



Standing Committee on Public Accounts

Hansard Verbatim Report

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS
2001**

Ken Krawetz, Chair
Canora-Pelly

Ron Harper
Regina Northeast, Vice-Chair

Rod Gantfoer
Melfort-Tisdale

Debbie Higgins
Moose Jaw Wakamow

Carolyn Jones
Saskatoon Meewasin

Judy Junor
Saskatoon Eastview

Carl Kwiatkowski
Carrot River Valley

Lyle Stewart
Thunder Creek

Milton Wakefield
Lloydminster

Mark Wartman
Regina Qu'Appelle Valley

The committee met at 9:00.

The Chair: — The system that's been put in place has a little bit of a technical problem this morning so the procedure that we'll have to follow is that when you're recognized as the next person to speak, there's a little white button on your machine. You have to press that button to activate your microphone. Hopefully when things get rectified that will be an automatic process and it will be something that will happen. On, off please . . . (inaudible interjection) . . . That's nice. I like that. I like that.

With the passing of a resolution within the Legislative Assembly, two new members have been appointed to our Public Accounts Committee — that being Mr. Harper and Ms. Junor. Welcome.

And with the appointment of those two members as replacements for Mr. Trew and Ms. Lorjé the committee does not have a Vice-Chair, so the first order of business that we'll do before we even look at the adoption of the agenda will be the appointment of a Vice-Chair. And I'd call for a resolution for appointment.

Mr. Gantefoer: — Yes, I'd be pleased to nominate Mr. Ron Harper to the position of Vice-Chair.

The Chair: — Any discussions? All in favour? Agreed. Okay, Mr. Harper has been elected as the Vice-Chair.

Now, back to the agenda. There is a very short agenda being proposed for today. I think short in relationship to the number of items that we want to cover.

But there's one item that you already have a copy of a piece of information that has been prepared by Mr. Ring, Legislative Counsel and Law Clerk. And I'd ask that that be added to the list under consideration of Bill No. 14 where we have the response by the Provincial Auditor as in the document that was presented in the Legislative Assembly that everybody has. But the other item of course is that Mr. Ring has prepared a response from the Law Clerk regarding the Bill and our draft report and the kinds of things that we've put forward. So we need that item added.

Are there any other items to be considered this morning?

One other suggestion that I will make. The last item is discussion of the Canadian Council of Public Accounts Committees' annual conference that Saskatchewan is hosting in September. I think what I would suggest is that we adjourn just prior to that item because it doesn't have to be recorded. And we just need some informal discussion with the people from the CCOLA (Canadian Council of Legislative Auditors) group as well. And Deann is here. Deann Dickin is here so we'll have a discussion about what has been done up to today regarding preparation for that conference and some of the things that need to be done. But we won't have that recorded.

Motion to adopt the proposed agenda? Ms. Higgins. Any discussion? All in favour? Carried.

Okay. The first consideration that we have on the agenda is the draft report. The draft report was circulated to you about a week ago I think, and it was a compilation of the recommendations, the different things that have occurred since we started our meetings. As indicated in the report, it talks about the numbers of meetings, etc.

I'm not sure what procedure you want to follow in discussion of this report, because this will be after any amendments or changes or revisions. This will be the report that will be presented in the Legislative Assembly on behalf of this committee. So what procedures do you wish to follow in its review? Open to suggestions.

Mr. Gantefoer: — Thank you, Mr. Chair. My recollection of what we've done in the past is created an opportunity for members to comment on the draft report.

It's also been my experience in the past that the Clerk's office has always done an extremely good job of the draft report, and I don't recall really anything of substantive nature that was ever omitted or not very well reported in their draft reports.

So from my perspective, I glanced through it. I didn't pretend to look at it with a very critical eye, but it seemed to me that it was very well done and very accurately reflected the decisions of the committee.

So from my perspective, I am very pleased with this and I would recommend that we accept it, but I think it might be worthwhile for any member who would like to comment on the report and if everyone finds it acceptable, then we can pass it.

The Chair: — Thank you, Mr. Gantefoer. One of the suggestions might be is that the consideration of Bill No. 14, which is our next two items, and the response by the auditor and the response by Mr. Ring ties in with, of course, our recommendations.

So if there is no one that wants to review page by page, then rather than adopt the draft report at this moment, as Mr. Gantefoer suggested, let's look at the sections as we move through the report and how they relate to what has been proposed in the Bill and the comments that we'll see from Mr. Wendel or Mr. Ring.

Good. Okay. I think we have some agreement, but maybe before we begin discussion of both, well probably all three things — the draft report, the Provincial Auditor's comments in his special report, as well as Mr. Ring — maybe we should ask Mr. Ring to come forward to the table and we'll do a formal introduction.

Thank you very much, Mr. Ring, for being with us and preparing the document that has been circulated to each and every one of you.

Let's begin maybe by some overall comments, I think first, rather than getting into the specifics of Mr. Wendel's report or Mr. Ring's report, and I'd ask Mr. Wendel maybe to give us an overall comment on your report in a general sense and the proposal of Bill No. 14.

Mr. Wendel: — Yes, Mr. Chair, you have our special report that the office made to the Legislative Assembly about two weeks ago. And in that report we say we support this Bill. We do that for three reasons. We support the Bill because the process was reasonable. It involved key legislators, which is this committee that works closely with our office. You had the input from other professionals that appeared before this committee, and we had input from the Department of Finance and from us.

And in the end the Bill resulted in maintaining the government's accountability to the Assembly and it improved our independence in two key ways — this committee will now select the next Provincial Auditor and this committee will now provide the resources for the Provincial Auditor.

So those would be my opening remarks.

The Chair: — Thank you very much, Mr. Wendel. Mr. Ring, your overall general comments first.

Mr. Ring: — Generally, my first general comment would be that I prepared a rather technical report with respect to the Bill in a fairly short period of time, and I certainly don't have the staff to have presented a more formal report that was received from the Provincial Auditor's report.

But I think the chart that I provided with my letter to the Chair of the committee will help you in working through the Bill. And it's really . . . some of the comments in the chart are thoughts that came to me as I worked through the Bill, having read the verbatim and looked at the reports and having attended the meetings of Public Accounts previously.

The Chair: — Thank you very much, Mr. Ring.

Let's put both before you — Mr. Wendel's special report and Mr. Ring's comments to us and his report or his chart that shows some of the clauses. And let's begin discussion of Mr. Ring's report, the chart, the first page of the chart information.

Would anyone like to begin with questions or comments about the information that Mr. Ring has. Or it may be best, maybe Mr. Ring, if we're going to do this page by page, maybe I'd ask you to begin with your comment on recommendation no. 1, please.

Mr. Ring: — With respect to the first recommendation, I believe that the recommendation has been implemented. It's clause 4 of the amending Bill which will end up being section 3.1 of the proposed Provincial Auditor's Act, if Bill 14 is adopted.

As I was reading that provision, two items occurred to me. The first is that with respect to 3.1(2)(b), I wondered whether it should say (a) the normal age of retirement as opposed to the normal date of retirement.

Normal age of retirement for the public service is 65. That may change with changes in demographics and I was wondering whether there is a normal date of retirement as opposed to a normal age of requirement? But that's a technical drafting issue and I don't know that it's a serious matter.

Mr. Paton: — Yes, Mr. Chair, if I could just provide some clarification on that, on that specific item. This wording that we've adopted here is wording that's consistent with the public employees pension benefit Act or public . . . pardon me, The Public Employees Pension Plan Act, and they go through and they do define the normal age of retirement.

So while the suggestion might be a valid one, I would say that this is consistent with other legislation that deals with retirement ages, and probably that broader Act would be the one that would have to change should there be a change required.

And I guess the one reference is to the age of retirement. The Act actually says that it's the normal date of retirement, which means the first day of the month that follows at the end at which a member attains the age of 65 years.

So it might be a technical drafting issue, but it is consistent with the Act that does cover retirement for most public servants.

The Chair: — Thank you, Mr. Paton. Are there any concerns from any of the members regarding the explanation as to that? Okay. Seeing none, let's move then to the second recommendation and your remarks, Mr. Ring.

Mr. Ring: — With respect to the second recommendation, perhaps . . . That deals with section 3, proposed section 3.2. And I realize that it's at the top of page 2 on the Bill. And I do realize that with respect to the resignation of a Provincial Auditor, certainly first of all the resignation goes to the Speaker. The second person to whom the resignation would be made, if the Speaker's absent from Saskatchewan, is to the president of the Executive Council or the Premier. And that hierarchy for resignation for independent officers is standard throughout their legislation.

However, given recent events, it occurred to me when I was reviewing the Bill — and something that you may wish to consider — is that in the event that there's no Speaker, perhaps the resignation could then go to the Deputy Speaker.

As an alternative to that, the resignation could go then to the Premier or perhaps to the Clerk of the Legislative Assembly or the senior member, senior sitting Member of the Legislative Assembly.

In that, as the provision is worded now, it could be that a situation could occur where the Provincial Auditor resigns and his resignation as an officer of the Legislative Assembly is being presented to an individual who's not a Member of the Legislative Assembly. Whether that concerns the committee or not, I don't know. But that was something I noticed as I was reading through the Bill and thinking of the whole concept of independent officers of the Assembly.

And perhaps I'll, to finish my remarks, indicate that as presently worded, this is consistent with all of the other legislation for independent officers of the Legislative Assembly. But those pieces of legislation change and evolve over time as they come before the Assembly at various, various points in time. The Provincial Auditor Act has been an Act which has led changes to . . . or has been sort of the vanguard of independent officers for the Assembly.

The Chair: — Thank you.

Ms. Higgins: — Is there a circumstance foreseeing where what's in the Bill listed as Speaker and president of Executive Council is considered not to be sufficient?

Mr. Ring: — No.

Ms. Higgins: — To expand it to Deputy Speaker to include . . .

Mr. Ring: — No, I don't think so. It may be . . . the expansion may be to the Speaker, in the absence of the Speaker to the Deputy Speaker, and then to the president of the Executive Council. That would be an option.

The Chair: — Mr. Paton, do you have a comment?

Mr. Paton: — Yes, Mr. Chair. First of all I'd like to say that this wasn't something that we specifically addressed in the past. It wasn't something that we put forward, so I guess I'm just speaking from the document that I just received yesterday.

This is the standard wording that was in the Act when we started the amendments and it wasn't raised as an issue by anyone including the Department of Justice. Not that the suggestion couldn't have been incorporated had it been raised — I'm not saying I'm offended to the recommendation.

The only thing I would say at this time is that this is a process to receive a resignation of the Provincial Auditor. It's not one where that person or that position is exercising any authority, where they're forcing a resignation or forcing action. This would be where the auditor chooses to resign and you have an individual who's assigned simply to receive it.

So I'm not sure if there's a major concern here, while at the same time the change could have been made had we been advised earlier of it.

The Chair: — Mr. Ring, a question, a technical question. When an election is called and the writ is dropped, do both the Speaker and the Deputy Speaker continue to act?

Mr. Ring: — It would be only the Deputy Speaker who retains . . . he remains as Speaker until the first day of the next legislature. The only offices that remain intact during the writ period are the offices for members of the Executive Council.

The Chair: — With that answer, would that pose a problem if we do not have a Deputy Speaker and the Speaker who retains that provision during the writ is out of the province? Whatever? If we recommend that the clause be the Speaker or the Deputy Speaker, technically then there is no Deputy Speaker. Is that right?

Mr. Ring: — Well I guess it would depend on when the . . . if the Speaker were to be absent or there were no Speaker, the Deputy Speaker becomes the de facto Speaker. If the election writ is dropped, then that may transfer through to him. Certainly having the president of the Executive Council as perhaps the third person to whom the resignation would be tendered would be appropriate because that would be an office that continues through the dissolution period.

Ms. Jones: — Thank you, Mr. Chair. I believe that since this was not part of our deliberations before and since I don't think it poses a serious problem to this committee or to the legislature or to the government, I think we should take this under advisement for possible future amendments to The Provincial Auditor Act and move along.

Mr. Paton: — One more thing that this committee should be aware of is that during the normal course of events, the Deputy Speaker does act in the case of the Speaker when he's absent, even though it's not in this Act. I believe that The Legislative Assembly and the Executive Council Act provides for that authority under normal circumstances. So you're talking about a fairly rare situation where you don't have a Speaker or a Deputy Speaker and your Provincial Auditor resigns. So it's . . . that's probably the only case you're dealing with here.

The Chair: — In light of Ms. Jones' comments is . . . or prepared to move forward? Okay. Thank you for the comments and taken under advisement.

Recommendation no. 2. Mr. Ring.

Mr. Ring: — With respect to the second recommendation, it's contained . . . or it could be contained in clause 21(1)(a) of the proposed Bill. That's the establishment of the independent Audit Committee. And when you look at the people who can be a member of the independent Audit Committee — that's page 8 of the Bill — it indicates one of the first items that the Audit Committee would assist the Public Accounts Committee in doing would be the recommending of a Provincial Auditor, and that the people who can comprise the Audit Committee are not necessarily the three people that were identified as the individuals who should be on the selection committee for the appointment of a Provincial Auditor.

Now, I realize that's only going to happen once every 10 years, perhaps under the rules, with the procedural Clerk's help, there is a mechanism for appointing a special selection committee that would consist of the three individuals that the Public Accounts Committee requested. Although with the Audit Committee, it could be up to five people and it excludes anyone who's a member of the public service of Saskatchewan. So that would exclude someone who works for the Public Service Commission.

Mr. Wendel: — I think our thoughts on this were that the general powers of the committee given in the changes to the Act, that this committee's to select the next provincial auditor, they would have the authority then to set up whatever selection committees they thought they would need. That was our thinking on this.

Mr. Paton: — Yes, Mr. Chair. I agree with Mr. Wendel's comments. The purpose of the change in this Act is to empower this committee to undertake certain activities. It wasn't indicated or wasn't intended to provide specific direction as to how you might go about that or the types of individuals. I think that's left up to individual committees. But definitely that power is to reside within this committee, and then you decide how you're going to go about that amongst yourselves.

The Chair: — Okay. With that clarification and interpretation,

is everyone prepared to move on?

Members: — Agreed.

The Chair: — Good. Thank you.

Recommendation no. 4. There's a short comment there, Mr. Ring.

Mr. Ring: — Yes. And that takes us back to the first page of the proposed Bill. It's proposed, section 3.1(3), the committee . . . the provincial account . . . or Public Accounts Committee recommendation was that a provincial auditor be appointed for a 10-year term with the possibility to apply for a second term. And in the proposed legislation there's an indication that they may apply for a second or subsequent term. And so I didn't know whether that was a concern for the committee or not.

The Chair: — I guess the interpretation of, or subsequent terms, I'm not sure that it was going to be the second one. I think we were looking at a 10-year term and then if there was going to be something beyond that, that the person was eligible. Mr. Paton, clarify?

Mr. Paton: — Yes, Mr. Chair. I agree with what you're saying. First of all I think the Act says subsequent term, not subsequent terms. It's a minor difference. It means you can have one additional term. But it's up to the Legislative Assembly to decide when that subsequent term might occur. It doesn't necessarily mean that it would be the next period. You could have an auditor that goes for a 10-year period and leaves and could come back for a subsequent term later on. But I think this empowers the ability for an auditor to reapply and serve again under this legislation.

And this was the wording that came up with Justice, so I think everyone agrees upon the intent and, hopefully, the wording has captured that from our advisers. I think, Mr. Wendel, I think your lawyer was happy with the wording in this section as well.

The Chair: — Any comments? Okay. So the clarification, of course, is that the person is eligible for a second term, but it may not be consecutive and that's the understanding. No. 6.

Mr. Ring: — The only comment I have there is that the amending Bill is a little broader than the recommendation, but it wasn't as precise as what the recommendation was as set out. However, that may not be a concern for the committee.

The Chair: — Any discussion? Seeing no concerns, I will move on. Recommendation no. 7. Mr. Ring, first?

Mr. Ring: — Yes. And the comment there certainly is that it wasn't contained in the recommendation by the Public Accounts Committee. Although I wanted to bring to your attention the fact that there is a situation in the Bill that does allow for the rare or unique situation where there's no Public Accounts Committee and you need to be able to perform that function.

The Chair: — Mr. Wendel and then Mr. Paton.

Mr. Wendel: — Yes, Mr. Chair. This is something that came

up as we were studying the Bill after we'd been to the Public Accounts Committee and we realized we hadn't spoken to you about those situations where there is no Public Accounts Committee and we still have to get our resources. So what's been included in the Bill is the ability to get special warrants through the Minister of Finance in those rare circumstances.

Mr. Paton: — Yes, Mr. Chair. Mr. Wendel did bring this to us subsequent to our meetings, and identified that there was a possibility where we couldn't get funds when needed and we agreed that this would accommodate that purpose.

The Chair: — Thank you for that explanation. That clears page no. 1 of the chart. Move to recommendation no. 9, Mr. Ring.

Mr. Ring: — With respect to recommendation no. 9, this is also a fairly technical point with respect to the drafting. And perhaps the Bill as drafted covers that situation. And I was really examining the Bill as to the exact wording of the recommendations.

And perhaps at this point I should indicate, the remarks that I'm making are how well the recommendations . . . the detail in the recommendation is reflected in the Bill and that I'm not sort of indicating whether choices that were made were good choices or bad choices, just indicating the differences that I noted as I went through the legislation, not having been part of the discussion.

And with respect to this area, the committee took the time to talk about how expenditure recovery would not be included in those expenses, although on the wording of the amendment you could take that and say well we're going to recover all fees and revenue, without the . . . less the expenditure section. And now perhaps that can be dealt with through the accounting system that's there and that's currently what happens when there's a secondment situation.

But that was something that the net . . . less the net operating costs . . . or the net . . . less net expenditure recovery wasn't included. And perhaps it could say either net revenue or revenue less the expenditure recovery as opposed to simply all fees charged and all other revenues. And I think some of this may even be an accounting issue.

Mr. Paton: — Thanks, Mr. Chair. This is one of the things that accountants like to do is to confuse everyone else as much as we are.

This section of the Act was really dealing with two items. One was fees and revenues that are charged by the auditor that would be kind of external to the money that was received from the General Revenue Fund. And the main concept what we were trying to encompass here was that fees and revenues should be deposited to the General Revenue Fund and available for appropriation. That was one of the concepts that was going to be captured.

The second concern that the auditor had raised was his ability to second individuals to departments and receive reimbursement for that. And we had some difficulty building that into the wording in the legislation, and we dealt with this at some length with the auditor's office. Subsequent to our discussions, we

actually have sent a letter to Mr. Wendel discussing the issue of secondment, and that it would be the Department of Finance's and the government's understanding that when they do second individuals that they would retain those moneys in the normal course . . . the same fashion that all other departments do.

So I think we . . . even though the wording may not be as precise as what we might try to get into the legislation, it was a very difficult thing to get into . . . to get into the exact wording. So I think we accomplished what we wanted to through two means: changing the Act as it relates to revenues, and agreeing that secondments were items that the auditor's office would retain the funds.

The Chair: — Thank you, Mr. Paton. Mr. Wendel, what are your comments regarding the concern raised about revenue?

Mr. Wendel: — I agree with Terry to a point, and I agree that we have a letter that says that we can keep this money, okay, for secondment money and use it to hire other staff. But it isn't specifically provided in the legislation now. I think as long as, I guess, we're getting our resources here . . . as long as everybody's aware of that, that we're going to be keeping that money even though it's not provided directly in the legislation, then it's . . . then I accept that. As long as you're aware that's what we're going to be doing, that's acceptable to me and it's on the record.

The Chair: — Mr. Paton, followed by Mr. Wakefield.

Mr. Paton: — Mr. Chair, the way that the auditor's office has proposed to handle secondments is the same way that all departments currently handle secondments — the Department of Finance or the Department of Health — so it's very consistent, and you won't find enabling legislation for any of those departments either. It's just the normal process that's followed within government.

Mr. Wakefield: — Is it only secondments that are expected to be an exception to this particular area? Is there any other thing that might come up that you would retain fees for?

Mr. Wendel: — Not that we would retain fees for, no. Not that I'm aware of. There could be other expense recoveries that would be shown on a net basis, like if we got a refund of an expense or something like that.

The Chair: — Are there any other concerns or questions? Okay, so with the understanding that's on the record regarding retaining of revenue from secondments, everyone is happy with that. Thank you. Recommendation no. 10.

Mr. Ring: — I didn't have any comments there. This was simply indicating where the different reports were because they didn't all occur back in the same provision.

The Chair: — Thank you for that comment. Recommendation no. 12.

Mr. Ring: — Again with respect to recommendation 12, that's contained in . . . it's on page 9 of the proposed Bill, near the centre of the page.

The indication or the detail that was in the Public Accounts Committee was that the Public Accounts Committee would be able to send out the engagement letter and set out the terms of the audit which was to be performed by the individual, although with the amending Bill it essentially creates some consistency in that the Provincial Auditor's office will be audited the same way as any of the audits that the Provincial Auditor does. So it gives the consistency in that that office will be treated the same as any other.

It doesn't have the same detail that you would be able to ask for a particular type of audit or — investigation I think maybe's too strong a word — but you wouldn't be able to set out the particular terms of the audit. It would just be consistent with what's contained in the Act for all other government departments and agencies.

The Chair: — Mr. Paton, is there any concern to that comment?

Mr. Paton: — Mr. Chair, this section was only changed with respect to the appointment of the auditor of the accounts of the Provincial Auditor and the qualifications in the report being provided to the Speaker rather than PAC (Public Accounts Committee). So I don't think that we really changed the powers in any way, nor do I think that this committee intended them to be changed. So, perhaps Mr. Wendel has some comments.

Mr. Wendel: — Yes, Mr. Chair. One of the things that I was going to be bringing up after we're finished this meeting is there is a few items in the report, in your draft report that aren't correct. And one of them is recommendation no. 12.

Recommendation no. 12 wasn't a requirement to change The Provincial Auditor Act to allow for engagement letters. It was encouraging you to do that, to have that conversation with the auditor that audits our office and have an engagement letter with them. So that's outside of changes to the Act.

It was just advice that came to this committee from the minister's Advisory Committee when they were here, and they had recommended that they encourage you to get an engagement letter so that you would talk to the auditor that's auditing our office so everyone understands what's going on.

It's the same as we do when we go out to a government department. We call it an audit planning memorandum and we go out there and say, here's the work we're going to do in your department, here's the people we're going to use to do the work, and here's who we're going to talk to in your agency, and all those kind of things. And that's what would be in an engagement letter.

So the report itself, I think, needs some change. And it should read that you accepted their recommendation which is that you're encouraged to get an engagement letter with the auditor that audits our office.

Mr. Paton: — Yes, I concur with that. The type of processes you're talking about are ones that would normally not be included in the legislation, and we actually got the report late yesterday and we're in the process of going through all the recommendations looking for consistency. But I concur with

Mr. Wendel's comments.

The Chair: — Okay. And we'll, when we get to looking at the specific draft report that's been prepared by the Clerk's office, then we'll note that as we move through.

Recommendation no. 17 is the next one that has a comment from Mr. Ring.

Mr. Ring: — And I believe, Mr. Chair, we've had that discussion already. I simply indicated that the Audit Committee could help in the selection of the provision. I wasn't sure if that seemed to be . . .

The Chair: — Yes, and I think that's been clarified. Thank you.

The last page, recommendation no. 19, the may clause was raised. Mr. Ring?

Mr. Ring: — Yes, with respect to recommendation no. 19, the recommendation is that the information require that the Provincial Auditor and government officials provide any information that's required of them.

In the drafting of the Bill in clause 13, at the bottom of page 8 of the Bill in section 22, it just indicates that the agency may provide the information that was requested as opposed to shall provide the information that was requested.

And this may be . . . the reason for this may be that some information you are not allowed to disclose — you're not competent as a witness, you're not compellable as a witness. So perhaps they were building in the permissive may for those situations, although if they were to say shall, that other situation would certainly . . . would trump the Act. And this is a minor, as I say, a technical drafting issue that I noted as I was going through, between the recommendation and the Act.

Mr. Paton: — Yes, Mr. Chair. The purpose of this section was a permissive section to allow the auditor's office, my office, and others to provide information to the audit committee as they requested. It wasn't intended to empower that audit committee being a, you know, a subcommittee of a committee of the legislature. That provides a fair . . . Yes, that's your committee. If you're looking for information, I guess you're the legislature. You're representing the legislature. It's not your subcommittee.

So this was, as I say, a permissive section allowing myself and Mr. Wendel's office to co-operate with this audit committee but not to provide them with any powers beyond that.

The Chair: — Thank you, Mr. Paton. I think that was discussed a number of times, and Mr. Ring wasn't present with that discussion about the fact that this is the committee that would be requesting information. And well, with that explanation, I think that's acceptable.

The last one is recommendation no. 22. I'm not sure that there's any concern?

Mr. Ring: — No, I don't believe there's any comment that I need to make with respect to that recommendation.

The Chair: — Okay. First of all, on behalf of the committee, I want to thank you, Mr. Ring, for taking the time to technically look at the comparisons between the Bill that was proposed as well as the information from the recommendations that we had before Public Accounts. So thank you very much for your input.

Mr. Ring: — You're welcome.

The Chair: — Mr. Wendel, before we go to the actual draft report of our committee, let's allow you any further comments on your special report. I know you made some general comments about your reaction to the process and the Bill that was proposed. Is there anything specific that you want to highlight in your report to members of PAC? Or if there's any questions from PAC members to Mr. Wendel?

Mr. Wendel: — Mr. Chair, I have no further opening comments but I'd certainly be pleased to answer any questions you may have of me.

The Chair: — Members, you had the opportunity to review the special report that was presented to the Legislative Assembly. Are there any questions or comments?

Seeing none, then we will move to the draft report as prepared primarily I think by Mr. Putz. Ms. Woods had some input into this having undertaken the responsibility of our committee very recently but primarily this is a summary of the PAC committee's meetings over the last few months.

And maybe . . . Mr. Wendel, I know you have highlighted a few concerns that you have with some specific items in the report. So rather than deal with the report page by page, let's maybe allow Mr. Wendel to highlight some of the concerns and see whether they are concerns of the committee on the whole. Mr. Wendel.

Mr. Wendel: — I'll start off on page 5 of the draft report. And on the first paragraph on page 5, about the fifth or sixth line down, there's a word, administration, there. And the sentence reads:

To these ends, the Minister of Finance, who is responsible for the administration of the Auditor Act . . .

And the Minister of Finance has no responsibilities under The Provincial Auditor Act; like all the administration of The Provincial Auditor Act is by the Provincial Auditor directly, and he's responsible to the Legislative Assembly for that administration. But under our parliamentary system of government only the minister can bring forward changes to an Act. The Crown has to bring forward changes.

So I'm not sure what you can do. I just wanted to bring that to your attention that that's not exactly correct, what here's. So I'm not sure. You could just say that the minister is responsible for The Provincial Auditor Act in that sense, without administration in there, and I think that would be fine.

Mr. Paton: — Yes, Mr. Chair. I think the wording that's captured here — and we should probably check with Greg Putz — but I think the wording that's captured here is consistent with the orders in council that assign various responsibilities for various

Acts to various ministers in the government. So it's the administration of the Act, not responsibilities under the Act.

But I think this is the OC (order in council) wording that is used to assign all responsibilities. And I'm sure Greg could check on that wording and see if this is what they use.

The Chair: — Mr. Ring, do you have a comment?

Mr. Ring: — Yes, I could provide information on that. The Government Organization Act allows the Executive Council to provide for responsibilities. Certain ministers are responsible for the administration of certain Acts.

It's a standard provision in all Acts that there is a minister responsible for the administration of this Act, although they aren't directly involved in the administration of the organization. They're the minister who, if there's a question with respect to that Act or that entity in the legislature, they are the minister who has to respond to that. And I think that's probably where the wording came from and I don't see that wording indicating that the minister is responsible for the day-to-day administrative matters of the Provincial Auditor.

The Chair: — I think we'll ask Mr. Putz just to clarify that, if indeed that's in the Acts as they're created; that there is someone appointed. This just repeats what's already there, so we'll look for clarification.

Mr. Wendel: — Special report recommendation no. 3. What's stated there is the Act should explicitly set out information required by PAC. Well we wouldn't recommend that. I think you have to make that decision yourself.

What we had recommended was that the Act should provide for the Provincial Auditor to provide information consistent with the Public Accounts Committee mandate. That was our recommendation, not what's stated here. We didn't specify that we should set out what information this committee needs to carry out its mandate.

The Chair: — I'm clarifying. Your concern is the words that the Act should explicitly set out, that that was not raised . . .

Mr. Wendel: — That is not what we had recommended. We didn't recommend that the Act should explicitly set out information required by PAC. You'll have to make that decision yourself as a committee, what information you need to carry out your responsibilities. The Act shouldn't do that.

All we're saying is, whatever you decide you want to look into, our Act should be consistent so we can provide you the information you need.

The Chair: — Okay. We'll ask Mr. Putz to clarify that.

Mr. Gantefoer: — Just a question, Mr. Wendel. This recommendation came from your special report — recommendation no. 3. What did that recommendation actually say in your report? I don't have a copy of that in front of me.

Mr. Wendel: — It's attached to the table of contents in your report.

On page 15 at the bottom of this, right over to the far left, if you like, it says here:

. . . the Act should clearly set out the information that the Provincial Auditor is responsible to provide to the Assembly.

But when you read through the verbiage, the recommendation in the end is that we should provide the information that you need to carry out your mandate. That's what we recommended. We didn't want to recommend what information you should get. You have to make that decision.

The Chair: — Okay, I think there's a little bit of clarification needed there, that that's not going to pose a great problem. And Ms. Woods has noted that and will ensure that that reflects. Continue, Mr. Wendel.

Mr. Wendel: — On page 6, where it's . . . about a third of a way down the page, special report recommendation no. 4. The last sentence in that statement is what was said at the committee, but I just want to bring to members' attention that that provision doesn't give us the powers to inquire into the items that we were talking about, like transfer payments. That general provision wouldn't give us those powers because we wouldn't have the power in the first place.

And what that section 16 of our Act is dealing with is, is it allows this committee to ask us to do special assignments. Like if you wanted us to inquire further into a particular government agency, we could do that for you, but I don't think that would allow us to get into the recipient of a transfer payment's books. That would be my thinking on this.

I just wanted to point out that that's not . . . like, that comment doesn't solve the problem of access to the accounts of transfer payments. That provision in our Act.

The Chair: — The use of the words, I guess, can be dealt with. Your concern is, does that imply that section 16 actually allows you to do that where the interpretation may be taken that way?

Mr. Wendel: — Yes, that could be the interpretation but that's not the case. I just want to bring that to your attention.

The Chair: — Duly noted. Good, thank you.

Mr. Wendel: — And on page 9, I've already mentioned this is recommendation no. 12, and it's a different recommendation you need to put in here, and it's that encouraging your committee to get an engagement letter with the auditor that audits our office — rather than having the Act amended for that purpose.

The Chair: — There was a different recommendation.

Mr. Wendel: — Yes, this is the one we had talked about earlier when we were going through Mr. Ring's report, where he said that the Act didn't reflect the need for an engagement letter.

The Chair: — So, Mr. Wendel, are you saying that the recommendation as printed here under recommendation no. 12 isn't the recommendation that we dealt with?

Mr. Wendel: — That's correct. If you go to the advisory committee's recommendation, which is on page 35 of your appendix that's attached here, recommendation 12, okay, near the top of the page.

It says that:

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

There's no mention of changing the legislation for that. Okay? Like you'll see the other recommendations have that in them. That one doesn't have that. So that was the recommendation you adopted when you, when you discussed it at this meeting. You adopted that recommendation the way it was — without amendment.

Mr. Paton: — Mr. Chair, I think the only difference here is whether or not this provision is put into the Act, and what Mr. Wendel is saying is that the committee recommended that it be a process that's adopted. This committee agreed with that process but it was never suggested that it be legislated. I think that's all it comes down to.

Mr. Wendel: — All I'm suggesting is that you, that you change this recommendation to reflect what you adopted. And I don't know how you'll end up actually going about the details of getting at this. You may want to put it in your terms of reference of something you do annually or however you deal with that rather than legislation but . . .

The Chair: — Thank you. As Mr. Gantfoer has pointed out, we can leave microphones on. We can leave up to six on. So to avoid confusion, just remember your microphone is, your microphone is on. Let's keep moving.

Mr. Wendel: — Okay. On page 12 — this is a small item, just a typo. There's a date needs to change. In the middle of the page, the report we made to you is December 19, 2000 as opposed to 2001.

The Chair: — Thank you.

A Member: — You need your magnifying glass.

Mr. Wendel: — I've got these big bifocals on and I have another set that's full bifocals. You get to that age.

The Chair: — Good, thank you for that.

Mr. Wendel: — And on page 8, yes, there's one other item I want to bring to your attention — this one. Right on the top of the page there's a statement in here, the very first sentence where it says the:

. . . Committee disagrees that officials who fail to provide the Provincial Auditor access to the accounts they manage should be deemed to have obstructed an Officer of the Legislative Assembly in the discharge of the duties required by the Assembly.

When we talked about this issue, it was about us putting in our Act something there that built in the provisions of The Legislative Assembly and Executive Council Act, which says the House can inquire into and act like a court to see whether there's been an actual obstruction of an officer of the Assembly in the discharge of their duties.

So what I'd like to do is change this a little bit. I think this is a pretty strong statement here that makes it sound like it never is. Like, the way the wording is right now, it makes it sound like if people don't co-operate with us, it never is an obstruction.

So what I'm suggesting is that we would insert some words right after the word "that", about four words down, and say your committee disagrees that The Provincial Auditor Act should include provisions "that officials who fail to provide access". Okay?

That was a discussion of the committee. You didn't think we should put it in the Act because it's already covered in another Act, but you didn't say that this wouldn't be a deemed interference. Okay? In other words, it's still open. Like, it was up to the Assembly to decide if there's an interference.

The Chair: — Comments? Mr. Gantfoer, you must have a comment.

Mr. Gantfoer: — My only comment was— and I think the auditor makes a point — it's a technical oversight and I think we should include those words.

The Chair: — Is there any problem with that interpretation, that it was not to include the fact that we were feeling that there was never an obstruction, that it was just as planned by the Act? Ms. Higgins?

Ms. Higgins: — Just clarification, could you go through the suggested changes again for me? Thank you.

Mr. Wendel: — I would suggest, after the word that, which is "Your Committee disagrees that", we add the words "The Provincial Auditor Act should include provisions that officials who fail to". Okay? And just the way it reads after that. That.

The Chair: — That.

Mr. Wendel: — And then, officials.

The Chair: — Officials.

Mr. Wendel: — Just carry on after that.

So it wasn't that you were taking the position that there was or wasn't. You just said it shouldn't be in this Act. That's all.

The Chair: — That's a good point. Yes. Seeing probably affirmative . . . Mr. McCall?

Mr. McCall: — Actually, is there any interest by the committee in making explicit the fact that it is covered by other legislation? Because taken in isolation, it looks sort of screwy. Anyway I just put that out to the committee.

The Chair: — That question I would pose to Mr. Paton for comment.

Mr. Paton: — Could you repeat that please?

Mr. McCall: — Just the idea that's the aim of the . . . with what is set out here, to provide the Provincial Auditor . . . just the idea that's the intent of what is not . . . the intent of what is being disagreed with here is covered in other legislation. Following me?

Mr. Paton: — Mr. Chair, that's my understanding, that it's covered by other legislation, but I can't personally confirm that.

The Chair: — Well I think the concern that Mr. Wendel has raised and Mr. Gantfoer has suggested that we accept is that, for our discussions that took place at various meetings, we were disagreeing as to whether or not that would be contained in the Act. And that's the point that Mr. Wendel has raised and I don't think it, you know . . . And I agree with you, Mr. McCall, if that's something . . . it may leave it a bit ambiguous as to whether or not we're suggesting that something else exists. We don't know for sure, as Mr. Paton has said, but we believe it's there.

But for clarification purposes, is everyone willing to make that recommendation to Mr. Putz, as far as clarifying that wording by inclusion of those words? Okay, agreed.

Mr. Wendel, are there any further concerns about the draft report?

Mr. Wendel: — No, Mr. Chair, that concludes my concerns.

The Chair: — Thank you. Now, individual members, are there any other concerns that you may have noticed?

Mr. Gantfoer has made some comments about the acceptance of this draft based on discussions with Mr. Ring and Mr. Wendel, and we've clarified some of the points, and we've also made some recommendations to Mr. Putz about clarifying some of the wording.

Is there any other concerns to be raised? Seeing none, then the draft report will now, after those few changes, will become the report of this committee that will be presented to the Legislative Assembly at the appropriate time.

We require a motion, yes.

Mr. Gantfoer: — Thank you, Mr. Chair, I'll move:

That the committee adopt the draft report with the changes that have been noted and agreed to, be our first report of the second session of the twenty-fourth legislature.

The Chair: — Thank you. Discussion? All in favour? Opposed? None. Carried.

Okay, that I think takes us to the end of the agenda that we had identified for today and now with the election . . . by the way, I think I didn't say congratulations, Mr. Harper, on being elected as the Vice-Chair.

With the usual format followed, there will be discussion between Mr. Harper and myself as Chair to determine the items for the agenda and the next meeting date which we'll set, probably quite soon as we need to get through the business of Public Accounts.

What I'd also ask is that the . . . Mr. Wendel, I think we need to, we need to prepare a sheet of information that would indicate what other, what chapters are still left. And I've been working with the sheet that I've scribbled on a number of times and I'm not sure what's left and what's not left. And I think for Mr. Harper's benefit as well we need to take a look at what items are left.

And I believe Mr. Wendel has that report already. Somehow I'm not surprised.

Mr. Wendel: — I have two copies, one for the Chair and the Vice-Chair. And we can make others available to the rest of the committee.

The Chair: — Are there any other items of concern to be brought up this morning? Mr. Wendel?

Mr. Wendel: — Do you need a motion on this? On . . . (inaudible) . . . because there was a special report.

The Chair: — Yes, thank you, Mr. Wendel. Mr. Wendel notes we had a special report presented to the Legislative Assembly which is the Public Accounts Committee's responsibility to review, and we have reviewed. So we require a motion to state that the Act . . . I think we state that the report has been reviewed and accepted? Is that the usual provision?

Mr. Wendel: — I'm not sure. Mr. Chair, I'm not sure on what basis you're considering the Act. Are you recommending something back to the House on the Act or are you just recommending a motion that you've considered the report? Considered the report okay . . .

Mr. Harper: — Mr. Chair, I would make that motion:

That we indicate that we have considered and accept the report, the Special Report of the Provincial Auditor.

The Chair: — Thank you, Mr. Harper. Any questions? All in favour? Opposed? Carried. Thank you. I forgot about that.

The committee adjourned at 10:36.