should just confirm that the next meeting we're setting for Tuesday, 8:30 to 10:30. And again I'd like to be able to put at the top of the agenda the election of the Vice-Chair. We weren't able to deal with that today because members just weren't aware.

**Mr. Sonntag:** — I'm not anticipating it, but normally we hold Tuesday mornings open for Public Accounts. I've not even been given any notice about that but . . .

**The Chairperson:** — If that should happen, then we may have to change the date of this meeting.

**The Speaker:** — I can't hear from over here. I don't know what you're saying. Does it mean a meeting is not on on Tuesday or . . .

**The Chairperson:** — No, the question was asked was whether this meeting might interfere with a meeting of Public Accounts to which some members have to be. There has not been a meeting of Public Accounts scheduled. So unless one is scheduled, I think we should proceed with this time.

**Mr. Toth:** — Well actually, Mr. Chair, I just happened to talk with the Clerk's office this morning with regards to another committee meeting, and it is my understanding that estimates for the Legislative Assembly has been kind of scheduled in. And I'm not sure.

Like the Clerk is indicating that Public Accounts is kind of . . . until they have their work through their Vice-Chair, it probably would be appropriate for us to, since we've already scheduled to proceed, and Public Accounts — I'm sure — would be more than willing to accommodate us and work around that meeting time. I would think that could be accommodated. Thank you.

**The Chairperson:** — The meeting will be scheduled on Tuesday from 8:30 to 10:30. I declare the meeting adjourned.

The committee adjourned at 10:33 a.m.

## STANDING COMMITTEE ON ESTIMATES

April 27, 1995

### MINUTE NO. 9

8:30 a.m. in Room 10

1. **PRESENT:** Mr. Kowalsky in the Chair and Members Carlson, Goohsen, Hamilton, Sonntag, Toth, and Trew

**Other Member:**

Dan D'Autremont

**Witnesses:**

Honourable Herman Rolfes, Speaker

**Officials Present:**

Wayne Strelloff, Provincial Auditor

Fred Wendel, Assistant Provincial Auditor

Kevin Taylor, Senior Auditor

Sandy Walker, Acting Office Manager

Judy Ferguson, Executive Director

2. The Committee resumed considered of the Main Estimates for the Provincial Auditor.
3. The Committee recessed at 10:08 a.m. until 10:15 a.m.
4. The Committee adopted the following resolutions:

**Main Estimates, 1995-96:**

- i) Resolved, that there be granted to Her Majesty for the twelve months ending March 31, 1996, the following sums:

For Provincial Auditor .....\$ 4,377,000  
(Mr. Trew)

- ii) Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1996, the sum of four million, twelve thousand dollars be granted out of the General Revenue Fund. (Mr. Sonntag)

5. Mr. Trew moved:

That this Committee do now adjourn.

The question being put, the motion was agreed to.

6. The Committee adjourned at 10:33 a.m. until Tuesday, May 2, 1995 from 8:30 a.m. to 10:30 a.m.

**Agenda:**

1. Election of Vice-chair
2. Estimates and Supplementary Estimates for the Legislative Assembly

Gregory A. Putz  
Committee Clerk

Myron Kowalsky  
Chair