



Standing Committee on Public Accounts

Hansard Verbatim Report

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Legislative Assembly of Saskatchewan

Twenty-fourth Legislature

**STANDING COMMITTEE ON PUBLIC ACCOUNTS
2000**

Ken Krawetz, Chair
Canora-Pelly

Myron Kowalsky, Vice-Chair
Prince Albert Carlton

Rod Gantfoer
Melfort-Tisdale

Debbie Higgins
Moose Jaw Wakamow

Carolyn Jones
Saskatoon Meewasin

Carl Kwiatkowski
Carrot River Valley

Lyle Stewart
Thunder Creek

Kim Trew
Regina Coronation Park

Milton Wakefield
Lloydminster

Mark Wartman
Regina Qu'Appelle Valley

The committee met at 9 a.m.

Mr. Putz: — Members, if I could bring this meeting to order. At the first meeting of the Public Accounts Committee after a general election, and the first opportunity at the convening of a new legislature, it's the duty of the committee Clerk to preside over the election of Chair. And with that now, I'll ask for nominations for the position of Chair.

Mr. Kowalsky: — Mr. Putz, it's my pleasure to put forward the name of Ken Krawetz as Chair of the Public Accounts Committee.

Mr. Putz: — Mr. Kowalsky has nominated Mr. Krawetz to the position of Chair. Any further nominations?

Mr. Gantefoer: — I move nominations cease.

Mr. Putz: — Mr. Gantefoer has moved that nominations cease. All those in favour? All those opposed? Carried.

May I then have a motion then to move that Mr. Krawetz be elected to preside as Chair of this committee.

Mr. Kowalsky: — The motion that I would like to present is:

That Ken Krawetz be elected to preside as Chair of the Standing Committee on Public Accounts.

Mr. Putz: — It has been moved by Mr. Kowalsky:

That Mr. Ken Krawetz be elected to preside as Chair of the Standing Committee on Public Accounts.

All those in favour of the motion, please indicate. All those opposed? I declare the motion carried and invite Mr. Krawetz to take the Chair.

The Chair: — Thank you very much, fellow colleagues. We are now at the point of the agenda where we must elect the Vice-Chair of the committee, and I ask for nominations for the position of Vice-Chair.

Mr. Gantefoer: — Mr. Chair, I would like to nominate the name of Mr. Myron Kowalsky.

The Chair: — Mr. Gantefoer has put forth the name of Mr. Kowalsky. Any further nominations?

Ms. Higgins: — I move nominations cease.

The Chair: — Ms. Higgins moves nominations cease. Agreed? All those in favour? Opposed, if any? We now require a motion.

Mr. Gantefoer: — I will move that Myron Kowalsky be appointed position of committee Vice-Chair.

The Chair: — It has been moved by Mr. Gantefoer:

That Myron Kowalsky be elected to preside as Vice-Chair of the Standing Committee on Public Accounts.

All those in favour?

Mr. Kowalsky: — Mr. Chair, before the motion. I just have one comment to make if you permit me.

The Chair: — Sure, yes.

Mr. Kowalsky: — In view of the recent judge's decision that Ms. Lorje is now an official member, I just wanted to advise the committee that we may be changing some of the membership of our committees. However I'm very pleased to stand as Vice-Chair until such time that happened, but I just wanted to let the committee know that it could happen.

The Chair: — A substitution?

Mr. Kowalsky: — Right.

The Chair: — Okay, but it would not involve yourself?

Mr. Kowalsky: — Well, we don't know. I mean it won't happen until after the legislature is called, and it could involve me.

The Chair: — Okay. Thank you very much. Okay, I'll put that question to the members again:

That Mr. Kowalsky be elected to preside as Vice-Chair of the Standing Committee on Public Accounts.

All those in favour? Opposed if any? I declare Mr. Kowalsky as the Vice-Chair of the Standing Committee on Public Accounts.

You have an agenda before you with six items, and the purpose of this morning's first meeting of the Public Accounts for this new session is to basically be an orientation seminar. And as we've indicated, and as you see from the members present, I believe nine of the ten members are new to the Public Accounts Committee and I think orientation is going to be very important.

We have set aside the morning for those people who will be making presentations. We would like to keep a timeline of adjournment to be about 11:45 — if that is agreeable with all the members — and that will allow those people who have other commitments in the afternoon, in the early afternoon, to also make those commitments as well.

So without further ado I'd like to ask Greg, as committee Clerk, to do the orientation presentation on committee mandate and operating procedure.

Mr. Putz: — Okay, thank you, Mr. Chair. I'd like to begin by just putting the Public Accounts Committee into context. As you are probably aware, most of you have been around . . . well some of you have been around here a long time. Some of you have been here at least to experience the December session, and you realized that the Assembly really has three roles, three main functions: the legislative role, the financial role, and the scrutiny role.

In the legislative role, this committee traditionally has had just a

marginal involvement. In some other jurisdictions, the standing committees receive legislation from the House and they go through the clause-by-clause process in the committee and report the Bills back.

This committee has only done that on one or two occasions in its whole history, and that has been dealing with The Provincial Auditor Act. But in the normal course of events we shouldn't expect that, and then that's why I said that that aspect of this committee is just a marginal involvement.

Secondly, the financial role. This committee has a very important role in the financial cycle, and you'll hear more about that later from the Provincial Auditor's office and the Provincial Comptroller's office. This committee's role is at the end of the financial cycle. This committee's mandate is — we'll discuss a little further later on, in what you might have read in some of the documentation that we had sent out to each of your offices earlier in anticipation of this meeting — is a post facto review of how the government has spent its funds; the funds that were granted by the Assembly through the estimates review process.

The funds that have gone through the comptroller's office and then audited by the Provincial Auditor's office and then the auditor's report is tabled in the Assembly and forwarded to this committee as part of its order of reference, as well as the *Public Accounts* document which is produced by Mr. Paton's office — the Provincial Comptroller's office. That's part of their job, but they'll get into more detail on what they go about doing, how they go about doing their business later on this morning.

What I want to concentrate is the role of the committee, its terms of reference. The order of reference for this committee is outlined really in the committee's mandate statement — that's this document that was distributed to all of you — and there is a statement about the committee's order of reference in there, and the first part of that says:

To examine and inquire into all such matters and things as may be referred to it by the Assembly, and to report from time to time its observations thereon with the power to send for persons, papers and records, and to examine witnesses under oath;

Now that may seem familiar to you because that's part of the motion that's passed when all of the standing committees are established. That's the power of all the standing committees. The key part of that statement is "things as may be referred to it by the Assembly" and that is the functional part of this committee's order of reference.

Now you may also recall that on the second day of the December session, there were a whole bunch of order of reference motions passed by the House, and two of those motions were specific to this committee. One of those motions was the referral of the reports of the Provincial Auditor, and the second was referring the *Public Accounts* documents. Both of those documents — as they are tabled in the Assembly — are automatically then referred for this coming session to this committee.

At the beginning of a legislature, there's another part of that, and what normally happens is that some of the issues that were

leftover from the last legislature are re-referred to the committee. For instance, the auditor had a spring report that was part of the previous legislature and that motion encompassed both that report and the reports that were tabled — the auditor's fall report — that were officially tabled during the December part of the session.

So this committee has a little bit of overlap just to make sure nothing was left out. Now I think the auditor had indicated to me that he'll give some indication as how he thinks maybe the committee could proceed on these two outstanding reports because in the past the committee, when it's gotten behind, the auditor has helped a little bit with its agenda in grouping like recommendations and that sort of thing together. We'll hear about that later as well.

So there you have it — the committee's order of reference. Its mandate is to review these documents, and how it goes about doing it. The committee has also produced another document which I forwarded to you, and I hope most of you'll have had an opportunity to read through this document because that's where I will spend most of my time.

The *Operating Principles and Practice* — and I'll just give you a little bit of history of how that document came into being.

All the Public Accounts Committees in Canada are members of an organization called the Canadian Council of Public Accounts Committees. And Mr. Gantefoer will be aware of that because he's attended some of the conferences in the past when he was Chair of this committee. The rest of you are probably not familiar with that organization. What that organization really is, is a professional development organization for the members of Public Accounts Committees across the country, where once a year they get together and they discuss issues that are common to each of the Public Accounts Committees in the country and it's an opportunity to discuss some of these issues.

But that organization does a little more than that. They've discussed some of the problems that have existed in this country with auditing government accounts, dealing with provincial auditors, and that sort of thing. And in the late 1980s, they came up with some guidelines for Public Accounts Committees. This committee at the time was going through a rather troublesome period where there was a lot of partisan . . . let's say debate. The committee wasn't getting much done because the committee had kind of gotten lost — and I can say this because it was by admission of both sides of the table in this room that the committee had kind of lost its purpose — and it decided to look at its own mandate and operating procedures and principles based on what CCPAC (Canadian Council of Public Accounts Committees) had come up as guidelines.

In those days the Chair was Mr. Swenson, then it was Mr. Martens, and then it was Mr. Van Mulligen — or opposite order — and through three committees, they looked at these operating principles and they came up and adopted operating principles that this committee could live with. And for the most part they are the guidelines that were outlined by the Canadian Council of Public Accounts Committees. And they came up with this document — *Operating Principles and Practices* — and as you can see on the cover, it was adopted in 1992 with a small amendment in 1993. And these are the operating principles and

guidelines that by and large this committee has been operating under since that time.

There are a few things — and I'll go through those in a moment — that the committee has found through practice and through practical considerations. They have modified or have omitted some of the things that they adopted for themselves in the past. One of those is having a subcommittee and agenda. They just found it much easier for the Chair and the Vice-Chair to be that subcommittee in effect, and to discuss what the agenda, upcoming agendas for the committee will be for future meetings.

So there you have it, this document. And what I'd like to do now — unless there are some questions about this — is to go through each of these things point by point and give you a little bit of historical perspective of why some of the things are in this committee that are a little different than other committees. Just to put this committee into context with the other committees of this Assembly and also give you a history of how this committee got from where it was a number of years ago to where it is today.

And I'd like to begin with the Chair. I'm going to try and follow this document point by point. You can see it's outlined: Chair, membership, meetings, and that's the way I've mapped out my presentation here today.

So I'll begin with the Chair. The importance of the position of Chair to the Standing Committee on Public Accounts is I think symbolized by the fact that the committee outline the Chair's role in its document ahead of all of the other things listed there. The thing that this document . . . which again I hope that most of you have read because I'm not going to go through this line by line; I'm just going to talk about each of these headings.

The position of the Public Accounts Chair is unique in the parliamentary context. It was one of the few places where the Chair not only maintains order and decorum but also fully participates in the questioning of witnesses and in the other deliberations. And furthermore, the Chair is a member of the opposition.

These two facts may seem to contradict what the parliamentary authorities define as the role and responsibilities of a presiding officer. The Speaker, for instance, is expressly forbidden to participate in debate. The Chair of the Committee of Finance in the House doesn't question the ministers during consideration of the estimates.

In every other parliamentary setting the scrutiny role is performed by the members and not the presiding officers, so why is it different in this committee? To answer this question, I thought I'd attempt to do that by taking an historical perspective.

Until 1967 the Chair of this committee was chosen from the government side of the committee. It had been like that since the territorial days. By the way, this is the oldest committee of the House. It was one of the first committees established in 1906 when the House established its first set of rules and it was basically an extension of the Public Accounts Committee that extended in the territorial days from the 1870s on.

So the Saskatchewan committee was patterned after all the other Public Accounts Committees in Canada and in Ottawa, which also had a government Chair, and that was the case in Ottawa until 1958. In that year the House of Commons adopted — amongst other things — the British practice of selecting an opposition member to chair the Public Accounts Committee. And this reform was part of a drastic overhaul of that committee which MPs (Member of Parliament) had said had become very ineffective.

The same dissatisfactions that prompted the MPs in Ottawa to reinvent their own Public Accounts Committee caused the members here as well to seriously reconsider the operating principles of the Saskatchewan Public Accounts Committee. So in 1963, the Assembly established the special committee to examine into and evaluate the function, terms of reference, and methods of the Select Standing Committee on Public Accounts and Printing.

The title may seem odd there because once upon a time this committee also, besides its Public Accounts role, decided what document should be printed — for instance, the *Votes and Proceedings* — what speeches should be printed in the *Votes* before there was *Hansard*, that sort of thing.

So in addressing the historic role of Chair in the various Public Accounts Committees, the special committee was very direct in its observations. In the report it was stated that in Ottawa it appeared that the Chair's main interest before 1958 was to prevent rather than to encourage examination.

With respect to Saskatchewan, the committee stated that at best the Chair could only operate in a role similar to that of the Speaker in the legislature. And I quote from the report:

The committee chairman from the government side is an arbiter between opposing factions and does not initiate or lead investigations himself.

It was further observed that the Chair's role had become one of keeping the discussions within the narrowest bounds and prodding the committee into approving the accounts as rapidly as possible.

The special committee was particularly impressed with the British Public Accounts Committee where it found that the Chair had an extremely important role. At Westminster, the Chair served as chief interrogator — and those were the words of the report — and other members had a role akin to jurors, quote, "who will come later to serve conclusions on the matters at issue."

So in describing the Westminster model, the special committee stated the Chair gives a sense of direction to the committee and guides it in its investigations. And again I quote from the report:

A chairman chosen from the opposition members can do this effectively because he's interested in making a thorough, critical examination of the government's financial transactions. He has every incentive to be fair and judicial in his examination because the majority of votes in the committee are from the government side.

It was also the special committee's view that the Canadian Public Accounts Committee achieved its greatest productivity after 1958.

Under the opposition Chair (the report stated) the public accounts committee succeeded in doing two things it had never been able to do before: one, make a systematic investigation based on the auditor's report; and two, demand and get a follow-up from the government on the recommendations made by the committee.

In 1964, the special committee reported to the Assembly and advocated, amongst other things, a switch to an opposition Chair in order to make the committee more productive. In 1967, the recommendation was implemented and the position has essentially remained the same since that date.

I should mention one small modification to the practice which occurred to the practice in the late 1980s. At that time it became the practice of the Chair on matters of great controversy to leave the Chair and carry on his investigations from another position. This was done to avoid having the Chair involved in a point of order, something might . . . or something else that might have to be done in a procedural sense.

So in any event, the situation arose where if the conduct of the Chair was subject to a point of order, then the Vice-Chair just simply took the Chair and presided over the point of order.

It might be worthwhile at this point then to talk a little bit about order and decorum, but before leaving that the question was asked of me, well, does the Chair vote in this committee? No, the Chair like other presiding officers does not vote unless there is a tie. And again that was for the reasons that I stated earlier — that even though the Chair is opposition, the government should have a majority in a Public Accounts Committee and that's the situation in this committee; has been that way and it remains that way.

So unless there is a tie, the Chair does not vote, and if the Chair does vote, the Chair follows the same prescribed rationale for voting that the Speaker would in the House in the case of a tie vote, or the chairman of the Committee of Finance.

As I mentioned earlier, the Chair is responsible for order and decorum in the committee. But unlike in the Assembly, the rulings of the Chair may be appealed to the committee itself. That of course is one of the factors why the committee came to have an opposition Chair because rulings can be appealed. And I think it might be worth repeating that as a member of the opposition, the chairman is keenly interested in critical examinations of the government's accounts, knowing however that the government does have a majority on the committee and can be overruled at any time.

The committee, however, has no authority to punish or censure one of its members or other persons for an alleged offence. This is can only be done through the House upon the recommendations of this committee in a report. Nor does the Chair of this committee decide questions of privilege. Such matters again must be reported to the Assembly for action there.

And finally, procedural difficulties that arise in this committee

must be settled in the committee and not in the House. And so, as I stated, the Speaker of the House will not hear any alleged breach of conduct, contempt, or any other matters except by way of a report of this committee. In other words, this committee, if there is a breach of order and decorum, if it's of a serious nature, this committee has to agree that it is serious and report the matter to the House.

The membership of the committee is the next thing I want to talk about. I'm sure that most of you are aware of how you ended up on this committee. You were designated — or maybe you aren't — you were designated by your caucus and appointed by an order of the Assembly by way of a report of a special nominating committee. I don't know if any of you recall that process in the House, but the nominating committee was made up of members of both sides of the House, they determined the size and the ratio of all of the standing committees, and through, I would guess, consultation with each of their respective caucuses designated names of members to serve on each of the committees.

The important point, though, to remember is that the membership on committees is the prerogative of the Assembly, even though your caucuses might have put you here. That means there may not be any substitution of membership unless so ordered by the Assembly. In other words, you're stuck here until the Assembly decides to remove you and that would have to be accomplished by a motion in the House. So those of you who are already keen to get off this committee — like Mr. Kowalsky — he has to wait for the Premier to call the House back into session.

And that's either done by motion in the House — that's the normal way for substitutions to take place — or by reconvening with special nominating committee which is probably the more unlikely of the two scenarios.

You might be aware that certain committees do allow for a daily non-permanent substitution, such as the case of the Standing Committee on Crown Corporations, but that's only because the Assembly has delegated that authority to the committee for the temporary day-to-day substitutions through the standing orders of rules of the Assembly.

So what about other members of the Assembly? Are they allowed to participate in the deliberations of this committee? Well about 20 years ago, the Public Accounts Committee began each session with a motion which was worded as follows:

That any member of the legislature be allowed to attend meetings but not participate in discussions.

I think that it's apparent from the wording of that motion that the committee is well within its authority to restrict the participation of other members in its deliberations. And a most recent example of that was the Standing Committee on Agriculture — and it met in the House; it had a similar motion.

But having said that though, the present practice is rather the opposite of this committee, or has been, and it will continue that way until the committee decides otherwise. And other members have been generally permitted to participate, although under no circumstances may they vote, may they move motions, or are

they counted for quorum. But again that's totally within the jurisdiction of the committee to decide the level of participation by other members of the Assembly.

The contemporary practice of this committee — just as a procedural note — as is, is what is stated in *Beauchesne's Parliamentary Rules and Forms*, 6th Edition and is repeated in point 4 of our committees own operating principles.

Now the question of quorum — and I'll be brief on this. I just want to state what it means in the context of this committee. The rule book specifies that quorum shall be a majority of members, meaning 50 per cent plus one. That means that the quorum of this committee is six members, which is the minimum number of members required to begin a meeting. Once a meeting begins, however, fewer than half of the members may be present as long as they're not brought to the Chair's attention. It works here the same way as it does in the House.

If quorum is called and there are fewer than the required number of members present, the meeting is automatically adjourned without question put. Quorum, however, is always required when a vote, resolution, or other decision is taken. The Chair should not propose a question unless quorum is present.

The last point I want to make about quorum is that this committee does have an option under rule 98(2) which states:

The Chair may be authorized to hold meetings to conduct hearings and receive evidence when a quorum is not present.

This could be accomplished by the committee simply passing a motion pursuant to that rule.

And please note that point 8 of the committee's own operating principles requires that even if a motion is adopted under rule 98, the presence of members from both the government and opposition side is still required to constitute even a reduced quorum. That's something that the committee thought was necessary in its own procedural terms.

Now meetings of this committee are called by the Chair at his discretion, except where the committee has designated a motion designating specific times and dates when it shall meet. And that's a motion that this committee may want to pass. The committee normally passes such a motion, particularly during the times of session when they decide whether they're going to meet one or two mornings a week, what day of the week, and for how long. Just so that there's a regular time that all the committee members know that this committee will be in operation and going about its work.

In practice the Chair consults with the Vice-Chair to ensure quorum will be present for the meetings. And point 46 of our operating procedure states that a steering committee comprised of the Chair and Vice-Chair will be utilized to organize meetings. But as I was stating earlier, this was found soon after the provision was adopted to be too cumbersome and to be not so effective.

So for the most part, as I've stated, the business agenda and

when the meetings are to be held — unless a motion as I just indicated has been passed — shall be sorted out between the Chair and the Vice-Chair behind the scenes. And then they'll report back to each of you through their regular caucus methods.

When a regular time frame is adopted for committee meetings, any subsequent deviation from that should be accomplished by a motion. For example, if the committee wanted to conclude its meetings right now and they had passed such a motion saying that this committee will meet from 9 till 11 every Tuesday morning, then we should . . . then it's required that a motion be passed that the committee adjourn. But like the House, if we get to the regular adjournment time that has been predetermined of 11:30, then like in the House, the Chairman will just end the meeting then, just as the Speaker does, because there's, in this case, there's an order, in the House there's a standing order saying the House — or in this case, the committee — shall adjourn at that specific time.

Another thing that I should point out is that in Saskatchewan practice, no committee may sit while the House is sitting unless so authorized by an order of the Assembly. Nor can this committee sit away from this building unless specifically authorized by the Assembly. And room 10 is in fact the home of the Public Accounts Committee and has been so for a number of decades.

The documents related to this committee such as sets of *Public Accounts* and auditor's reports are stored in the cupboard behind the government members over there. So if you happen to forget yours, there are copies here. And Sandra Gardner in the Office of the Clerk is responsible for making sure all the documents are there and in good order.

These documents are for the use of the members while in the room, but all I ask is that you don't remove them from the room, and you don't annotate them with your personal remarks. If you want to make notes on the documents, please do so on your own personal copies.

We also have a small supply of stationery as well in the cupboard there behind where Murray is sitting. That's for use of the committee members.

And what else? We also have a set of provincial statutes and parliamentary texts such as *Beauchesne's* also in that cupboard.

One of the quirky things I want to point out about this committee is that it is the tradition of the committee — well this isn't a quirky point — the committee Chair to sit at the east end of the room with the Clerk to the right and the auditor and deputy auditor to the Chair's left.

But — this is the quirky point — contrary to normal parliamentary tradition, which Mr. Kwiatkowski is bucking at today, and for reasons unknown to me or anybody else I think in living memory, the government members of committees at the Saskatchewan Assembly for some reason sit to the left of the Chair and the opposition members to the right, which of course is quite the opposite of the set-up in the House.

In any event, as Mr. Kwiatkowski has proven this morning,

members are not restricted from sitting on one side or the other.

It is at the west end of the table where the witnesses sit. The comptroller sits to the left of the witnesses at the opposition side of the table.

Traditionally, room 255 was the home of the Crown Corporations Committee. But in recent times it has also met in this room so there are some items in those cupboards that is peculiar to that committee. There's also . . . the Regulations Committee also meets in this room and one of the cupboards is for their material so I've been asked that . . . keep your hands off these materials because they've been sorted and put in an order that they want and they wouldn't appreciate you playing with their documents.

Now I want to talk about expert assistance to this committee. The Provincial Auditor attends all the meetings of this committee unless advised not to do so. Mr. Strelieff, who is away today but is ably represented by Mr. Wendel, in fact has statutory authority to this committee and his office is required to fulfil certain obligations to the Assembly and to this committee, which of course they'll detail a little bit later on this morning.

Mr. Strelieff is in fact an officer of the Assembly. Mr. Paton, on the other hand, who is our Provincial Comptroller, is responsible to the executive branch of government and his reason for being here is different. Again, he'll point out his role and the purpose for him being here later, but for now I just wanted to point that his presence here is also a matter of routine.

And with respect to the offices of these two gentlemen, I'd like to make a few remarks with respect to the history of this committee. Besides the reforms involving the Chair, the second of the three enduring reforms brought about by the special committee in 1963 and '64 concern the role of the Provincial Auditor and the relationship between the Provincial Auditor and this committee.

And to do so I want to quote a little bit more from the 1964 report in order to give you that historical perspective. And I think this quote illustrates the state of affair of just 35 years ago. And the quote goes on:

Under the Treasury Department Act, the Provincial Auditor has the duty of approving expenditures before they are made, and consequently before they are recorded in the public accounts. As a result, when the public accounts committee receives the accounts of government, the transactions recorded in them have already had the approval of the Provincial Auditor. If the Provincial Auditor in Saskatchewan were to prepare a report like those prepared by Auditors General of Britain and Canada, which contain criticisms and descriptions of selected significant financial transactions of government, he would be criticizing transactions which he must by statute have approved already . . .

So in other words there is an inherent conflict of interest there. And I might point out that this was the same situation in Ottawa until 1931 and we didn't get around to changing it until much

later.

So you can see the reason why the special committee recommended, and I'll read the recommendations in order: (1) an independent auditor responsible to the Assembly be established; (2) that the duties be changed so that the accounts are audited on behalf of the Assembly after expenditures have been made; and (3), that the results of the audit to be reported to the Assembly; and (4), that the control over disbursement be transferred to the Saskatchewan treasury department.

So this was all accomplished by the late 1960s in Saskatchewan to give us the present situation whereby the committee has, in the auditor's office, the expert full-time assistance it needs to do its job.

And again I won't presume to explain how the auditor fulfils his role and his office's role. We'll hear about that in a moment.

And now what about the Provincial Comptroller? The Provincial Comptroller provides the committee with information on the province's accounting system and general financial administration policies. The comptroller also works with the departments to answer and to satisfy the committee's recommendations where possible. That is why he sits closest to the witnesses, by tradition. And of course the comptroller is also responsible for the *Public Accounts* document which is also before the committee.

The next item I want to talk about is in camera meetings. Until the late 1960s, the Public Accounts Committee met openly before the public and the media. That, however, was changed as a result of the 1964 special committee report.

In its report, the special committee acknowledged a number of very strong arguments for having public meetings. The wide attention by the media to the investigation was cited as a reason for keeping the meetings open to the public. But given the history of the committee in the early 1960s, the committee concluded, contrary to the report, that the media only gave the public part, and perhaps a distorted part, of the whole story.

Public meetings, it thought, tended to encourage the committee to seek for sensational material and ignore important but less entertaining matters. Public meetings deterred civil servants from speaking freely before the committee.

So these are a few of the reasons why, beginning in 1967, all of the meetings of the Public Accounts Committee were held in camera and evidence and verbatim not released until the committee had made its report to the Assembly.

In 1982, the prevailing attitude towards in camera meetings changed again. It was determined that public meetings made the public, the media, the public servants, and the government more aware of what the Public Accounts Committee was, and that put more pressure on the government to take actions on recommendations made by the committee.

So consequently this viewpoint was reconfirmed during the mandate review in the early 1990s, and this committee has met continuously in public since 1982. The minor exception to this general rule is that it's not uncommon — or was not uncommon

until the last legislature — for the committee to meet in camera to receive a briefing before the auditor, before questioning the departmental witnesses. The committee as well has met in camera — and this is more universal — to deliberate on its report.

The other specific reasons why the committee might meet in camera are addressed by point 15 of the operating procedures.

I want to talk now about witnesses before the committee. Since 1967, witnesses before this committee have been almost exclusively deputy ministers and senior departmental officials. Unlike the Crown Corporations Committees, ministers are not invited to appear before the committee. The reasons for this was addressed in the 1964 special report, whose recommendations remain the basis for our contemporary practice.

And again I'd like to quote a little bit from that report. The report said:

The records indicated that in early years the chief witnesses before the public accounts committee in Saskatchewan were civil servants and usually the permanent heads of departments. However, the committee was used as a political forum and ministers, who by their position were the appropriate witnesses for such a committee, gradually replaced civil servants as witnesses. The rulings of successive chairmen tended to encourage and make formal the change.

For the detailed investigation of expenditures that a public accounts committee makes a permanent head is a more satisfactory witness than a minister because, as a witness before the Special Committee on Public Accounts Procedure stated:

1. His attendance tends to preclude policy debates; he may say what the policy is, he may discuss the administrative aspects of policy but he will not debate policy.
2. His evidence is based on a more intimate knowledge of the facts.
3. The information he provides is less likely to be subjected to the same political screening as that obtained from the minister.

And:

4. The selection of the permanent head or deputy minister as the principal witness before the public accounts committee builds right into the civil service a pressure in the direction of strict observance of propriety, lawfulness, custom, convention and the rights of parliament.

So these were the reasons and the basis the special committee made the recommendations with respect to witnesses before the committee, and this has been adopted and then reconfirmed by each successive committee mandate review right up to the present.

The final point in this, I want to mention, is that witnesses before this committee are protected by parliamentary privilege,

and as such the Chair does explain those rights before they are asked to respond to questions put by members.

Now I want to go on to meetings and questioning of witnesses. As I mentioned earlier, the basis of this committee's examination has become increasingly, and almost exclusively in the past number of years, the Provincial Auditor's reports. Traditionally the committee conducts its examinations based on the organization of the auditor's report.

What that means is that in the past, the auditor has issued reports in the spring and fall, and generally the committee follows and reviews those recommendations as presented in the manner in which the auditor has presented them. But on occasion, the auditor has — for the committee's convenience — grouped recommendations of a like kind for specific departments to make it easier for the committee to conduct its hearings.

Examinations normally begin by questioning the auditor about his recommendations and asking the Provincial Comptroller if the comptroller has some comments on those recommendations. And at one time this was done in the absence of departmental witnesses, but as I said, during the last legislature — at least the last five years or more — this has been done with the witnesses right in the room.

Next, the officials are invited to respond to the auditor's report pertaining to their administrative responsibilities as well as the entries made in the *Public Accounts*. With respect to the section — questions of witnesses — in the committee's operating practice, points 27 through 39, I'm not aware that the committee has adopted a set of standard questions. I believe this has been left to the members. If there are standard questions, they haven't been apparent to me and if there are, then this has been done behind the scenes on an individual member basis.

What this committee has done is provided the witness an opportunity to make an opening statement about known concerns before opening the floor to questions.

The scope of examination is addressed in points 30 through 33 of the committee's operating procedures document. An examination is conducted by the committee agreeing to what — if anything — it wants to put in, in its report on that particular topic.

Now reports to the House. It has been the practice of this committee to try to report to the Assembly whenever it has concluded a review for a specific fiscal year; and normally the auditor's reports are arranged on the basis of fiscal year, so that goes hand in hand with its reviews.

The report is comprised of the committee's own recommendations and observations it has made on the auditor's recommendations. And as I said, the recommendations and observations are normally derived from the auditor's report and the response the officials have made to the committee in response to the auditor's various recommendations and observations.

The committee will also make observations with respect to the government's response to the committee's last report, and that

was distributed to you this morning. We have received the government's response to the last committee of the last legislature's report to the House which . . . I think I brought a copy of it . . . which was this document here.

The committee's report is drafted by its Clerk — namely me — so from a personal point of view, let me repeat that it would be very much appreciated if the committee could very clearly indicate what it wants to report after each decision it makes with respect to the auditor's report or the Public Accounts as the case may be.

The draft report is then at some point considered by the committee, amended if necessary, and adopted, and then presented to the Assembly by the Chair. Once the report is received by the Assembly, the government is asked to provide a response to the committee within 120 calendar days. And again, that is the document that was distributed to you this morning.

That response, as I said, was a response to the last report of the last committee during the previous legislature. And although the third report of the Public Accounts Committee — which I have not distributed to you to date — has been responded to, it will be up to this committee to decide how it wants to acknowledge that report. And that's something that I can discuss with the Chair and Vice-Chair — and they can bring it up as a committee agenda item later — whether this committee wants to make a thorough review of the government's response to its previous recommendations or just how it wants to acknowledge that report.

So in conclusion, I think I've covered the main reports of the operating procedures and practices. And I just want to leave you with one further thing — and it's more of an issue that this committee may want to grapple with in the very near future — and that issue concerns the review of Crown corporations in this committee. As you may or might not be aware, the auditor within the sphere of the auditor's jurisdiction is to review the Crown corporations and those are reported and recommendations are made in the auditor's report.

But we also have a Standing Committee on Crown Corporations at this Assembly that has a mandate to review the annual reports and financial statements of those Crown corporations. And as long as I've been here, it's always been a bone of contention over which committee has jurisdiction over the Crown corporations of this province.

This committee, in the past, has steadfastly clung to its right to review any matter that is reported in the auditor's report, but in more recent times it has deferred consideration of those matters to the Standing Committee on Crown Corporations. It's my understanding that the officials from the Crown corporations have a concern that they are being reviewed in two places, and a lot of the ground that is being covered in the other committee is then again covered here and vice versa.

During the last session of the last legislature the members of this committee, and I believe the members of the other committee, agreed that after the next general election and when there are new committees, that the Assembly should seriously look into sorting out once and for all where the jurisdiction of Crown corporations should be — whether it should be in the

Crown Corporations Committee or whether it should be in this committee, or in both.

And in saying that, it is a complicated subject because again the auditor has the statutory requirements to review certain things. The auditor's report doesn't go to the Standing Committee on Crown Corporations; it goes here.

So if there is to be some sorting out of jurisdiction, those issues need to be taken into account. And personally, I have made the suggestion in the past that maybe a special committee at some point should be struck — as it was in 1964 — for this committee to review all of these aspects and then make a report to the Assembly.

But I just wanted to alert you that this was an issue during the last session. Mr. Gantefer was here; he probably recalls that discussion. When Mr. Shillington was here as well, there was quite a debate, and you can go back to the verbatim reports of this committee during the last session to get the gist of where the committee members were going on this issue.

In any event, I just raise that as an issue that this committee may want to look at or make recommendations in its next report as to what should be done. Anyways, with that, that's the end of my presentation, Mr. Chair, and I'll take any questions if members have any on anything I said.

The Chair: — Great. Thank you very much, Mr. Putz. We'll open it up to questions for a few minutes or as long as necessary.

Mr. Wartman: — Just with regard to the issue that you raised in . . . last here, do you have a perspective on what other legislatures are doing around this, the process in place?

Mr. Putz: — As I said, this is something that both committees have looked at from time to time in the last 10 or 15 years — especially the last 10 years or so when it's become a matter of interest. It's hard to say because in other jurisdictions the Crown Corporations Committees don't necessarily operate on the same basis as here. They aren't scrutiny or accountability committees necessarily; they are in some cases investigative committees.

I believe that to be the case in Ontario and in Northwest Territories which modelled its committee on Ontario. We have Donna Bryce here. I don't know if their committee has changed since the last time I looked at it. New Brunswick has a similar committee to this, but in some of those other jurisdictions, their committees for some reason haven't been meeting as often as ours. Our committee seems to be meeting more and evolving in recent years.

For instance, our Standing Committee on Crown Corporations now — rather than just being a post facto review because it was modelled on the Public Accounts Committee when it was established in 1947-48 — it now looks into present and into future issues as well, and the committee members are allowed to question the officials and minister when they're here on that basis. So there's been a bit of involvement with that committee as well which also provides a little different forum than this committee. So it's not so easy just to say, well one should be

here or one shouldn't be there, because the focus of the committees has changed a little bit over time as well.

Mr. Wartman: — Thank you.

The Chair: — Anyone else? Seeing no further questions, we'll move forward on the agenda to item no. 4 and maybe I can suggest that at the conclusion of item no. 4, we can take a short break for coffee. Those who wish to have a coffee will be able to do that at that time.

Item no. 4 is an outline of the resources and services that are provided by the Legislative Library, and to make that presentation I would like to welcome Ms. Howland. The floor is yours.

Ms. Howland: — Thank you very much. This will be a very brief description of library services. I think, as I look around the room, we have offered, individually, services to most of the members in the room and you'll probably be very familiar with what we do.

Basically we have three services that we'd like to offer to the committee. And the first service is identical to the service that members receive individually. It's really a notification of new materials, books, journals, magazine articles, newspaper articles, and on-line searching services that we do for the members. These are all offered to the committee and instead of discussing the details of this service with the individual members of the committee, the library would discuss customization of the service with the Clerk and the Chair of the committee.

The services would be offered . . . We could offer them regularly — as we do with the individual member services — once a week, but because the committee is a standing committee and meets for quite a long time, we would recommend possibly distributing on a monthly or bimonthly basis or every other week basis instead of the weekly basis.

The second service that we offer is a compilation of materials that the library has or the materials that the library would have access to on designated topics. For instance, as Mr. Wartman pointed out, we could do some research for you on what's happening regarding scrutiny of Crown corporations in other jurisdictions and we would be able to prepare a list of materials that you could look at and make decisions about what items on that list you would like to see.

We could also do background information — or media coverage, I should say — with regard to what's been in the press here regarding the committee itself or regarding departments that would be, would be up for review before the committee.

I think the third service is probably the one that would be very useful as well. The third service is a list of basic background information that we compile in a kit. Unfortunately at this time we're not able to do research or briefing notes or research papers because of the staffing that we have right now in the library, but we could certainly do kits that are similar to what the members are accustomed to receiving when they go to conferences. Basically it's a list of articles, and articles are

selected and put in a folder or cerloxed and given to the members. So if there was a subject that you wanted to familiarize yourselves with, we would be able to do that as well.

I think that's the list of the basic services that we have to offer at this time. Are there any questions regarding my brief summary?

The Chair: — Any comments or questions from anyone? We look forward to working with you in terms of being able to provide not only the committee but individual members with services that we can all take advantage of. Thank you very much for your presentation.

Ms. Howland: — Okay. Thanks.

The Chair: — With that might I suggest a 5- to 10- minute recess, please.

The committee recessed for a period of time.

The Chair: — With our projected timeline for this morning we want to move ahead. One of the things I overlooked maybe when I took this position is I should have asked that we introduce maybe additional people that will be present here and maybe get an understanding of why additional people are here. And I know that Greg has made reference to a number of names this morning from his staff.

But one of the other things that I think I'm becoming more familiar with, of course, is that . . . with talking with Rod, is that staff members will be present or could be present. And I know we have Murray here as well. And from time to time there will be staff representatives from both the government and the opposition who may be present. So that will be something that we'll do as we move through each meeting in terms of introductions so that everybody knows who's here.

But I would ask Greg to introduce —and I know one of the ladies has already left — but I would ask Greg to formally introduce some of the people that represent his office or the actual taping committee as well.

Mr. Putz: — Okay. Mr. Chair, I'd like to begin by introducing Sandra Gardner. She is new in our office. I don't know if any of you knew Pam Scott. Pam went on to a different department and Sandra has replaced her in the position as supervisor of legislative services in our office. And it's Sandra's job to help me prepare for these meetings.

At the *Hansard* console, we have Kathy Wells. Kathy is — I was going to say an old hand — has a lot of experience, is what I really mean to say, with this committee. I don't know if Kathy will be the regular operator in this room or not, but if she's not, you'll see her here probably on a regular basis. She rotates with some of her other colleagues in *Hansard*.

And finally, I made mention of Donna Bryce. Donna's with our office for a few months, on secondment from the Legislative Assembly of Ontario. She's here principally to help with the Tobacco Control Committee, and so many of the government members in particular in this room already know Donna because many of them are on that committee. But I'd like to

acknowledge Donna as well in the capacity that she was previously in, in Ontario, the Clerk to their Standing Committee in Public Accounts. So she was here just taking in a bit of the orientation. So in all this morning, I suppose we'll compare notes later this morning on how they run things and how we do things here.

So with that, Mr. Chair, those are the staff people from the Assembly with us today.

The Chair: — Great. Thank you very much.

With that, we'll move to item no. 5 and the role of the Provincial Comptroller of course is that item. And I'd ask Terry Paton to introduce the other person with him and to present his information.

Mr. Paton: — Thanks, Mr. Chair. The person that's with me today is Chris Bayda. Chris is the executive director of the financial management branch in the Department of Finance, and he attends all of the Public Accounts Committee meetings with me. He assists me with a lot of the briefings, and he's actually taking part of our presentation today. He's going to do half the presentation as well.

As well as Chris, we've got a number of staff that will attend periodically. They work on specific departments who will be reappearing before you, and it's partly for their information so they see the operations of this committee so they're able to better prepare myself and assist the committee in some fashion as well. But they'll be introduced on a periodic basis. There's often one or two attending each of the meetings.

Before I start in on my presentation, I want to specially thank Greg for his presentation this morning. I've been attending these committees for about 15 years and some of the comments that he made this morning provided a good historical perspective on the Public Accounts Committee, Greg. So thanks very much. That was an eye-opener many times.

Our presentation this morning is going to consist of two parts. We've handed out a list of the slides if you just want to follow through there.

The first part of the presentation talks about parliamentary processes and the role that my office plays in those processes. And after I've finished that, Chris is going to walk you through a short presentation on the form and content of the *Public Accounts* themselves. I'm not sure if you've all received them, but as Greg said there are copies in the cabinets directly behind the government members if you want to see them later.

Our presentation is fairly brief but please feel free to ask any questions that you want.

My objective this morning is to familiarize the committee with the Saskatchewan's parliamentary process, the controlling and accounting for public money, and how it relates to my job as the Provincial Comptroller.

I want to begin by providing a brief overview of the main features of parliamentary control over public monies. These features include, first, the right of the legislature to raise and

spend monies on the concept of a single General Revenue Fund. This indicates or means that, unless otherwise authorized, all public money is paid into the General Revenue Fund and then is appropriated to specific purposes.

Second, a Provincial Comptroller who is responsible to ensure government spending is within legislative limits.

Third, in the annual report on the stewardship of the government by the Public Accounts, and this is the part of the presentation that Chris will be speaking to a little bit later.

Fourth, an independent audit and report to the legislature by the Provincial Auditor, and finally, in the annual review of both the Public Accounts and the Provincial Auditor's report by this committee.

This annual review by your committee serves to close the accountability loop. Through the budget process, the legislature has authorized certain activities and expenditures. The public accounts that I prepare combined with the audit and report of the Provincial Auditor show how the monies were actually expended along with an independent opinion on these activities. This is your opportunity as a committee of the legislature to examine the various reports and to question departmental managers as to how they've managed their affairs.

I want to comment briefly on my role at the Public Accounts Committee. First, as I've already stated, I attend all the committee meetings, and when requested, will provide interpretations and clarifications of financial and the administrative policy. I will provide explanations as to the meaning of the information presented in the *Public Accounts*.

And this is something that the committee hasn't spent a lot of time in during the last few years. We've concentrated a lot on the Provincial Auditor's report, but as Greg pointed out, the *Public Accounts* are referred to this committee as well so it's an item that you can go through in some detail if you choose to.

And finally, on behalf of government, I prepare a reply to the specific recommendations made by this committee. This is the report that Greg referred to a little bit earlier. This reply indicates the action taken by government officials in response to the committee's recommendations.

The appointment of a Provincial Comptroller is a requirement of The Financial Administration Act, 1993. That appointment is made by an order in council. The one thing that's important to note — and again Greg pointed this out earlier — is that unlike the Provincial Auditor who is a servant of the legislature, the comptroller is an employee of the government, so we're a little bit different in our set up. However, the one way that the comptroller does differ from many other government officials is my duties and responsibilities are specifically delegated by the legislature. The Financial Administration Act, 1993 clearly sets out what my responsibilities are.

Specifically these duties and responsibilities, as outlined in The Financial Administration Act, 1993, are to supervise the receipt, recording, and proper distribution to public money; to control disbursements from the General Revenue Fund; to maintain the appropriation accounts of the General Revenue Fund. In simple

English, that's the money that's been budgeted for various departments, we control those expenditures.

We prepare the public accounts which include the financial statements of the General Revenue Fund and the summary financial statements. And again, Chris will be going through those two sets of statements a little bit later on and explaining them to you. We ensure compliance with Treasury Board regulations and directors of Treasury Board, and we issue many financial directives to departments to assist them in their management of their affairs.

To discharge these responsibilities, I have a staff of approximately 66 employees and we're organized into three separate branches. The first of these is the internal audit branch. This branch conducts internal audits to evaluate the adequacy of financial and management controls in departments and attempts to assess management's efforts to measure the effectiveness of program delivery. The branch also audits department payment requisitions to ensure that the expenditures comply with legislative and administrative policies.

The second branch is our financial systems branch. This branch is responsible for maintaining and operating the central budgeting system, the revenue and expenditure system, and finally the payroll system.

They have a number of other functions. They actually control the appropriation function which means the computerized system does not permit payments that will exceed the amount that's been budgeted. They maintain the accounts of the province and provide various reports to departments. They issue virtually all payments on behalf of departments. They develop and maintain payroll policy and provide training for staff and maintain security over our central computer systems.

This is the branch that was responsible for ensuring that the central government computer systems all worked properly on January 1, 2000. I had a number of people that were working that morning and I'm pleased to report that there were no problems, but it wasn't without considerable effort over the last two years. So far there's been no problems and we're really pleased with that.

The third branch is the one that Chris is responsible for, the financial management branch. And they assist me in monitoring the government's financial processes. They fulfill their mandate through a number of activities including the preparation of the year-end financial statements in the *Public Accounts*; developing and amending accounting policy for the approval of Treasury Board; reviewing new financial systems to ensure that they have proper, adequate, financial controls; undertaking a number of policy monitoring activities, including reviewing all draft legislation and reviewing the Provincial Auditor's reports for problems that are being encountered.

They approve the financial statements of approximately 100 government boards and agencies and they assist all departments on an ongoing basis to resolve their financial administrative problems.

That's the first part of our presentation. If there's any questions on those processes, I'll be pleased to answer them or, if you

want, we can hold those and Chris will take you through the *Public Accounts* now.

The Chair: — What is your wish, to ask questions now?

Mr. Wartman: — It's maybe a trivial question but I'm curious about what comptroller as a word means. What's its etymology?

Mr. Paton: — Across the government there's provincial comptrollers, controllers, general controllers, and I think they all mean the same thing. It's the main controller of the province. We just operate the financial systems and control financial transactions. But I don't think there's any history to the "p" in comptroller.

Mr. Wartman: — I'll have to check it out in the etymological textbooks.

The Chair: — If I might, Mr. Paton, you made reference to January 1, 2000 and the smooth transition, of course, with concerns about Y2K. February 29 was also supposed to be another day; and I heard reference on the radio this morning that apparently some firm had some problems. Is there anything within your department?

Mr. Paton: — I didn't hear anything when I was in this morning. There were other dates that were supposed to be problematic as well. I know September 9, 1999 was supposed to be a problem and we didn't encourage . . . or didn't encounter any problems there.

There only thing I noticed is when I check my watch this morning, it's March 1. So that's the only problem I've encountered.

The Chair: — Any other questions?

Ms. Jones: — Thank you. I'm wondering about reviewing draft legislation, regulation. Are you reviewing them in general or just for financial implications?

Mr. Paton: — Primarily financial problems, financial indications. We do not really get into the policy formulation on the legislation. So it's kind . . . We are required to sign off on all legislation, but we look for whether or not the activities that they're planning and undertaking have proper legislative authority. But in terms of setting the policy we accept whatever policy the department's developed and cabinet's endorsed, and then just make sure that the proper controls are in place.

Ms. Jones: — Thank you.

Mr. Wakefield: — A similar question to that. New financial systems, does that mean that new types of computer programming or different approach to financial systems, or what is that?

Mr. Paton: — Financial systems includes both computer systems and non-computer systems. We control the majority of the payments directly from our General Revenue Fund system, but a number of departments have auxiliary systems that make specific payments. So as they're developed by departments, we

have to make sure that they have the proper financial controls. But they're not all computerized. Most of them are now.

Mr. Kowalsky: — I have a question with respect to when does the auditor start, or what stage does the auditor start after you've taken care of the expenses or paying the . . .

Mr. Paton: — You mean starting their audit?

Mr. Kowalsky: — Yes.

Mr. Paton: — I think Judy's going to be speaking to this more specifically, but they actually start throughout the year. They're auditing transactions during the year at the various departments, and commence the final audit, I guess, immediately.

Mr. Kowalsky: — So it could start before you publish anything really.

Mr. Paton: — Absolutely. Oh yes. In fact the auditor is usually completed their audit for the most part approximately three to four weeks before we actually go to print. They complete what's called their field work and there's always some loose ends that have to be tied up in terms of representation letters and a few other items. But it's usually three or four weeks after they finish most of their work before the *Public Accounts* are actually printed.

Mr. Wartman: — So that means that you get the auditor's report or information from the auditor prior to the printing of your report so that . . . Is that what you mean when you say there are loose ends that need to be tied up?

Mr. Paton: — Well there's actually . . . I don't want to step on Judy's toes too much here. The auditor has two main functions. One is actually auditing our financial statements, and the critical part of that is an audit opinion that they supply to us prior to printing our *Public Accounts*, prior to printing volume 1, and it'll state their opinion on these financial statements.

The auditor has a second set of reports that they issue and it's the book that they distributed this morning. They have a spring report and a fall report and that comes out quite a bit after the completion of the *Public Accounts* themselves. These are the specific problems that they want to bring attention to the committee and to the legislature.

The report I was talking about was the opinion on the financial statements. It's just a one-page opinion.

Mr. Wartman: — Thank you.

The Chair: — Any further comments or questions? If not, then we'll turn the second half over to Mr. Bayda.

Mr. Bayda: — Okay, thank you, Terry. Mr. Chairman, members, the purpose of my part of the presentation is to review the *Public Accounts* documents, which include the government's main financial statements, and to review the government's accounting and reporting policies. And I appreciate that few people outside of accountants and auditors ever get passionately excited about either of those things, and so I'll be quite brief.

Firstly, volume 1, as the Chair is holding up, this 80-some page blue book with the province's coat of arms on the cover contains the province's . . . the General Revenue Fund financial statements and the summary financial statements, and these two financial statements are the main financial statements of the government.

The first statement here is the General Revenue Fund financial statements and they account for the financial transactions of the General Revenue Fund and the province of Saskatchewan's sinking funds. The summary financial statements consolidate the financial transactions of the General Revenue Fund, Crown corporations, agencies, boards, commissions, I guess, and they provide a full accounting of all the financial affairs and resources, you know, of all entities for which the government is responsible.

Volume 2, also displaying this classic crest cover, contains revenue and expenditure details for the General Revenue Fund only. And this volume is often of particular interest to members and the media because of the detailed information that it contains. Some of the information provided includes schedules of revenue by department, descriptions of program objectives, and schedules comparing appropriation to expenses by department and program.

And there are also some, what I think of, nitty-gritty details in volume 2. And those include — there's disclosure of salaries in excess of \$2,500 paid to all non-union employees, there is disclosure of payments to suppliers in excess of \$20,000, and also transfer payments or grants when they are over \$5,000.

These limits here, we're currently examining the appropriateness of these disclosure limits. We're starting to think that maybe we could improve volume 2 by raising the limits and we would sort of be disclosing less superfluous information and the information that would be there would be more relevant to the members.

In the past we've sought the committee's input before asking Treasury Board to approve any changes. And I think this means that in the near future, I'm hoping maybe with the upcoming sittings of this committee, that we will be able to bring something here and ask the committee to devote just a little bit of time to this issue.

Volume 2 also contains — there's a summary of superannuation and trust fund balances, and the statement of remissions of taxes and fees — and that information is at the very back — and those are things that are required to be provided pursuant to The Financial Administration Act, 1993.

Okay, we also have a compendium of financial statements. And this is provided separately from the *Public Accounts*. And it's a two-part report and it comprises the financial statements of various government boards and agencies and commissions, superannuation funds, special purpose funds and institutions, and all Crown corporations that are accountable to the Treasury Board.

If you wanted to look at financial statements for, you know, Crown corporations that are accountable to the board of the Crown Investments Corporation, the Crown Investments

Corporation, CIC, provides a separate book that's sort of like these ones.

The compendium we think of as being provided as a convenience to members of the legislature and the public. It's just a place where you can go where all the financial statements are in one place. Volumes 1 and 2 and the compendium are all available on the Internet through the government's home page, although I still find it easier to use the paper copy myself.

Lastly, we have a supplementary information volume and this volume contains even more details on the transactions that are undertaken through the General Revenue Fund. And it has a very limited distribution. We send it out to MLAs (Member of the Legislative Assembly), and I think the media is also provided with copies.

It contains salary details by department for both in-scope and out-of-scope employees. Volume 2 only has the out-of-scope employees. So this has both in-scope and out-of-scope employees. And it all also contains a schedule that aggregates payments to suppliers across departments. So if you wanted to know, you know, for all departments how much money or how much business did the government do with Grand and Toy office supplies, well, you could find that number in the supplementary volume.

Okay. I want to move on to accounting and reporting practices now. And firstly, the government's main financial statements are prepared using accounting principles appropriate for government as established by the Canadian Institute of Chartered Accountants, that's the CICA. And they follow recommendations issued by the Public Sector Accounting Board, PSAB. The only exception is that the General Revenue Fund does not account for pension costs as recommended by PSAB. In any event, the Provincial Auditor rates the government's summary financial statements as first class. And that was sure a good quote we got out of them a few years ago.

The financial statements of the General Revenue Fund are intended to account for monies that are appropriated by the legislature. And they are not intended to account for all the financial affairs of the government.

These financial statements report the revenues and expenditures of the General Revenue Fund. They've reported the surplus or deficit for the year. And another major measure in the financial statements is the accumulated deficit, and that's simply an accumulation of all the surpluses and deficits that the province has incurred since 1905.

In the GRF (General Revenue Fund) statements, expenditures on capital property are not set up as assets and depreciated as you would find in most private sector companies. Instead, they are fully expensed in the year of acquisition. And this is also in accordance with the PSAB recommendations, although we do have information in the notes to the financial statements about the government's capital property.

Okay, the summary financial statements, they do report on the financial activities of all organizations, and they include any organizations that are accountable to a minister of the government and which are also either owned or controlled by

the government. And there are two broad categories of government organizations I want to talk about.

The first type we call a government service organization. And in 1998-99, there were about 77 of these organizations in the summary financial statements. And an example of this type of organization is the Saskatchewan cancer foundation. So the financial transactions of these organizations are all added into the . . . added to those of the General Revenue Fund. And I guess, in other words, that the revenues and expenses of all those 77 organizations are just added to the General Revenue Fund results.

The second type of organization is described as a government enterprise. And in 1998-99 the summary financial statements included 11 of these organizations. And these organizations are defined as ones that have the financial and operating authority to carry on a business. So a good example of one of those would be Saskatchewan Power Corporation.

And in accordance with the PSAB recommendations — they're treated a little bit differently — for these ones the total net income or loss of these 11 entities is added to the deficit or surplus of the 77 service organizations.

Now we try and make this sound complicated — and I think I've said this before, it's sort of to preserve the mysteries of the professional; just like lawyers, we have our little tricks here — but it's really quite simple. And this last slide I'll show you has the numbers on it. Accountants can't resist.

So for example in '98-99, the consolidated revenues and expenses that are shown there — those are of the General Revenue Fund and the 77 service organizations — and those things resulted in a deficit of 570 million. However when you . . . I guess the government enterprises had a net surplus of \$698 million. So when you add that to the 570, you get an overall surplus of \$128 million. So that's just a little bit of information about what's in the *Public Accounts* and our accounting policies, and that's really all I wanted to cover off today.

And are there any questions about the *Public Accounts* or our accounting and reporting practices?

Mr. Wakefield: — These are published how long after the fiscal year?

Mr. Bayda: — The *Public Accounts* themselves — which would be volumes 1 and 2 — are required to be tabled by October 31, following the fiscal year. And I think we've been tabling them earlier than that every year for some time now — five, five or six years — and so typically they're tabled late August now. Last year was a bit of an exception because of the election, and they weren't tabled until after the election.

The other books are . . . The compendium takes longer to compile, and it's not required to be tabled by law. But we try and release it as soon as we can, so I think as soon as the House opens in the spring here it will be released. And the supplementary volume is always released with volume 2, just as an extra item.

Mr. Wartman: — The 77 government service organizations —

are they fully funded? Are they partially funded or grant based?

Mr. Bayda: — It's a mix. A lot of them would have some of their own revenues. Some of them would be primarily . . . most of them would be primarily government funded, but it's a real mix. In volume 1 there is a list of them. You can kind of get a feel for some of them through there.

The Saskatchewan Property Management Corporation would be one of those, and so it derives most of its revenues from government departments, you know, that are paying for rental space, but they maybe have a little bit of revenue that they derive from outside government as well. So it's a mix.

The Chair: — You made reference to the sinking fund. Could you explain that a bit?

Mr. Bayda: — The sinking funds — that's just where the government is setting aside, you know, some money to retire its debt, and that's the extent that it has in building up money to retire debt. So I guess that money is just sort of counted as part of the General Revenue Fund in those financial statements.

The Chair: — Anyone else?

Mr. Wakefield: — Another question. Excuse me. In one of the slides you referred to the accumulated surplus or deficits over a period of time. Does that equate to the debt, provincial debt? There's more to it than that.

Mr. Bayda: — I think it does. It's often referred to as the net debt of the province, and so I mean the government . . . it's different than the amount of bonds and debentures that the government has outstanding. It's the amount that if you take the government's bonds and debentures that it has outstanding, and then subtract from that some of the assets that it has on its books, then it would be sort of the net debt for the province. So it is different.

Mr. Wakefield: — Based on the General Revenue Fund?

Mr. Bayda: — Yes, yes.

The Chair: — Seeing no further questions, thank you very much, both Terry and Chris, for your presentations. Our final item on our agenda, as far as the orientation section goes, is the role of the Provincial Auditor.

And as indicated before by Mr. Putz is that Mr. Strelieff has a commitment that keeps him away from the Legislative Building this morning. But we have with us Mr. Fred Wendel, and I'd ask Fred to take over for a presentation on behalf of the Provincial Auditor's office.

Mr. Wendel: — Thank you, Mr. Chair. Good morning, everybody. I thank you for the opportunity to review the role and work of our office with the committee and we look forward to working with the committee. My name is Fred Wendel, as the Chair has introduced me. I'm the assistant provincial auditor and I'm standing in for Wayne Strelieff who is away at a pressing family matter out of the city today, and he sends his regrets and looks forward to meeting with the committee at your next meeting.

With me today is Judy Ferguson, an executive director with our office, responsible for our audits in the education sector and our performance auditing; and Deann Dickin, an executive assistant with the office, and one of Deann's major responsibilities is producing these public reports, getting them printed and distributed to the members.

In future meetings, we will have many different officers from our office appearing here as our . . . I think there's some 230 or near 240 government organizations that we audit, and different people have different responsibilities so they'll be attending when it's their particular audit and providing information to you on their findings and those kind of things.

I'm just going to make a few brief comments about the handout that somebody just brought around and then I'm going to turn it over to Judy to make a presentation up there with the slides and then open it up to questions after that.

So in the handout, you'll find three documents. And the first one is the one with the yellow things on it, which is the slides that will help you work through Judy's presentation as you go along.

The second document is just a list of reports that are before this committee from our office, and this is the reports that are before your committee. And one of our roles is to help your committee set its agenda for future meetings. And what we're suggesting to you in the first list here — for the reports before the committee — is that you would consider our reports in this order so that the first report we would ask you to consider is our special report to the Assembly on changes to The Provincial Auditor Act.

The reason we're asking you to look at that one first is the government has announced that it intends to change The Provincial Auditor Act this session, and we wanted to get the advice of the committee early so we can provide that advice on to the Minister of Finance and make suggestions for changes to the Act.

The second item we want to work with you on is to go through the '99 *Fall Report Volume 1* and this will give you a good overview of, if you like, the summary financial statements and the government's finances at March 31, 1999. And that will be the second item we'd like to review with the committee.

The next two reports we would like you to review are our '99 spring report and our *1999 Fall Report Volume 2*. They're quite large as you can see. And when the committee reviews these reports, they usually have witnesses from the various departments to come and appear at that end of the table, okay, to discuss what's in here, to provide their views on what we're saying so the committee can assess both sides of the question and then decide what it wants to do with the recommendations that are in here.

So attached to this list, you'll find another list which is the . . . with a suggestion for your committee for reviewing these two reports together — okay? — and the order that we would suggest you review those. So as you're working up your agenda for future meetings, this will just help you with that. So I just wanted to go through that briefly.

The last item in there is a copy of our draft strategic direction and we would be pleased to discuss that with the committee at a future meeting or to get comments from individual members at any time. So I'll just leave those with you, and then I'm going to turn this over to Judy to make a presentation about what it is we do and our work, and then open it up to questions. Thank you.

Ms. Ferguson: — I'm actually going to move to the back of the room so you don't have to keep doing the head . . . (inaudible) . . . Thank you Chair, members, and government officials that are here today. It is with great pleasure that we have the opportunity to share with you a little bit about our office.

What I'd like to do is to talk briefly about the accountability structure and audits — you've received some information on that this morning. We're going to provide just a little bit more . . . share with you a little bit about our office in particular, the work of the committee and our office — how they fit together — as Fred mentioned, a little bit about the special report regarding changes to The Provincial Auditor Act which is the Act that . . . which we fall underneath, and that's pretty well it.

What this overhead is trying to do is provide you with a quick overview of the accountability structure of government. At the top we have the Legislative Assembly of which you are members. The Legislative Assembly, simply speaking, authorizes the spending and the various programs. They do this through the passing of laws. They do this through the process in the review of the estimates and its various committee structures.

Then you have the executive government that has to operate within the parameters that the legislative committee . . . Legislative Assembly has put forward in laws, and they are responsible for accounting for the spending and for the programs. And Chris talked about . . . and Chris and Terry talked about that a little bit earlier.

Of course, on the side, we have various committees of the Assembly that help in that oversight and monitoring role and scrutiny role of the Assembly too.

We want to pause for a moment and talk about the executive government. The executive branch of government which is in the bottom of that previous overhead. Who is the executive government? I think it's a term that's, in some respects, a little bit confusing and it's used in a number of different ways.

When our office talks about the executive government, we're talking about the executive branch of the government. So we're actually talking about cabinet and the ministers that are on cabinet and the various government organizations that are responsible to those ministers. And our last count was there was about 239 organizations that are accountable through ministers — different organizations.

Those are things like departments like Department of Health, Department of Finance, Department of Education, etc. Boards and commissions; boards, we've got Workers' Compensation Board, Saskatchewan Arts Board; commissions, Public Service Commission.

There's Crown agencies, that includes things like SIAST

(Saskatchewan Institute of Applied Science and Technology), regional colleges — there's a whole list of them — and Crown corporations, I think, which pop to mind a bit more readily. SaskTel, SaskPower, SGI.

So there's a whole mess of organizations that are . . . comprise the executive government. So when we're talking about executive government, we're not just talking about government departments; we're talking about that whole array of organizations.

So how does the audit function fit within the whole accountability structure of the government? Some might say we're kind of in the middle of it. We're right in the middle in the aspect that what our job is to do is we help hold the government accountable by independently auditing the government's operations.

We audit the executive government and the organizations of the executive government directly, or we work with appointed auditors in auditing them. We report our results of our audits directly to the Assembly, and we do that through the various reports that we have: our spring report, a fall report, our special reports. And from time to time this committee asks us to do other special reports and examinations.

We work with the various committees, primarily the Public Accounts Committee and the Crown Corporations Committee. And I'll talk a little bit later on that.

So who are we? I'm going to talk briefly about who we serve, our vision, our mission, the values of the office, our organization, and what we do.

Before I do that, one of the things that Wayne always impresses upon our office is that anything that we recommend to others, we have to make sure that we can do it ourselves. So what we try to do is we try to, what Wayne calls, "walk the talk."

And in saying that, you'll find that we have a vision not unlike many organizations, and we're encouraging organizations to have visions and missions. And the reason is, is that it helps you as an organization stay on track and focused as to what you're trying to achieve.

Our vision is to re-envision effective and open and accountable government. Our mission — we serve the people of Saskatchewan through the Legislative Assembly. We are committed to fostering excellence in public sector management and accountability.

I want to pause and look at that a little bit, because that in our vision and mission, it tells you who we serve. Basically we as an office serve the people of Saskatchewan through the Assembly. That means that we're serving you as legislators — you as a Member of the Legislative Assembly, a representative of the people of Saskatchewan.

The second aspect is we're committed to fostering excellence in public sector management and accountability. So what we're trying to do is, we as an office, when we look at things, we're trying to move things forward so that government management is moving ahead as opposed to just residing in mediocrity. We'd

like to be able to say that Saskatchewan has first-class summary financial statements. And I think that's an evidence of moving public sector management and accountability forward.

Imbedded in both our vision and mission is two principles that are critical to our office, and that is independence and accountability. I'm going to talk about each a little bit.

Independence, as was mentioned by Greg and echoed by Terry this morning, our office, the Provincial Auditor position, is an officer of the Legislative Assembly and it is that by the virtue of The Provincial Auditor Act. It creates an officer of the Assembly. It gives the Provincial Auditor the responsibility, authority, and independence to audit and publicly report on all government organizations.

We are the external auditor of the government, and as the external auditor, independence is critical. To be objective, we can't be part of the executive government; we have to be separate and so we can't be part of really the organizations that we are auditing.

So how do we maintain our independence? Well one aspect is the officer of the Assembly . . . we report . . . our reports go directly to the Speaker of the Assembly and not through a minister.

The second aspect is that we manage our operations and set our priorities and that means we decide what to examine and when to examine, and we do that independent of the executive government. So the priorities setting is not done by the executive government, by the organization that we're auditing.

We employ our staff and buy goods and services directly. We're not required to use central agencies, such as Saskatchewan Property Management Corporation or Public Service Commission.

The all-party Board of Internal Economy annually reviews our business and financial plan. This is not the same as a government department where their budget goes through the Treasury Board review process. So again, it's an important aspect for independence for our office.

With independence comes accountability. And as I mentioned, it's critical to our office. Now there's lots of definitions of accountability. This is one of many:

(It's) . . . a relationship based on the obligation to demonstrate and take responsibility for performance in light of agreed expectations.

Now no matter what definition you use, there's three key features for accountability. The first is a duty or a requirement to report and answer for what has been accomplished. So that's the first aspect.

The second is that parties must be involved in a relationship and must have a common and agreed upon understanding what is to be accomplished. Think of this in the broader objective or reasons for the relationship and in the more specific objectives of the particulars of the relationship. So there's that aspect.

So the key thing is the obligation. So it's the duty or the obligation to answer for the responsibilities so you have a clear understanding of the responsibilities. And our office takes that quite seriously. And we do that through working with your committee, with providing our annual report on operations, with providing our business plan, and making all that information public.

We also have set values for our office, and we know that our efforts and values determine whether our office will be successful. And these are the key values of our office: accountability, credibility, equity, professionalism, effectiveness, leadership, innovation, teamwork, and balance.

So who are we? How is our office organized? How are we comprised?

Quickly speaking, quickly . . . just to provide you with a quick overview. You'll find that half of our office is comprised of professional accountants. We've got CAs, CMAs, and CGAs on staff — that's chartered accountants, certified management accountants, certified general accountants.

We also have an office where we're training accountants. So we're very much of a training office where a lot of our staff go elsewhere in the public service, and so we train people that are articling for their professional accountancy.

We hire other professionals. Currently we have a master's of nursing on board; a person that has a law background. We have certified information specialists, which are really IT (information technology) specialists, computer specialists people, and a librarian on staff. So we have a mix of people.

We often hire people in second careers. Like we've got people that have been teachers beforehand, geologists, etc. So we've got a broad array of skills.

Our office also has a thorough knowledge of the complex structure and the systems in which government manages. We have a thorough knowledge of the structures of law that, for us, that relate primarily to the safeguarding of assets, accountability, revenue raising, spending, borrowing — that for us, the legal aspect.

We've got a thorough knowledge and understanding of the audit of information systems, and the auditing and accounting standards recommended by the Canadian Institute of Chartered Accountants. So those are the core competencies and skill sets that our office brings to bear on the work that we're doing.

So what do we do? Simply, we actually audit public money. We examine the management of public resources and the accountability of responsibilities entrusted to the government. And again, when we're talking about the government, we're talking about the government and the various organizations that fall within the government.

Looking at it, sort of drilling down a little bit more, basically what we're doing as an audit office is we're providing you advice or assurances on a number of different areas. The first one is the reliability of performance reports. Financial statements are one such performance reports. As Terry and

Chris indicated, our office provides an audit opinion on the summary financial statements of the government.

We also provide that, a very similar opinion, on the various government organizations across the piece.

We also provide you with assurance on compliance with the law. The focus of our work has been safeguarding of assets, revenue raisings, borrowing, lending activities of the government.

And lastly but not least, we provide you with assurance on the adequacy of the management of those public resources, and that area includes a broad array of work that we're doing where we're looking at adequacy of internal controls over safeguarding of assets, financial reporting; where we're looking at more . . . other areas in a more in-depth basis such as the district health boards' needs assessment process, the resource allocation process, etc., etc.

In addition to the examinations, we as an office try to encourage discussion and debate on key issues that are facing the government as a whole, and again as a part of fostering good government and the excellence in government.

We assist key standing committees such as yourself.

And lastly, as I mentioned beforehand, we develop professionals for the public service by being a training office.

The Provincial Auditor Act requires that we report to the Assembly the findings of our work. In addition to the reports to the Assembly, we provide each government organization that we work with with a management letter that sets out the findings that are significant to them so that they know what's going to be reported publicly. So that is provided to them before it is included in the public report. So those points are discussed at each organization level and also copies are provided to the Provincial Comptroller's office.

We have three main audit reports. The first one comes out approximately May. You'll find in that report it'll typically include organizations with a December year-end. A lot of the Crown corporations like CIC, SaskTel, SaskPower, have December year-ends, and we'll include our findings typically in the spring report, the May report.

The second one is a report that comes out approximately September. It depends on when the summary financial statements become available to the public. And that one focuses on the findings for the government's summary financial statements. And that's the report that Fred referred to earlier that we'd like you as a committee to look at first, to give you that broader understanding. We suggest that's the one that you start with.

The third report typically comes out in November and that includes the findings for the March year-end. The departments have March year-ends. A number of the agencies, such as Saskatchewan Research Council, Sask Arts Board, have March year-ends and they're typically in the November report.

There are organizations with other year-ends, such as the

regional colleges have June year-ends, and what we'll do is we've tried to fit those, the findings, in the reports that are the closest to when those findings are available.

Over the years what we've tried to do is improve the timeliness of our reporting to make sure that we can provide you with the information as quick as possible so that the information is relevant to your needs.

From time to time, you'll see that our office issues special reports. Fred referred to one earlier, again, which is the special report on changes to The Provincial Auditor Act. And it is a report that we'll be asking your committee to look at.

We also have, each year, an annual report on our operations. It's quite simply another one that's the cerloxed binding. It comes out in June, Fred? Typically mid-June is when we try to get this one out. This is our performance report as an office, and we encourage you as committee members and legislators to go through the report and if you have any questions, pick up the phone and give us a call.

The other one that is available is our business and financial plan. This is the one that goes to the Board of Internal Economy and later to the Standing Committee of Estimates, so it is a public report. Again it sets out, as the title suggests, the goals and objectives of the office and the strategies in which we are going to be using to achieve those objectives, along with our financial plan. So again, we encourage you to go through this report and if you have questions, please do ask on those.

The next segment is I'd like to talk about this committee and our work to this committee. As Greg indicated this morning, the operating procedures of your committee links us to the committee, but so does The Provincial Auditor Act. OK, so there's a linkage coming from two ways to the committee.

Basically there's an expectation that all of our reports will go to the Standing Committee on Public Accounts — to your committee; that, as Greg indicated, that we attend the meetings, and we help set the agenda. And as Fred indicated earlier this morning, the piece of information that he's provided there with respect to what reports are before the committee, along with a sort of a suggestion, is in the area of trying to help set the agenda.

We also provide you with advice on the review of the *Public Accounts*, the staff of the blue documents there, and our reports.

And lastly, we are able to do special examinations if your committee so requests.

In our opinion, having a Public Accounts Committee . . . Let me try again here. Our office views the Public Accounts Committee as having a very strong and important mandate with sound operating principles. We suggest that you keep your mandate statement and operating principles at hand so that you can readily refer to them as you work your way along in the proceedings of the committee. In our opinion they provide you with a very good point of reference for which you can go back to in your deliberations, and also in trying to determine how to assess a particular or approach a particular issue.

Our office views your committee as the audit committee of the Legislative Assembly. So if you want to sort of use a private sector model and you think of an audit committee for a board, well we regard you as being the audit committee for the Legislative Assembly. So maybe think of that when you're dealing through your proceeding, for you are really providing that check and balance that an audit committee does for an overall board of directors. You're providing a very similar function for the Legislative Assembly.

We also regard your committee as a key agent of change through your meetings with both government officials and your reports and recommendations that you make to the Assembly. You are in an opportunity to really encourage positive change to the government's management and accountability practices. And you can take a very full, active role in trying to foster that change if you so choose to do so and we encourage your committee to do that.

This committee also serves as an opportunity to really find out how the government works and to meet and explore various issues with the government officials. So it's a very important and very critical committee in which you're on and I think, in our office's viewpoint, your work is very important for the overall accountability and management processes of the government as a whole.

Next I'd like to just move on and briefly touch the special report regarding changes to our Act. The purpose of that report is to obtain the views of legislators and specifically your committee's, given our interaction with the committee, on the changes to our Act or suggested changes to the Act.

In December, the government announced that it plans to update The Provincial Auditor Act.

In response to this announcement, we said in our fall report, volume 2, that we would obtain the views of the Standing Committee on Public Accounts on what changes are necessary to the Act to strengthen the accountability of the government to the Assembly.

Our special report was tabled on February 17, 2000. And in this report we set out an assessment of our current Act. In our assessment, we identify areas that need change and some areas that don't need change. We look forward to reviewing this report with the committee in the near future. And there are many recommendations that we've made in the report that we hope will improve the accountability of the government to the Assembly and the accountability of our office to the Assembly.

After receiving advice from this committee, we plan to draft the proposed changes to the Act and provide them to the Minister of Finance.

That concludes our presentation this morning. As I indicated earlier, if you have questions, we'd be pleased to answer them. Also, if there's questions that you have after the meeting, we also would be pleased to answer them at that time. Thank you.

The Chair: — Thank you very much, Judy.

Okay, as indicated, now is the time for questions or any

comments regarding the Provincial Auditor's office.

Mr. Gantefer: — Thank you, Mr. Chair. Judy — I wonder in terms of this special report reviewing the legislative changes proposed in your legislation — I think it is indeed important that this committee does make comment on these proposed changes, but in light of the fact that it's virtually a brand new committee and the members of it are very new, has there been any attempt or thought of soliciting prior committee members' opinions in terms of the appropriateness or suggested changes?

Mr. Wendel: — Mr. Gantefer, Mr. Chair, no, we haven't done that at this time.

Mr. Kowalsky: — I just want to talk a little bit about philosophy of the way the auditor fits in with executive government and with the legislature in total.

I'm looking particularly at your slide labelled "Our Mission" and the phrase about public sector management. I guess, as somebody that's elected to serve the general public, you know, you hope . . . the ultimate hope is that you have a policy being set by those people who are in government and then that you have a public service, or a department of officials who are supposed to manage that. And then you've got the controller that's supposed to handle the finances for you. And I understand there's sort of a . . . in order for a public to maintain confidence in legislators and in this idea of democracy, they rely on the government to set the policy. And then of course government in turn relies on the public service to carry out the policy.

Now are you in a position to evaluate whether the public service or the department officials are carrying out the policy, other than just the financial aspect? And is that within your mandate?

Mr. Wendel: — I'm not sure if I have the question, Mr. Kowalsky, but our mandate is to look at the systems and practices that the government uses to manage its public resources and we do not question policy. If it's a policy, that's a matter for elected officials to debate. We do look at the administrative practices. And if we think the administrative practices result in public money not being managed well we would certainly talk about that. I'm not sure if that answers your question, but that's our role.

Mr. Kowalsky: — Well it does partly and I guess it's sort of a grey area. I'm trying to work . . . get this straight in my own mind about how if, let's say a department gets a certain assignment and then, led by a department or a Crown, and of course their leadership will decide on a road of how to execute that. Once they've decided on how they're going to execute it, do you then look at whether they've lived up to the way they've decided to execute it or do you actually question the way they have decided to execute it?

You know whether, for example, a simple example, whether they choose to go a top-down route or whether they decide to use a grassroots up method to solve some particular problem.

Mr. Wendel: — Mr. Kowalsky, I don't think we would question their management approach of top-down or bottom-up depending on whether or not we felt either one of them would

achieve the objective.

Mr. Kowalsky: — Okay. You know when you look at . . . so you are saying . . .

Mr. Wendel: — Now we might talk to them and say you might be more efficient to do something some other way, but our first and primary objective is to make sure that they've put the practices in place to achieve their objective. And how they choose to achieve it, generally, if it does do that, that's their decision. They're management. If that helps you with your question.

Mr. Kowalsky: — Is it proper for an elected member to come to the auditor or go directly to the minister in terms of some aspect of management that a member might have concern about?

Mr. Wendel: — I think elected members are free to come to our office at any time, ask us questions about the management of public resources. We would help them to understand it. We would help to discuss what we put in our public reports.

What we will not provide is information that is not public or confidential. We will just talk about what it is that is said publicly by us or what is put out publicly by the government, okay. And we'd be happy to explain what's in those documents, what it means.

But we're certainly happy to serve any elected member. Or they can certainly go talk to government officials. I mean that should be within elected members' prerogatives.

Mr. Kowalsky: — Okay. That's good. You know, it helps to clarify things a little. Although I think this is a learning process right through so it's . . . I don't think you ever really . . . never really end. It never really ends.

Mr. Wendel: — Just to say a little more on that topic.

We do get calls from elected members that are on this committee and other elected members, wanting to understand how certain things work. And we're certainly happy to take those calls. If we can help you in any way, feel free to call.

The Chair: — Good. Thank you.

Mr. Wakefield: — Thank you, Mr. Chair.

The question I have relates to one of the slides that was shown about the accountability. And there was the word in there — an obligation to demonstrate and take responsibility for performance in the light of agreed expectations. Can you expand on agreed expectations of an audit?

Ms. Ferguson: — Thank you for the question.

What we've done is we're using a more recent definition of accountability. And the reason that we've incorporated the agreed expectations is that we find that in a number of accountability situations that seems to be where the accountability process may not be as clear as it perhaps could be. The agreed expectations is to make sure that the person that

is conferring the responsibility and the person that is accepting the responsibility have a clear understanding of what they're responsible for, to whom, and when really they're responsible.

So when you're . . . by using that definition what we're trying to do is really highlight the aspect that, when you are giving somebody responsibility you by doing that . . . when conferring that responsibility, you should make sure that the person that is accepting the responsibility or you think is accepting the responsibility understands what they are responsible for, to whom, and really how you envision that accountability process to work. So that's what we're trying to highlight with that definition. Does that help?

Mr. Wakefield: — Maybe just to follow a little bit — there's a discussion then on expectations in terms of your role in doing an audit and the expectations are agreed upon before the audit begins?

Ms. Ferguson: — Basically what we do is we communicate in terms of an audit plan, the objectives of the audit, the audit approach, and our reporting strategy. In terms of agreed upon expectations, as I indicated earlier, the decision of what we examine and when we examine that, that is a decision of our office because of the independence needed to fulfill the audit function. Fred, did you want to add anything?

Mr. Wendel: — Yes, just another comment on that, Mr. Wakefield. In this special report that is before your committee, one of the things we talk about is an effective accountability relationship for our office with legislators. And we talk about this same concept of agreed upon expectations and wanting this committee to review this business and financial plan so you know what we're planning to do for the coming year at government organizations. Okay.

And we . . . and our resources . . . and talk about those things and then we would report back to you at the end of the year — the next year — saying well, here's how well we did achieving that plan. So what Judy was talking about is the agreed expectations.

We go through another process with the government on each individual organization where we would talk about each party's agreements to this accountability relationship because we have an obligation to help them meet their statutory deadlines. They have to produce a set of financial statements by a given date. Well, we have to meet with them and agree on expectations and that. And they would of course hold us accountable for delivering on that.

But our bigger . . . our bigger accountability relationship has to be with the legislators and particularly with this committee that we work closely with.

So that helps you?

The Chair: — Anyone else? Done? Okay. Thank you very much, Fred and Judy and your other staff member, Deann, for providing us with that information.

That's the last item as far as the orientation. And I know on behalf of the committee, we've had the opportunity I think to

ask a few questions this morning, but being relatively new, I'm sure there will be many other questions that will come to mind as we have a chance to digest and review a lot of the information that has been provided to us this morning.

And I want to thank the presenters this morning and I hope that each of you would be willing to help us through as we review the information and answer any of the questions that may come to committee members' minds as we prepare to do our jobs over the course of this next session.

With that, I think we need to spend a few minutes discussing sort of the homework and the general practices of the committee that many of us are unfamiliar with. And I know one of the items that Mr. Putz has just passed around, of course, is the procedure for the per diems and the expense guide. And I know that there are some members that are parts of other committees but this is a different committee and I'd ask maybe Mr. Putz if he would . . .

Mr. Putz: — It would be more appropriate to do that after we adjourn.

The Chair: — After we adjourn? Okay. We could do that after adjournment.

One of the other items though that I think we want to spend a couple of minutes on is the planning for the next meeting as indicated in the regulations and the work that goes on between the Chair and the Vice-Chair.

We will be required to set forth a motion later on that will determine what day we wish to convene on, or days and hours, etc., but I don't think that's for us to determine today. That will be once we are back in session and we'll be able to do that.

The question I guess that I pose to members is: do you wish the discussion . . . or do you wish the call of the next meeting to be a discussion between the Vice-Chair and myself as to when we actually begin that first meeting when the session starts? As indicated, we have I think a document that Mr. Gantfoer has made reference to in terms of questioning the auditor with the special report on the review or the changes that are proposed for the auditor's Act. That's one of the items that we'll have to do early, I believe, in the session. And I open . . . you know, and I open the floor to your comments and your suggestions as to when you would like to see the next meeting. Mr. Kowalsky.

Mr. Kowalsky: — Well, Mr. Chair, it was very valuable to hear some of the precedences that have been set and look at the way the committee has evolved. So I think we'd be wise to follow some of those precedences unless we want to have a good reason to change them.

So I think if the Chair would consult with the Vice-Chair, and then they can consult with their own members, and then set . . . Then the Chair would be able to call — in consultation — would be able to call the date of the next meeting, and we could also set the agenda for the next meeting that way as well. And I think we'd be prepared to follow that practice until, you know, for some reason we might want to change it but . . .

The Chair: — And I believe I'm seeing consensus on that. No

opposition. Mr. Wakefield, a comment?

Mr. Wakefield: — Yes. Sorry. It's not an opposition. If you would determine through consultation the date and the agenda, and with a little pre-warning to the members of what we need to get our heads around and give us an opportunity to digest some of this.

The Chair: — You will be given your homework assignment.

Mr. Wakefield: — That's what I meant to say.

The Chair: — Your point well taken. Any other comments? If not, thank you very much for the time that we've spent together. And I want to thank again the representatives from all the different agencies for providing us with an excellent orientation this morning.

I would ask for a motion for adjournment. Moved by Mr. Kwiatkowski. All those in favour? Any opposed? Meeting stands adjourns.

The committee adjourned at 11:34 a.m.