

The Chair: — I'll call the meeting to order this morning . . . (inaudible) . . . the members to turn to page 107 of the main *Estimates* book, the Provincial Auditor. And our first vote will be for item 1 to be accepted.

But before that, I would like to welcome back Mr. Speaker. He took us through, very capably, the introduction to the Legislative Assembly budget and the provincial ombudswoman and her staff.

And this morning I'd also like to say thank you to the auditor . . . (inaudible) . . . the office. He was on his way and we had to say we ran out of time and other members had other commitments. So again welcome back.

We'll proceed with an overview of the area and then as always I'm sure the committee will have some questions to put before you. Thank you.

The Speaker: — Madam Chair, if I may just make a very brief introductory remark and then proceed to the business of the review of the auditor's estimates. Just one very brief comment in your reference to the Ombudsman if I may. And this kind of falls into the category of trivia, which may come into relevance at some point in your playing Trivial Pursuit.

But I discovered earlier this week, with this being the 25th anniversary of the Ombudsman, that there isn't such a thing as an ombudsperson or an ombudswoman. It's an Ombudsman because it's a direct translation of a Swedish term which doesn't refer to the person, the man part of it, and so the plural of Ombudsman is ombudsmens.

So, Madam Chair, there's . . . Yes, ombudsmens. If you have two of them in a room, you've got a pair of ombudsmens. There we are. Anyhow, moving right along, what we . . .

Mr. Sonntag: — . . . chairperson is a chairman.

The Speaker: — And if there's two of her, she's not . . . they're not the chairmans?

A Member: — No.

The Speaker: — Okay.

The Chair: — We move along and coin a new phrase for the next century.

The Speaker: — There we are. That's right. Well it's blazing along in a new path.

The Chair: — Thank you.

The Speaker: — What we're doing here this morning then is just wrapping up the items referred by the Legislative Assembly . . . or from the finance committee I should say, of the Legislative Assembly, so that it provides for scrutiny of those items which are approved by the Board of Internal Economy.

And it's a very important principle involved here because it means both the setting of the budgets as well as scrutiny of the budgets for the Legislative Assembly. And officers of the Legislative Assembly are done not by Executive Council per se but by the full legislature.

And so it's very significant that here in the Estimates Committee what we have are representatives of the full legislature of all the caucuses who are able to give direct scrutiny to an officer of the legislature regarding his estimates as approved by a committee of the full legislature and an officer who is appointed by the full legislature who is accountable to the legislature. So I just remind all of us of the context with which we do this.

Everyone will know of course Mr. Wayne Strelieff, who is the Provincial Auditor, and I will now turn it over to Mr. Strelieff to introduce his officials. And I know that he will welcome your questions and will likely want to make some introductory remarks as well.

**General Revenue Fund
Provincial Auditor
Vote 28**

Mr. Strelieff: — Thank you, Mr. Speaker, Madam Chair, and members. Good morning. Thank you for the opportunity to meet with you this morning and answer your questions.

We have provided you our '97-98 business plan. We have extra copies if you need. We also have provided you our '95-96 annual report on operations. And again if you wish a copy, we have extra copies of that.

Currently our auditor is examining our operations so we haven't published our '96-97 annual report on operations. We expect that to happen in June.

With me today are Fred Wendel, the assistant provincial auditor; Sandy Walker, our manager of administration; and Heather Tomlin, our assistant to our manager of administration.

Our '97-98 business and financial plan has three main components. The first component begins on page 1, in which we describe what we do and why, as well as our financial proposals for this year, next year, and the three previous years.

The second component of our plan begins on page 31, in which we provide more detailed financial information. We include a five-year summary of spending as well as more detailed information about our work plans.

The third component of our business and financial plan begins on page 47, in which we provide answers to questions previously posed by this committee as well as the Board of Internal Economy.

So beginning on page 5, we state that we request an appropriation of \$4.220 million for '97-98. This request is about 2 per cent less than our appropriation for '96-97.

This morning I plan to provide you an overview of our business

and financial plan in terms of three topics. First I plan to review the role of the Provincial Auditor in terms of our responsibilities, authorities, and protections. Second, I will review the work of our office in terms of what we do, our plans, and how we assess our own performance. And third, I'll review our '97-98 financial plan.

One of my responsibilities is to decide how best to serve the legislature as an institution in the context of my responsibilities, authorities, and protections. As you know, as an officer of the Assembly I work for the legislature as an institution. As an officer and through The Provincial Auditor Act, I have responsibilities, authorities, and protections.

My responsibilities include to examine and report on the reliability of the financial information and statements provided to you by the government through its organizations; to examine and report on compliance with legislative authorities, as well as the adequacy of the government's management controls over public money.

My responsibilities also include to do my work in accordance with professional standards and to report when I do not rely on a government-appointed auditor and why.

I have several authorities provided to me in The Provincial Auditor Act, including I have access to all government officials and information. I decide how best to carry out the work of my office and how best to manage the operations.

Finally one of my key authorities and responsibilities is to report publicly on my findings, conclusions, and recommendations resulting from our work.

My protections are derived from the independence I have of the executive government, and from holding the position of an officer of the Legislative Assembly. As an officer of the Assembly and being independent of the executive government, I can present my findings, conclusions, and recommendations without worrying about being criticized for fulfilling my responsibilities.

The authorities and protections provided to my office are important. They ensure I can carry out my responsibilities in an independent and rigorous manner. I am thus able to report my findings, conclusions, and recommendations on complex and difficult issues. As you know, I sometimes bring forward conclusions and advice that others might not want to discuss, or might disagree with. Such discussions and disagreements do not relieve me of my legislative responsibilities to examine what the government does and report to you my findings, conclusions, and recommendations.

When I do have difficulties in carrying out my responsibilities, I bring those difficulties to your attention and ask for help.

Now in exhibit 1 on page 7, we provide an overview of what we do and the impact of our work in terms of inputs, outputs, intermediate outcomes, and final outcomes. The exhibit shows that our inputs are the knowledge, skills, and abilities of our employees. So this is in exhibit 1 on page 7.

One of the key issues as an office we have to manage very carefully is ensuring we have the necessary knowledge, skills, and abilities. Accordingly, we have recruiting, training, and performance development strategies to help us ensure that we do maintain the necessary knowledge, skills, and abilities. Creating and maintaining an environment that encourages and rewards ongoing learning is crucial to our success.

The exhibit shows that we have three key outputs or products. We provide assurances to legislators on the reliability of financial statements, on compliance with legislative authorities, and on the adequacy of the government's management systems and controls. We also provide advice, mainly through our recommendations, to legislators and government officials, and we also provide and develop trained professionals for public service.

The exhibit also shows that our ultimate goal is to ensure better program performance, better parliamentary control, and thus improve public confidence in our institutions of government. On page 8 we explain what we do in terms of the nature of our examinations, our reports to the government and to the Assembly, the impacts of our work, and the knowledge and abilities and skills we bring to the table.

On page 12 we show . . . or we describe our organization. We have a staff of about 60 people organized into five groups. At any time, we have about 15 to 20 articling students working for their professional accounting designation, and about 35 professional accountants. The last time I checked, our average age was about 35.

On page 13 we set out what we plan to do in terms of our goals, objectives, and strategies. We also explain our values, which we try to hold on to regardless of what challenges, criticisms, and issues we face.

On page 16 we describe several factors that affect our work plan, including the amount of government revenues and expenses; the number of government organizations, which change from month to month; the quality of the government's management systems; the use of government-appointed auditors; our ever changing professional standards; the cooperation we receive from government officials; and of course trying to meet the legislators' and the public's expectations.

On page 17 we describe several key forces and trends that we think affect legislators, government officials, and thus the work of our office. Beginning on page 18 we explain in more detail how we plan to achieve our goals and objectives in terms of specific strategies and action plans.

On page 20 we describe the systems and practices we have in place in our office to help us achieve our goals and objectives. Our key systems relate to ensuring the quality of our work. To help us ensure we continue to improve our performance, one of our strategies is to seek advice from legislators, government officials, professional colleagues, and members of the public. As you know, recently we sought advice through a survey which we sent to each of you. In 1991 we also sought similar advice through a survey which we sent to legislators and other

people at that time. The advice that we received at that time was very valuable in structuring our work and work plans. Currently we are assessing the valuable input we received through our recent survey. Most of the questions we asked relate to long-term and difficult issues.

One question related to performance reporting. We know that progress is happening in this area so we think there is significant support for encouraging further progress. The advice we received through the survey, as well as our experience, will help ensure we continue to improve our performance. As we sort out the advice, we will be bringing forward ideas to you, to government officials, for discussion and consideration.

On page 23 we describe how we measure our own performance. We do so in terms of such factors as the quality of our work; completions; cost of our work; the use of our time; and particularly the acceptance of our recommendations both by government officials, by standing committees, and by the Legislative Assembly, as we're out here to make a difference.

Our financial plan begins on page 24. We set out and describe the cost of our work plan. Table 2 on page 27, we report that we are proposing an appropriation of 4.220 million. In that table, we also show our spending and financing trends for the past three years from '97-98, as well as for '98-99. We maintain a net financial asset balance equal to about one month of our costs. This way we can respond to issues of the day, pressures to change our time lines, and increases in government-wide benefits and salaries.

On page 28, we describe how we would adjust our work if sufficient funding is not available to our office. I am pleased to note that for the last three years now, the Board of Internal Economy has supported our funding proposals. As I stated earlier, in appendix I, we provide more detailed information about our spending and work plans. In appendix II, we provide answers to questions previously posed by this committee and by the Board of Internal Economy.

Madam Chair, this ends my opening comments and I would certainly be pleased to answer any questions you or your colleagues have. Thank you very much.

The Chair: — Thank you. We have a speaking order.

Mr. Trew: — Thank you, Madam Chairperson. Mr. Strelieff, thanks for waltzing us through that. I'm curious about . . . it's a fairly minor thing, I think, in terms of dollars, but in terms of principle, I'm not certain. On page 5, .01, your funding request is for \$4.22 million. That's straightforward. And then you referred us to page 36 with a five-year detailed summary of spending. And I see in the same budget year, you're projecting to spend 4.244 million. That's \$24,000 more than the appropriation.

Part of the answer you gave me is your office carries one month of its costs, generally speaking, in a balance reserve fund, if I'm describing it accurately. It's not . . . a government department cannot do that, am I correct? That is, carry a reserve balance fund?

Mr. Strelieff: — Mr. Trew, members, I think you are correct. A government department is unable to maintain a, as we described it, a net financial asset balance.

Mr. Trew: — Yes, okay. Then my question . . . Thank you for that answer. My question is, what's the authority of The Provincial Auditor Act that allows for your annual expenditures to vary from your annual appropriation? I'm just wondering where the authority is and what the guidelines are for that.

Mr. Strelieff: — Mr. Trew, members, in The Provincial Auditor Act, we have the ability, the authority to charge fees and to use those fees to finance our operations. So the fees would be in addition to the appropriation, the funding appropriation provided to us by the Legislative Assembly.

Mr. Trew: — Okay. Just so I'm clear. If I go camping in a provincial park and they charge me for the weekend — pick a number — \$20. I know that's low, but I pay \$20 to camp. That goes into the General Revenue Fund and then the Parks department annually requests money out of the General Revenue Fund, but not necessarily directly related to that \$20. But you collect \$20 for doing an audit, and then you can re-spend that without it coming through the Board of Internal Economy or this committee?

Mr. Strelieff: — Mr. Trew, members, as table 2 shows, in previous years we did finance a significant part of our operations by charging directly to government organizations. And more recent, when we were doing that we always came back to the Board of Internal Economy or to the Legislative Assembly and recommended that our funding come from an appropriation rather than from charging fees to government organizations.

But part of our authorities . . . we can finance our activities through charging government organizations. But we don't charge twice, for example if the Crown Investments Corporation decided that they were going to pay us for the results, or for our audit work, and the Board of Internal Economy provided us funding for that audit work. And recently we had discussions with the Crown Investments Corporation, and they were considering paying us for our audit work. If they did, we would have provided that money back to the General Revenue Fund. So we don't get funding twice for the same audit.

But in the past, in some years, the funding provided by the Assembly wasn't sufficient to pay for all the audits that we did. And in those cases what we did was approach the government organizations where we didn't have the funding necessary to do the audit and said, well we haven't got . . . we haven't the funding to do the audit; if you wish us to do this audit you'll have to pay a fee. And then we use that . . . for those organizations that did pay the money, we use that money to finance our operations.

Mr. Trew: — Okay, I'll just . . . the final thing, Madam Chairman, and Mr. Strelieff. I'm curious . . . in the Act where it allows that, I'm just curious how that process is. If you've got it real handy, I wouldn't mind you sharing that with us. If not, provide it, you know, to . . . I guess it's got to be through the

committee, with sufficient copies. That would be perfectly acceptable to me.

Mr. Streliaff: — Mr. Trew, members, this did come up in a meeting of — I'm not sure if it was the Board of Internal Economy or the Standing Committee in Estimates — two or three years ago, and at that time we did provide I think even legal opinions about the authority to be able to charge directly to organizations and use those fundings. So we'll do that again.

Mr. Trew: — Yes. I'd appreciate that. Thank you.

Mr. Tchorzewski: — Thank you, Madam Chair. On the fees issue which has just been discussed, is this a full cost recovery and only the cost recovery, or is there . . . or can some of those fees from time to time be used for other expenditures in doing audits for other places?

Mr. Streliaff: — Mr. Tchorzewski, members, we're just . . . when we charge for costs we know the full cost of our work. We keep track of all our time, our hours. We cost out those hours in terms of salaries as well as employee benefits, as well as costs of rent and overhead and administration costs. So when we cost out our work it's a full cost charge. So our costs . . . we know the full costs of our work. Now, but I'm not . . . that's only one part of your question I think.

Mr. Tchorzewski: — What I'm asking is that the fee charged is only related to the cost of doing that particular audit, say for example agency X or Crown corporation X. And there is not then some money left over from this charging of that fee, which then may be appropriated to some other place where you feel it is necessary to do an audit. Or is it the exact cost?

Mr. Streliaff: — Members, when we do work for an organization where we're going to charge a fee for it, we'll have a contract. And so say the contract for the Liquor Board, for example when we used to charge directly for that audit, was \$50,000. And if the cost was less than . . . our full cost was less than 50,000, we charge less.

Mr. Tchorzewski: — That's what I wanted to know.

Mr. Streliaff: — And if the cost was more, we would have to eat it and find . . .

Mr. Tchorzewski: — Good. Thank you. One other question. As I understand it, well it's clear that your financing is provided by appropriation of the legislature . . . by the legislature. The auditor charges fees sometimes, in some cases. Are there any other revenues that are available to you from other sources?

Mr. Streliaff: — Mr. Tchorzewski, members, on table 2 it shows the sources of our financing — sorry page 27. And it shows that for '97-98 which is the year that we're talking about right now, our plan is to fund our costs we anticipate as being 4.244. We've requested an appropriation of 4.220, and as was noted earlier we maintain a net financial asset balance equal to one month of our costs. And that net financial asset balance provides interest.

And so there's \$24,000 that we anticipate we'll be using to fund our operations, okay?

Mr. Tchorzewski: — Okay. My final question then is, I find it interesting, and maybe I don't understand something here, but there's interest earned on funds. That interest is then expended. Having been involved with gross budgeting, somehow I don't understand how that fits.

I thought under gross budgeting, any revenues that have not been appropriated have been returned to the — excuse me for sounding like the Minister of Finance — but have to be returned to the General Revenue Fund. Is there an authority to spend on money like \$24,000 that's earned as interest which has not been appropriated in any way, or authorized?

Mr. Streliaff: — Mr. Tchorzewski, members, we do think we do have the authority to spend interest on money that we have in our bank account, and have in the past, I don't know, as long I can remember.

Mr. Tchorzewski: — The only reason I ask is I know the way it works in any of the departments of government. And I'm not suggesting you're a department of government, but you're a department of the Legislative Assembly.

I think it would be useful if you looked at that — you know the suggestion I make — and bring back to the committee, provide for us some clarification here. I wouldn't want somebody at some point in time to say, hey there's something awry here, whether there is authority to spend that under the budgeting system that the Legislative Assembly has adopted. Because I'm not sure that there is. Okay. Thank you.

The Chair: — Okay. And just a reminder that any requests for information, I'm sure you're well aware 15 copies would be presented to the Clerk's office for distribution.

Mr. Streliaff: — Okay.

The Chair: — Thank you. Mr. Trew are you finished your . . .

Mr. Trew: — Yes I am.

The Chair: — Thank you.

Ms. Draude: — Thank you. Good morning. I have a number of questions, and I guess they're probably more specific. I'll start by asking the number of organizations that actually are subject to examination by the Auditor.

Mr. Streliaff: — Ms. Draude, the number is close to 200. We say on page 25 of our report, paragraph .90, at August 31, '96 the government manages 206 departments, Crown agencies, and funds. So 206 would be an estimate at that point.

Ms. Draude: — Are there any organizations that are not subject to the Act that you feel should be?

Mr. Streliaff: — Ms. Draude, and members, the question was, are there other organizations that we think we should be

examining in addition to these 206, and 206 are a lot.

There's one issue that members of various committees have asked me in the past and that is, how do members scrutinize, examine the recipients . . . organizations that receive transfer payments from other government organizations. And they can be social service agencies, and a myriad of other organizations that are not government controlled organizations but that have significant public funding.

I know in other provinces, legislatures have chosen to ask the Provincial Auditor or Auditor General to examine, to move a little bit further down the road as the money goes to various organizations. But I don't know . . . we haven't explored that issue too much. Our current approach is to try to find out what government organizations do to ensure that the money they move to other organizations is well managed and well controlled. And we do that through . . . one of the mechanisms we do that is through the service agreements that government organizations will have with other organizations that they fund.

So there are some issues related to how far you go, but I don't have any recommendation or advice on that right now.

Ms. Draude: — Thank you. I'm wondering, some of the organizations use outside auditors and I'm just wondering what are the reasons? How is it determined that it would be an outside auditor or the Provincial Auditor to do the work?

Mr. Strelieff: — Ms. Draude, my understanding is that it's the government's policy to use public accounting firms across the province and to try to spread the work around in such a way that public accounting firms benefit in some equal manner, and that encourages more groups in the office or in the province to develop the expertise necessary to advise government organizations. But when the government decides to appoint another auditor is strictly a government decision. I don't know why, other than that's the general policy of this government and the previous government.

Ms. Draude: — Okay. In appendix III in the annual spring report, there's a list of organizations whose audits aren't completed. In 1996 and '97 reports that the Saskatchewan marketing boards are listed among some of them that aren't completed. I'm wondering if that's a perennial situation with the marketing boards, and if you can tell me why?

Mr. Strelieff: — Ms. Draude, the agricultural marketing boards have been a source of concern of our office for a number of years. They're small, and they're run primarily through the Department of Agriculture. And then there's an Agricultural Marketing Council, or something, that has oversight responsibility for these boards.

And over the years, we've been trying to work with department officials in the Department of Agriculture to sort out a way that would make it more efficient and effective to examine those organizations, and to encourage the council to take more responsibility for making sure that they have annual reports and budgets.

And we're still discussing how best to examine those boards.

And we don't have a solution yet. As a result, it is an ongoing problem.

And their relationships are a little bit different, but they are small organizations in an administrative way and they rely on the department to . . . We just haven't figured out a good way of doing it.

Mr. Gantefer: — Auditor, just following up on that point, if I may, Madam Chairman. Are all the marketing boards or agencies, are they funded by government or are they funded under legislation by government by producer levy? And I wondered if that makes a difference in terms of the importance of you actually auditing their operations or not?

Mr. Strelieff: — Mr. Gantefer, members, my understanding is most of the marketing boards are funded through producer levies, check-offs, and a number of ways.

Our responsibilities come through the fact that the Marketing Council and the Minister of Agriculture is responsible for those boards. And in the . . . maybe it's the agri-food marketing council Act, or something like that, it says to the Minister of Agriculture that he or she is responsible for the operations of those boards. And so we're there to make sure that his responsibilities are carried out in a reasonable way and that the Assembly can hold the government accountable for carrying out those responsibilities.

So now, you asked, does the source of funding of the marketing boards affect how we carry out our activities? In general, no. I mean many government organizations charge directly. Like SaskPower charges directly for services rather than receives an appropriation from the Legislative Assembly.

So there's still the responsibility to examine what's going on. What we were hoping is that we can work with the Department of Agriculture to sort out a way of carrying out the audits that make it more efficient, given the size of them, but still that the work and the assurances is provided to legislators.

Mr. Gantefer: — Well I guess the question that I have, and it comes from a number of years of being involved with one of the marketing agencies, is that I think from a rural or agricultural perspective they see these agencies more as an instrument of their own agency, if you like, rather than a government agency. And I recognize that the marketing council has overall responsibility to see that they conduct their affairs under certain guidelines because they're created by an Act of the legislature, if you like.

But I wonder if in that instance that you're making your work more difficult than it need be in terms of auditing a producer levy-based agency rather than perhaps just accepting a financial statement from the agency on an annual basis.

Mr. Strelieff: — Mr. Gantefer, we take our direction from our legislative responsibilities which leads us into those boards. Right now we are involved directly in two of the large ones: the SPI— Sask Pork Industries — and the Canola Marketing Board because they're pretty significant size. And on the smaller ones we're trying to figure out a way of not being too much involved in it.

And so we are trying to be sensitive to the size of the organizations and trying to encourage the Marketing Council to make sure that they have financial statements; that they have budgets; that they have annual meetings, and some of the problems and issues that have surfaced over the past few years. But as I said earlier, we haven't figured out a way of carrying out our responsibilities in a way that is less onerous.

Ms. Draude: — Thank you. Aside from the problems we're . . . aside from the marketing boards, can you tell me what other reasons people give, or why we aren't able to complete some of the other audits?

Mr. Strelieff: — Do you want examples or do you want us to go down the list of . . .

Ms. Draude: — Just examples.

Mr. Strelieff: — Well Greystone Capital, we've had trouble getting . . . completing our work there or getting access there since it started. And the discussion has taken place in Public Accounts Committee in this past year and in other years.

In one related to the Municipal Employees' Pension Commission, the actuarial reports that we have to reply on or work with sometimes aren't available in a timely way. So that delays our work.

SP Two and SaskPen Properties is similar to Greystone — getting access. There's a number of pension funds that again relate to actuarial reports and the organizations not preparing financial statements in a timely way. And so when that happens we try to urge the management groups that those financial statements are important and that they should get them done.

Quite a few of the ones that are listed on the university side there, there has been significant progress over the last 12 months in terms of getting them more up to date. And usually . . . well the work has to get done both by our office, and in the case of pensions, the actuaries, as well as the management's responsibilities.

The pulse group and Sheep Development Board and the turkeys we discussed as marketing boards, as we're trying to work with the Marketing Council in trying to figure out a way . . . Swift Current District Health Board, they hadn't prepared financial statements for a significantly long period after their year end — a significantly long period. So before we can complete audits, the financial statements have to be on the table.

There's one related to the Executive Council and it relates to the responsibilities of the Chief Electoral Officer. And we're . . . In our spring report we note that we're still working on completing our audit as the Chief Electoral Officer completes his work. So we're waiting.

Ms. Draude: — Is there anything you can do beside urge them?

Mr. Strelieff: — Ms. Draude, our main mechanisms are to urge them and to report. And we come to you with a report saying we're not finished our work, these organizations. And then you

ask us questions, and that usually encourages organizations to get the work done in a more timely way.

Ms. Draude: — In appendix IV you list the organizations where you find those significant matters to report to the Assembly. I'm just wondering if this indicates exceptionally good management or . . .

Mr. Strelieff: — Ms. Draude, we do . . . when we carry out an audit, we have the three objectives: are their financial statements reliable, have they complied with the key financial legislative authorities, and are their key financial management control systems adequate. And when we find that they are, we report. And so in these cases the results of our audit indicate that we can assure you that those three elements of their responsibilities are reliable and adequate.

Ms. Draude: — When you identify shortcomings and suggest remedies, are the organizations usually very responsive and quick to respond, to adopt your recommendations?

Mr. Strelieff: — Ms. Draude, one of our key performance indicators in our business and financial plan as well as in our annual report, relates to the extent to which our recommendations are adopted by government organizations, supported by standing committees, and the Assembly. So the acceptance of our recommendations is a very important part of what we do.

We have recommendations that we think can be handled within a year if they relate to matters that can be addressed quite quickly. And then we have recommendations that we think will require a longer-term consideration and adjustments. In general, our recommendations are responded to very well. It is one of the things of being the Provincial Auditor, is to watch that and it's quite good.

Some of the longer-term issues that require more difficult decisions and adjustments, they take a longer time to convince people that they're the right thing to do. I know there's lots of literature on introducing and managing change, and the cycles that you have to go through in introducing change are applicable to the work of our office.

But if the recommendations make sense, they eventually are adopted and it's interesting to watch as they move through the process. The process seems to be . . . well it always seems to be too long, in my sense, but that's because I always think things should happen quickly.

Mr. Trew: — If you think that's slow, you should have an auditor doing your books.

Mr. Strelieff: — Auditor doing our books, being the comptroller.

Mr. Trew: — No, having someone auditing you personally. That's a whole new meaning to slow.

Mr. Strelieff: — Well we do. As I said earlier, we haven't finished our '96-97 annual report because right at this moment our auditor is examining our operations and will be reporting to the Public Accounts Committee and to us their findings and

conclusions and recommendations.

So we know the joys of being audited.

Mr. Trew: — Pardon me, Madam Chair, for butting in out of order.

The Chair: — Well I think . . . I probably think that Mr. Trew is referring to himself being very slow in responding when a personal audit happens.

Mr. Trew: — It was an attempt at levity.

The Chair: — I caught that momentarily. It was fleeting.

Ms. Draude: — Who audits the Provincial Auditor?

Mr. Strelloff: — Ms. Draude, members, the firm of chartered accountants is Hill McKillop. They used to be named Arscott & Partners and over the last year have reorganized and have changed their name.

Ms. Draude: — Are there departments or Crowns or agencies that resist your recommendations? And if so, who are they?

The Chair: — I hate to interrupt you, Ms. Draude. But our responsibility in the Estimates Committee is the budget allocation and your questioning — I know the auditor is being patient and we are too — would be questions that are by nature put in Public Accounts usually, and generally.

So I was asking of the Clerk if they were leading to, do you feel he needs more money to do these kinds of things; and I'm also then reminded that we're not able to increase an auditor's budget, only decrease the amount that's before us.

So if you have some that are of a budget nature — the questions?

Ms. Draude: — Well I have one other question I'd like to ask him.

The Chair: — Sure.

Mr. Strelloff: — Ms. Draude, you asked which government organization or agencies have been or are resisting our recommendations. We do report in our fall report and our spring report our recommendations, and where there is a recommendation that has been outstanding for a number of years we'll actually say that — that this recommendation was made in the last four years. And sometimes we'll even, say we'll write in the views of the Public Accounts Committee on the recommendation in prior years, to signal to the Assembly that here's a recommendation that we're having difficulty getting agreement on.

For individual organizations of government, I think almost all of them deal with our recommendations in a pretty straight-up, rigorous way. The more difficult ones are the recommendations that affect more than one organization and that have more of a systemic effect on how public money is managed. And because

they affect more than one organization, they're more difficult to come to grips with within the government.

But in general, I think most government organizations respond . . . almost all government organizations respond to our recommendations in a very good manner.

Ms. Draude: — In order to comply with the line of questioning that I am supposed to be using I'll ask you, when it comes to district health boards, is the amount of money that it costs to audit these books — is it going down? And I want to know that because I'm wondering if they're using the same accounting practices right across the province, so that you can analyse, judge, or make recommendations because you're comparing apples and apples.

Mr. Strelloff: — Ms. Draude, on the district health boards, as you know, they have about a billion dollars of money provided to them by the Assembly. So they're an important organization, and the Minister of Health has significant responsibilities in terms of the operations of district health boards.

One of the things that we focused on in our initial work within district health boards and also in concert with the Department of Health is to make sure that each district health board used the same financial statement reporting and accounting mechanisms. And that was a big focus of our initial year or two, as each district health board brought together 10 to 20 or even 30 separate organizations that had different accounting systems, different financial statement practices.

And we worked with the Department of Health and districts to agree on a common set of financial statements, a common set of accounting policies; and with the public accounting firms that are doing the direct audit work, to make sure that at the end of the day when one district says that it has revenues of X dollars and expenses of Y dollars, that you as legislators and they as managers can count on those financial statements to be comparable and rigorous.

And we used as our standards, as we always do, the recommendations of the Canadian Institute of Chartered Accountants. And I think over the last three or four years, that has been a significant step forward in that community. Prior to the reorganizations, the practices, the accounting practices were quite dissimilar.

The audit costs have been going down. As you move from auditing 3, 400 different organizations to 30, the audit costs have been going down, and I think will continue to be reduced as the individual boards continue to improve their management and accountability practices.

From my perspective, it hasn't been easy for them because they had no corporate memory and then all of a sudden were new organizations assigned very important responsibilities and trying to integrate the operations and activities of so many different groups. And the audit, the audit and the accounting side and the management side ends up being complex as well, as they move through the transitions.

They also have some significant accountabilities that are set out

in The Health Districts Act, which most of them haven't come to grips with in a rigorous way yet. Some of the provisions in The Health Districts Act contemplate health districts moving to a higher standard of accountability, particularly related to knowing the costs of the services and activities that they are putting on and knowing whether the programs actually improve the health status of their residents. In The Health Districts Act, they're actually supposed to report on that. And that's not easy and we're working away, encouraging and trying to help them . . . with the department and districts, trying to work on appropriate models on how to report on that. That's going to take some time, but they are working on it.

And so going back to the questions. One, the financial statements of district health boards are comparable and I'm quite happy with the progress that has been made in that sector, certainly compared to some of the other sectors. Two, the audit costs are reducing as the district health boards are becoming more integrated in their operations, and have the systems and practices to make sure that they know what's going on.

Mr. Sonntag: — Thank you. I have a couple of questions of great consequence. First of all I know that Mr. Wendel lowers that average age. What do you do to that average age, Mr. Auditor? I'm kidding.

Mr. Strelieff: — I watch over it, Mr. Sonntag.

Mr. Sonntag: — You watch over it. Do you watch over it from above? Or from below?

Mr. Strelieff: — Mr. Sonntag, I am 45 years old. I will be 46 on July 9 and I've been the Provincial Auditor now for about six and a half years. And there are two provincial auditors or auditor generals who have held their positions longer than me — the Auditor General of British Columbia and the Auditor General of P.E.I. (Prince Edward Island).

So I'm young, I'm old; I'm senior, I'm junior.

Mr. Sonntag: — Okay. Well I wasn't expecting an answer to that question. If you think I'm going to . . . I'm not going to divulge anything about myself at all.

My questions are . . . and I might have a couple later on but I'll try and be brief. We've talked about this in Public Accounts as well. I want to talk about the value-for-money audits briefly. I'd like you to describe if you could, very briefly, what you deem to be a value-for-money audit?

Mr. Strelieff: — Mr. Sonntag, and members, the phrase value-for-money comes from an auditing standard that the Canadian Institute of Chartered Accounts has in place to guide auditors in carrying out examinations. And it's called value-for-money auditing standards.

And in that standard, it describes what those examinations are. And they relate to almost any type of examination that isn't related to auditing a set of financial statements and auditing compliance with legislative authorities.

So it relates to primarily the examination of the adequacy of the

management systems and practices in place to make sure that an organization is well managed. It does not relate to assessing whether the policies of a particular organization are the right policies. What it focuses on, given that an organization has a set of objectives, has a set of a policy framework, is it administering their programs well? Have they, for example, set out clear objectives.

It's not saying that the objectives . . . the examinations don't focus on whether the objectives are the right objectives, which is the policy framework, which is the Legislative Assembly, which is not the role of an auditor. It focuses on whether the objectives of the organization are clearly set out and whether there's management systems and practices to make sure that what the organization is trying to achieve actually gets achieved.

Now when I've heard discussions of that phrase, value-for-money, because the phrase has those words in it, it seems to lead people to believe that auditors are out there assessing whether the policies are the right policies, whether you're getting value for what you as legislators have decided to put in place. And that's not, that's not the role of an auditor. It's not the role of an auditor across Canada. It's focusing on whether the programs and services that are put in place to achieve what an organization is trying to achieve are administered well.

I was assuming that you were trying to get at that separation of the setting of policy and then the administration part.

Mr. Sonntag: — To some degree. Mostly I just wanted to sort of hear you describe how you . . . value for money. To me this is something that's a little bit difficult to get a hold of and it's not a perfect science. But to what degree do you view it to be discretionary, period?

Mr. Strelieff: — Discretionary in what sense?

Mr. Sonntag: — Well I mean obviously some of these things, I think, will be . . . I shouldn't say obviously; from my perspective obviously, they are judgement calls on an auditor whether the auditor is the Provincial Auditor or any other auditor, private sector auditor. They will have to make some judgement calls as to whether or not the . . . if the goals and objectives are set out whether the department, etc., are receiving value for that.

And so I'm asking, to what degree is it discretionary in terms of you making a judgement on whether or not they are in fact receiving value for money? Or do you think it is a more perfect science than I think it is?

Mr. Strelieff: — Mr. Sonntag, and members, as I said earlier, that judgement on whether a program is obtaining . . . is of sufficient value; that judgement is a policy judgement, is a legislator judgement. A government of the day can . . . there are judgements put in place in terms of determining the appropriate criteria for a well-run organization or a well-run program.

For example, we looked at the Department of Highways and Transportation's contract management practices. And one of the

important parts of looking at that function, which is very important to the department, is to describe what are the key elements of a well-run contract-management practice within an organization like the Department of Highways and Transportation.

And so a significant part of the examination would be to develop criteria that would say: if we found the following five elements or criteria in the organization in how it manages its contract-management responsibilities, that's likely to indicate that it's well-run. Now in developing those criteria we would . . . that's where some of the judgements are put in place.

We would be going to the department itself and asking them, what do they think are the elements of a well-run contract-management responsibility. We would be going to the literature; we would be going to work done by other legislative auditors across the country; we would also, on occasion, engage an expert in the area. And then at the end of the day, we would agree with management of the department that here's the key elements of a well-run contract-management function and then . . . And we'd get that agreement. If we don't get that agreement we would state we didn't.

But in these ones we work long to make sure that there's agreement on the performance criteria. And then we carry out the examination. And then go back to management and say: well, of the five factors that we agreed would be a well-run contract-management function, you do well on four and we think this for these reasons; and on the fifth one, we don't think you do very well on, for these reasons. And we try to make sure we have agreement on that and then we report to the Assembly on it.

So there's a lot of rigour to the process to make sure that where there are judgements both by an auditor, by management, that we know, everyone knows, what those judgements are and has a chance to debate, argue about, agree, or disagree.

And so in carrying out more in-depth examinations, there are judgements involved in determining what the criteria are, what the results are. But the process that we go through is sufficiently rigorous, I think, to make sure that at the end of the day everyone knows where everyone's coming from; why, where people have agreed to disagree, that's clear — and in most cases the agreements are there.

Mr. Sonntag: — Okay. I could ask a few more questions but I want to give other members opportunity as well. I'm noticing that you have nine people — well including the head, Judy Ferguson, of that area — involved in this value-for-money audit. Why are there so many? Why would you have that many people involved in that particular area of the audit?

Mr. Streliaff: — First, it's important. But second, Judy Ferguson, one of our senior people, is responsible for the methodology development of . . . and our sort of, well keeping track of what's going on across the country and elsewhere.

Her responsibilities also include a number of . . . a significant portion of just what we call regular integrated audits. For example, she's the one that led the examination of the Workers'

Compensation Board; she handles SaskTel; she handles Sask Crop Insurance Corporation; Department of Highways and Transportation. Her portfolio is more than working on the more in-depth organizations.

I've chosen to leave that title to her group because I want to make sure that there is a resident responsibility in terms of making sure that our work continues to improve.

Mr. Sonntag: — So you're saying those nine people, their time is not fully dedicated developing . . .

Mr. Streliaff: — That's correct. That's correct.

Mr. Sonntag: — Okay. That was my question. And just the last question then. What areas of value-for-money audit do you have planned for '97-98? If you can answer that, please.

Mr. Streliaff: — Okay, '97-98.

Mr. Sonntag: — Briefly.

Mr. Streliaff: — I'm just wanting to make sure which years are which here. So when . . . Well call it value-for-money. I've used the phrase, so why not value-for-money.

We're carrying out a number of projects right now. As you know, in the district health board community a year or two ago we did work on the needs assessment process that is used by districts to make sure that their gathering needs . . . or they know what the health needs of their communities are. And we're doing a follow-up of that audit to make sure that the recommendations that we had on the table a year or two ago are being responded to.

We're also following that work-up with a project on, are the district health boards using the needs assessment information that they are gathering and have gathered to make resource allocation decisions? So that project is right now.

Two, we're also . . . she's leading a project on . . . actually there's the one I mentioned and this other one. Our groups work together. But one of her key projects is on the planning information governments provide to the Assembly.

We've been doing a lot of work on that for the last number of years, urging the government to provide a broader financial planning framework to the Assembly. And she's with her group and with the help of the finance group, and I think others are working on what would a broader planning framework look like and why is it important.

Three were working on the role of internal audit within government. That's, as you might know, internal audit is an important way of management making sure that what they plan to do actually is happening. And they can look at it . . . they can use their internal audit department for an independent review and it's very valuable for boards of directors and senior management.

Most departments and agencies of government don't have internal audit groups, which actually has a large impact on the

work of our office. And we're working on just beginning to develop the framework for that project, and it's intended to bring that to people's attention and to raise the profile — the need for internal audit.

We've done a lot of work on the roles, responsibilities, duties of boards of governors, boards of directors. If you remember . . . and we're continuing to follow up that work because it's been so valuable in terms of how we've seen the interaction between management and boards of directors improve when we remind boards of their responsibilities, and remind them that they need to set out and provide direction to their management group on what they're hoping to . . . what their organization should be achieving.

And also, many government organizations and boards of directors don't fully appreciate the complexity of what they've got into. In terms of one government organization doesn't operate in a vacuum; I mean there's central agencies, there's departments of Finance and Health, and they're all interrelated. And we're finding that that's an important part.

Mr. Sonntag: — I think that gives me an idea.

Mr. Strelieff: — Those were the major . . . and we're also following up on the annual reports of organizations.

Mr. Sonntag: — Okay.

Mr. Strelieff: — So most of our — I know I've talked a lot on this — but most of our . . . what we refer to value for money relate to issues that face more than one organization. They're almost cross-government or cross-sector issues — roles, responsibilities, boards, annual reports, needs assessments — and we think that we have a good impact when we do that kind of work.

Mr. Sonntag: — Okay. Thank you.

Mr. Strelieff: — And have had a good impact.

The Chair: — Ms. Draude, on this point you have a follow-up question?

Ms. Draude: — Not at this point.

The Chair: — Okay. On the speaking order I have Myron, sorry. Mr. Kowalsky, Mr. Tchorzewski, Mr. Whitmore. Did you want to ask a quick question now? All right.

Mr. Kowalsky: — Madam Chair, members of committee, Mr. Strelieff, a couple of questions about the survey that you circulated. You circulated a survey — rather widely I believe — throughout Saskatchewan . . . several organizations and individuals. Could you explain what it is that you hope to accomplish as a result of the survey and what the purpose of the survey is?

Mr. Strelieff: — Okay. I think I have a copy of it. Well in general. Mr. Kowalsky, we sent out the survey some time in the spring to legislators, to government officials, to public

accounting firms, to various public interest groups, to universities, and what we wanted to do was seek advice on how best to shape the work of our office so that we know what we're doing is relevant.

We did a similar survey in 1991 where we sent it out to legislators and government officials and public accounting firms and the same kind of group, and for me, the results of that survey and the advice I received really helped me to understand and to make sure that we focus our work in a way that is relevant.

And so the general purpose of it is to seek advice on our work. And some of the questions that we've asked are mainly long-term, difficult, complex type of questions and issues and I wanted to find out what people were thinking on those issues. And then if . . . I mean we're assessing the results of the survey now, and trying to determine whether we need to change what we do.

If change requires significant, different directions or even legislative changes, we have to come . . . we'll be coming back to various government officials and committees, standing committees, to discuss with them whether — what we've heard and found — and whether we think changes are needed.

Mr. Kowalsky: — Did you mention this survey to the Board of Internal Economy when you presented the budget to them back in December, I believe it was, of '96?

Mr. Strelieff: — Mr. Kowalsky, I don't think so because I think the first time that we decided to initiate the survey, I think we wrote all MLAs (Member of the Legislative Assembly) in January or February saying that we plan to initiate a survey, setting out or asking advice on our future plans, and therefore we hadn't discussed it with it.

Mr. Kowalsky: — Do you refer to any place in the business plan?

Mr. Strelieff: — Well this was prepared in August, so probably not. But there is something in the business plan in terms of . . . the systems and practices we use to achieve our goals in terms of . . .

Mr. Kowalsky: — They are then under more general terms, not specifically.

Mr. Strelieff: — No, not a survey.

Mr. Kowalsky: — Thank you. Under what section of the budget is this included? Is it under . . . what section, what part of the budget is the survey coming?

Mr. Strelieff: — So the survey would be under . . . administrative costs; there's a lot of it in terms of mailing out things and preparing reports and responses. One of the reasons we chose this time to initiate a survey is that in the fall, various officials of government were coming to us suggesting that it was time to change The Provincial Auditor Act.

I said that before providing advice on what changes are needed,

I would like to seek the advice from legislators, all legislators, and a broader community so that in terms of advising officials on what changes are needed, I would have a better perspective.

Now I was planning to consult with legislators in a direct way, not so early . . . or not in this past year, but because the questions came to me, I thought better initiate the consultation now. So that in terms of why . . . in why I surveyed in the past few months, I was planning more to do it a year from now but because of the questions that came to me, I thought I'd better do the consultation first so that I can better advise the officials that were suggesting that it was time to change.

Mr. Kowalsky: — So it likely comes from your administrative account. And this survey, you're talking about it helping you shape your overall plan. Could you tell me how this survey would assist you in your mandated responsibilities?

Mr. Streliaff: — Yes, Mr. Kowalsky. One of the questions we asked were . . . the first one related to the importance of performance planning and management and reports. And across Canada and elsewhere there's more . . . the trend is for public sector organizations to focus more on managing what they're trying to achieve, their goals, objectives, and set out key performance indicators.

And our focus in the past has been mostly on making sure that they prepare good financial statements and that they comply with key legislative authorities. We have focused less on making sure that organizations set out clearly what they plan to achieve.

And so what we did was ask people whether they thought moving . . . encouraging organizations to focus more on what they plan to achieve is a good step to take. And so that would affect things like the annual reports projects, the importance of putting performance information in annual reports, the roles, responsibilities of boards. It shapes how best to emphasize . . . what best to emphasize in our audits of organizations.

Mr. Kowalsky: — Are you intending to publish the results?

Mr. Streliaff: — In the survey I said that the comments from the people that responded would be kept confidential. But I will be . . . I do plan to discuss the results of the survey and the questions once we assess what they are and in the context of future reports to the Assembly in context of business and financial plans.

If it seems obvious that legislative changes are needed, that has a long cycle to it, so we'd have to bring those kinds of suggestions to the attention of legislators and boards and committees. So yes, we do intend to discuss the results of it, but we've said that we don't plan to . . . the responses were confidential. And we said that they were so we will have to do that.

Mr. Kowalsky: — Did you set it up in such a way that you could compile a subset of results from private auditors and other auditors?

Mr. Streliaff: — Mr. Kowalsky, one of the categories . . . We

had in the survey response, we had I think four or five categories that we asked people to check off. And one of them were public accounting firms. And so there's a box that relates to public accounting firms. So we have the ability to tease out that perspective.

Mr. Kowalsky: — I think that would be useful. Thank you very much, Madam Chair.

Mr. Tchorzewski: — Just a couple of quick questions. You refer in your budgeting here that you comment on the reliability of performance reports of the government. I understand what that's all about. What I'm wondering is: is this broken down in your costing in any way? Are you able to tell us what, in any particular category, what percentage of the work you do on a department . . .

Mr. Streliaff: — . . . the performance report?

Mr. Tchorzewski: — Yes.

Mr. Streliaff: — Mr. Tchorzewski, the main performance report that are issued by every government organization is the financial statements. So that's now.

Mr. Tchorzewski, members, our audit of each organization focuses on three objectives: are the financial statements reliable; are they complying with key financial legislative authorities; and do they have good financial management controls and practices. And one part of that is the performance report — being the financial statement — the public performance report. But it's . . . (inaudible interjection) . . . Well, no, I can't.

Mr. Tchorzewski: — Yes, okay. I guess you can't. Then I won't ask my next question which was going to be that how much time and dollars are spent on the comment on the reliability of the performance report. But you're saying that's part of the package and you can't break that down. It's not broken down.

Mr. Wendel: — For many years we've had a process in our office where, when we go in and do an audit of an organization, we look at the three things together. So if you auditing, say, a payment system, you would look — when you're looking at the various vouchers, at those vouchers — were they handled properly? Do they get to the financial statements right? And were they within authority?

So there's kind of a combined approach when you look at everything. It's not . . . it doesn't seem feasible to break it out.

Mr. Tchorzewski: — Fair enough. Last question is on the comprehensive auditing. Do you follow some standard that's set by the Canadian Institute of Chartered Accountants or do you then take that and modify it to suit your needs, or what's the process here?

Mr. Streliaff: — Mr. Chair, Mr. Tchorzewski, we follow standards set by the Canadian Institute of Chartered Accountants.

Mr. Tchorzewski: — Thank you.

Mr. Whitmore: — Thank you very much, Madam Chair. I have three, I think, short questions. On page 9, section .16, you state that you serve the Standing Committees of Public Accounts and Crown Corporations. How do you view or define that role in terms of that relationship?

Mr. Strelieff: — Mr. Whitmore, members, for the Standing Committee of Public Accounts, our reports, as you know, are provided to the Legislative Assembly and then are referred to the Public Accounts. And in our Provincial Auditor Act it says we are required to go to those meetings and work for the . . . provide advice, comments, on the recommendations that are in our reports. Now, so that's . . . and the Public Accounts Committee has a specific mandate and operating procedures that they work within.

For the Crown Corporations Committee, our reports aren't referred to the Crown Corporations Committee, and it's a different forum, or different type of committee that's chaired differently. And the people from government organizations also include ministers. The forum allows legislators to ask questions of a policy nature in that committee, whereas the Public Accounts Committee is an administrative nature. And that's why we're more closely linked there.

For the Crown Corporations Committee, the committee invites us to attend. And sometimes we're called an observer and they will ask us whether . . . The Crown Corporations Committee starts off with dealing with the annual reports of Crown corporations and the committee Chair often asks us whether we think that the financial statements contained in those annual reports are reliable. And with us will be, if there's a public accounting firm involved, there'll be a public accounting firm with us and they will both comment on the financial statements.

So the Public Accounts Committee, because of its role, we more closely work with; and for the Crown Corporations Committee, we're more of an observer, invited guest, and periodically are asked questions.

Mr. Whitmore: — On the Public Accounts Committee, they also give recommendations on your work. I guess the question is: how binding or what effect do their recommendations on your work have in terms of where they should be going?

Mr. Strelieff: — Mr. Whitmore, members, the Public Accounts Committee, they deal with our recommendations and reports, but they don't recommend how we carry out our work. They sometimes have asked us to . . . well they have asked us to carry out specific assignments from time to time. I remember a few years ago they asked us to look at where . . .

Mr. Whitmore: — I guess it becomes more the question then whether they approve your recommendations then or not approve your recommendations. If you're continuing on a particular course and they may disagree or agree with that course, that then guides how you're going to conduct yourself within a year or within your business plan?

Mr. Strelieff: — Mr. Whitmore, I mean if they disagree with a

recommendation . . . I mean say that we present a recommendation and the committee, after discussion and deliberations, disagrees with that recommendation, and next year they might agree, or the opposite, disagree, do we — because a committee disagrees with a recommendation of our office — would we not bring that recommendation back if we thought it was important? Well if we thought the recommendation was important, we would bring it back.

For example, for years we've been recommending that the General Revenue Fund record the pension liability. We think that that's important. We think it's important for legislators to know that it doesn't include that liability, and therefore all costs are not recorded but it hasn't been agreed to. But we still think that issue is important and we bring it back on that one, year after year.

Mr. Whitmore: — Okay, thank you.

Mr. Toth: — Thank you. I think a few straightforward questions. You mentioned about managing or reviewing 206 departments, Crown agencies, and funds. Where would we find this list of agencies? I know there's a list at the back of this summary here, but it doesn't include the 206.

Mr. Strelieff: — Mr. Toth, in our 1997 spring report, Appendix II, there'll be a list of organizations.

Mr. Toth: — And that's got the 206 listed out there, okay.

Mr. Strelieff: — Or pretty close to that.

Mr. Toth: — I noted as well you mentioned that you're reducing your costs, your anticipated costs. On page 27, we have . . . for '94-95 you had audit fees of 620,000; '95, that had reduced to 120; '96-97, 28. You're not anticipating any audited fees this year. I wondering what the difference is. Now there's significant decrease, do you just appropriate fees where there's a place to recover fees and you're not anticipating any for the '97-98 year and that's why you don't have any fees included here? Is that the reason for that?

Mr. Wendel: — Madam Chair, Mr. Toth, as we say in this report, we appeared at the Board of Internal Economy some years ago. We didn't get the full appropriation we asked for, and as Mr. Strelieff explained, we then went to the government agencies that we couldn't audit and told them we couldn't. And they still wanted the audits, so we said, well let's have a contract; you pay us for it; we'll get the work done. So when you see the '94-95, that's what's going on there.

Then the Board of Internal Economy, the last three years, has given us the appropriation or recommended the appropriation that we've requested. So we don't budget for audit fees, but we still will have audit fees in any particular year. Now we don't budget for them but they would come up.

Let's say we were at the Department of Agriculture and we arrived to do the audit and we find the records aren't really in that good a shape. So we say to them, well we can leave and come back when you're done, or if you want to, you can hire us to help you get your books up to date, as a separate engagement,

because that takes work away from our regular work. So we would charge them a fee for that and then use that money that we get to hire staff to do our other work.

So those are the kind of fees we would have, and they're not a large amount of fees. Or a new organization might be created after we present this business plan to the board; well we have no money for that organization. So we might say to them, we have no money for that this year. Will you pay us for that this year? And we come to some kind of arrangement.

Mr. Toth: — So basically what you're saying then is generally fees are issued if you're asked to do work over and above what you've already planned for and expended in the appropriations that are given to you by the board. And that's where you'd apply the fees.

I notice you've got interest of 24,000. You've got interest of 24 — I think that's in thousands of dollars — for next year as well. Have you got a long-term interest rate and is it . . . how good is that rate? Can I key in to that rate? I don't know where I could guarantee \$24,000 in interest next year, by the rates our banks offer to us as individuals. That's what I'm kind of . . . how do you anticipate you could have 24,000 next year. You must have . . .

The Chair: — It is \$24,000. The question brought forward smiles on both sides of the Provincial Auditor, but he's saying it's another fleeting moment of humour. It was very brief.

Mr. Toth: — One other question. I was just looking towards the back on pages 69, actually 72, 68, and 64. I notice there were four or five different asterisks or notes that were made; now they've been decreased. A couple of them had to do with information that had not been provided, like the appointed auditor has not reported in the '91, '92, '93, '94, '95 fees. That disappeared . . . on page 64 you're showing that that's not there, which would indicate to me that some of these recommendations you made were certainly adhered to. You did finally get . . . the fees were reported, therefore you've not noted that. Is that what . . . could I say that's true?

Or it's under the asterisks, pages 72 and 68. Pages 72 and page 68 you've got a number of different notes, one about appointed auditors' fees not being reported, about health boards not supplying information. And on page 64 we only have two notes on that page. Am I then to believe that or assume that these notes that were made on 72 and 68 have now been conformed to and therefore they're not noted as important pieces of information?

Mr. Wendel — Madam Chair, Mr. Toth, at the date of this report, at August 31, 1996, we hadn't received the information to put it in yet, to put in the appointed auditors' fees. So we will be doing that for the next business financial plan. Like we always capture them a year later and then put them in and present them to the board.

So I don't know whether those problems will be resolved or not at this time. I haven't gone through that but we will be reporting that in the next business and financial plan, in the fall I guess.

Mr. Toth: — So that doesn't necessarily mean that all of these

fees are . . . that the information will be available. It's just that it's not that year end so you aren't able to determine whether or not the recommendations made two and three years ago have been actually complied with.

Mr. Wendel: — We'll be so noting when we update this schedule for next year.

Mr. Toth: — Okay. One other thing I thought that . . . has been following, and I note with interest. The first line was, the audits are not fully completed at September 30, 1995. The note says it would require 5,400 hours and \$422,000 to complete this audit — that's on page 72.

And then on page 68 you mention that you'd need 1,798 hours and \$119,000 to complete these audits. And then we'd note on page 64, we're up to 16,000 hours to complete your audits and a million dollars. Can you kind of explain what you're trying to get through these three different lines that I've mentioned here?

Mr. Wendel: — The way we present these business plans, Madam Chair, Mr. Toth, is each year we present a business plan of the work we have to do for that year. And then we report what we got done and what it cost us to get those done.

So for the one that you're referring to on page 72, we report there that we had 5,400 hours to complete that, and \$422,000. That relates just to that year, at that date. And there were decisions taken at that time not to do some work. And they'll never be done; that work will never be done. Like we didn't have the resources or . . . that work may not be done. And those would be reported in either a spring report or a fall report, at the back, saying these weren't done, here's the reasons. And that would be the case for that one.

For the next one, on page 64, I guess it would be the same explanation . . . or page 64 is, we are still working . . . we were still working on those audits in August of 1996. We're just finished that report in the spring. That's this book here. So there was still a lot of cost to come in on that report; we were still working in August. So we will have probably incurred all those costs by now and we will be reporting on that in this next annual report on operations, what our actual costs were.

Mr. Toth: — So this line on page 68 . . . or no, pardon me, 64 then, is not reflecting the total work that's been completed. When you did this report there was a fair bit of work that hadn't been completed yet. That's what you're saying?

Mr. Strelieff: — That's right. If you notice just on that same page, on page 64, that it has our budget of 4.287 and our actual results of 3.139. Well this was prepared halfway . . . or not halfway, but midway through the work and we hadn't finished. So we're just saying that the numbers that are produced in that schedule don't reflect the work being completely done yet, because it's not done yet.

Mr. Toth: — Okay. So the hours you've got there are just basically reflecting the fact of what you anticipate you need to complete the report. That doesn't necessarily mean you may end up completing the report, I mean, or feel that you're able to, based on the comments made just a moment ago — like on

page 72, where there was 5,400 hours required, some of that work was never completed because you just didn't have the time or didn't have the resources to get it done.

So is that just a decision that your office then makes, not to complete that work?

Mr. Strelieff: — Yes.

Mr. Toth: — And you'll have reasons given in your spring report as to why you didn't complete, and where would a person . . . towards the end of the report, is that where you'd cover these?

Mr. Strelieff: — We discussed earlier a few examples. Like in our budget we would say that we were going to need, I don't know, say \$10,000 to do our work at the Greystone. So that's in our budget. At the end of the year, we didn't get that done, and we report to you that we didn't get that done for the following reasons.

Or that earlier we talked about the agricultural marketing boards and just how best to get that done as again we're trying to work with the Department of Agriculture in terms of trying to get that work done in a more efficient way.

So the work plan does change as the year goes on. And in some cases we're not able to complete the job; in other cases, priorities change.

Mr. Toth: — Okay, just a further question to that. Based on the numbers given on page 72, that 5,400 hours, how many hours work were actually not . . . At that time you, I think, just mentioned that there was some of that work wasn't completed. When it came down to the bottom line, how many hours of work that you felt should have been done were actually hours that you never did get completed because you just determined you weren't able to do it?

Mr. Strelieff: — Which page again, sorry?

Mr. Toth: — Page 72.

Mr. Strelieff: — Mr. Toth, members, so we're on page 72 and you're asking . . . We had a plan, work plan that cost 4.7 million and the actual costs were 4.19 million, and therefore there was 5,000 hours that we didn't do and the costs weren't incurred.

A lot of that related to 23 district health boards that we hadn't yet been involved in or funded for. And that would show up on page 70 under the Department of Health. That was a major reason why . . . I mean we had it in our budget to work with these 23 audits, district health boards, but because we weren't funded for it, we didn't.

Mr. Toth: — One further question. On page 35, I note for the '96-97 under the line, agent and advisory services, you had 200,000. Now this is coming back to some of those . . . maybe a comment you just made about district health boards and the decrease in costs. It dropped to 95,000 in '96-97. You've got a note to a decrease of 95,000 results from the government using appointed auditors to audit three district health boards. Which

were the three district health boards for that line or that note? Do you remember?

Mr. Strelieff: — Mr. Toth, members — Pipestone, Twin Rivers, and Moose Jaw.

Mr. Toth: — Thank you.

The Chair: — Okay. Thank you. As delegated to us by the Legislative Assembly, our job is to approve the line item amount in the budget for the work of the Provincial Auditor on page 108. I'll call for the motion now that item 1, total for administration of The Provincial Auditor Act in the amount of \$4.220 million be approved.

The motion before the committee is:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 1998, the following sums — General Revenue Fund, budgetary expenses for Provincial Auditor, \$4,220,000.

Is that agreed? Oh sorry, we need a mover first. I think Ms. Draude's moving this. I'll call the question — all those in favour?

Mr. Trew: — Madam Chairperson, I move:

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, 1998, the sum of \$3,517,000 be granted out of the General Revenue Fund.

I so move.

The Chair: — And as the committee notes, the difference is the amount granted in interim supply. To Mr. Trew's motion, all those in favour? Opposed, there weren't any.

Opposed, if any. It's carried.

While we're handing out then the report that will be before the committee, I would like to thank the Speaker for presenting to us the Provincial Auditor's reporting; and to the committee members for their thoughtful questions in the report that was presented. To the Provincial Auditor and staff, thank you for appearing today and answering our questions. We appreciate the time and the thoughtful approach to the answers.

The Speaker: — Madam Chair, as Chair of the Board of Internal Economy I'd like to join with you in thanking the hon. members for their questions to the Provincial Auditor and his staff today. And also to say particularly a thank you to Mr. Strelieff and Mr. Wendel and Ms. Walker and Ms. Tomlin for their preparation for today and for the complete and frank answers in response to the questions. Your review is appreciated.

Mr. Kowalsky: — I just want to mention the same thing that I did at the Board of Internal Economy, and that is that the recognition of the auditor in decreasing his budget voluntarily

by 2 per cent is very much appreciated. I think it's helpful to all of us as legislators who are trying to keep the finances of the province under control. And so I want to just acknowledge that.

Mr. Trew: — Thank you, Madam Chairperson. I move . . .

The Speaker: — Could the Provincial Auditor be permitted to comment just before the motion.

The Chair: — Oh, certainly, thank you.

Mr. Strelloff: — Thank you, Madam Chair, and members. I'd just like to also thank you for your support and we'll work hard to earn it.

Mr. Trew: — On behalf of Her Majesty, I accept your benevolence.

The Chair: — To the committee, we have two more motions. We have the motion that'll be put now by Mr. Trew.

Mr. Trew: — Thank you. I move:

That this committee recommend that upon concurrence in the committee's report, the sums as reported and approved shall be included in the Appropriation Bill for consideration by the Legislative Assembly.

The Chair: — Moved by Mr. Trew. I call the question. All those in favour? Opposed if any?

And the report that's been circulated, you've looked at. Are there any questions to the report — the draft that's been presented? If not, I would ask our Vice-Chair, Ms. Draude, to put forward a motion on the report.

Ms. Draude: — I move:

That the draft report of the Standing Committee on Estimates be adopted and presented to the Assembly.

The Chair: — To that motion, all those in favour? Opposed if any? Carried.

This then will be presented this afternoon in routine proceedings. I think the only order of business now is a motion of adjournment. Moved by Mr. Whitmore, with vigour over there, and all approved.

The committee adjourned at 10:58 a.m.