



Standing Committee on Public Accounts

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS
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Mark Wartman
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The committee met at 09:00.

The Chair: — Good morning, everyone. Welcome this fine Wednesday morning. We're all set to spend the next two and a half hours on Justice issues relating to very specific chapters from the various reports.

The agenda has been circulated to you indicating the items that we'll be talking about. We'll hopefully be able to adjourn at about 11:30. I see that members present . . . noted that Mr. Allchurch is standing in for Mr. Gantefoer. Otherwise everyone is present . . . (inaudible interjection) . . . Sitting in, okay not standing.

I'd ask Mr. Wendel to introduce some new people from his office first.

Mr. Wendel: — We have one new person here this morning. I have Glen Nyhus over here. Glen will be making a presentation later.

The Chair: — Good morning, welcome Glen. And Terry, from the comptroller's office, you have some Finance people that are here, right?

Mr. Paton: — Yes, good morning. I've got three people with me today. Beside me is Lori Taylor, who is a manager in financial management branch. To my immediate left at the back here is Jeannette Lowe, who is an analyst with the Treasury Board branch. And Elaine Wood, who is a senior analyst in the financial management branch.

The Chair: — Great. Welcome. Thank you very much, Terry. And as indicated, the issues before us this morning are Justice issues. And I'd like to welcome the deputy minister of Justice, Mr. Whyte, and ask you to introduce the people that are with you this morning.

Mr. Whyte: — Well thank you, Mr. Chair. It is quite a crowd but it is a huge department. To my right is Mike Pestill, the acting director of administrative services. To my immediate left is Rod Crook, executive director of registry services. And to his left is Ron Kruzeniski, who is the Public Trustee.

Over against the left wall, closest to the Chair, is Keith Laxdal, associate deputy minister of finance and administration. And next to him, Doug Moen, the executive director of public law and community justice. Behind me to the . . . well I guess to your right, my right too actually, is Barb Hookenson, executive director of court services. Right behind me is Kevin Kuntz, the financial administrator of the corrections division of the department. And beside Mr. Kuntz is Stella LaRocque, the assistant director of administrative services.

Thank you.

The Chair: — Great. Thank you very much, John. Welcome.

Okay. As indicated, we have four chapters: chapter 4, chapter 16, chapter 7, and chapter 2, from the various reports. And I'd ask Fred or Jeff or who's going to introduce the presentation and to proceed.

Mr. Wendel: — I'm going to have Jeff do most of the work here. But Jeff is going to deal with chapters 4, 16, and 7. And then we'll go through the recommendation from that . . . from those chapters. And then Glen will come up and deal with the 2001 Spring Report. So, Jeff.

Mr. Kress: — Thanks, Fred. Good morning, Chair, members, colleagues. We are pleased to have this opportunity to review the work of our office relating to the Department of Justice. We will be reviewing four reports this morning, as Fred mentioned, with respect to Justice. These reports include chapter 4 of the 1999 Fall Report Volume 2; chapter 16 of the 2000 Spring Report; chapter 7 of the 2000 Fall Report Volume 3; and the 2001 Spring Report.

I will start with the next most recent chapter — the Fall 2000 Report Volume 3. Page 231 of the report shows the government spent a total of 262 million for the protection of persons and property for the year ended March 31, 2000. The department received 229 million from the General Revenue Fund to deliver its programs. We also briefly describe the department's mandate on page 231.

On page 232 we show the department's major programs and spending, and we briefly set out the department's key risks it faces in achieving its objectives.

The department is responsible for the operations of several trust and special purpose funds in Crown agencies. We include a detailed listing on page 232.

We have completed our audits of the Department of Justice, the special purpose funds, and the Crown agencies listed on page 232, with the exception of the office of the Public Trustee. And we'll be discussing the Public Trustee later in this presentation.

Our office has one new recommendation in these three reports. On page 239 of the 2000 Fall Report, we recommend that the department improve its annual report so that it describes how the department manages its key risks; the department's performance measures, targets, and actual results to plans; and what the department owns and controls.

We think that improvements to the annual report will improve accountability and will lead to better management. More specifically we think the department's annual report should explain the key risks the department must manage well in order to succeed. The annual report should also set out overall goals and objectives on a program basis.

Currently the department's annual report does not specifically address these key risks or explain the systems and practices it uses to manage these risks. Also the department's annual report does not set out performance measures or targets and it does not state whether the department has achieved its goals. The department told us that it prepares its annual report in accordance with government guidelines for preparing annual reports.

I will now provide a brief update on past recommendations that have been considered and agreed upon by PAC.

Our first one, in our 1998 Fall Report Volume 2, we recommended that the department should improve its procedures for ensuring the accuracy and integrity of its court information system. On January 4, 1999, PAC (Public Accounts Committee) considered this matter and agreed with our recommendation. On page 235 of the 2000 Fall Report Volume 3, we continue to make this recommendation.

The department does not ensure all changes to information in the JAIN (Justice Automated Information Network) system are properly authorized. Also the department does not know if all authorized changes are made, and made properly.

For example, the department is unable to reconcile uncollected fines at the beginning and end of a period. For the year ended March 31, 2000, this unreconciled difference was approximately 336,000.

As a result we think the department does not know if all court decisions are carried out. Also, the financial information the department uses for decision-making may not be accurate.

The department has told us that it has completed a financial integrity review. This is a positive step. However, the department needs to continue to improve its procedures for ensuring its court information system provides reliable and complete information.

You know in our 1998 Fall Report Volume 2, we recommended that the department should review its procedures for collecting fines. On January 4, 1999, PAC considered this matter and agreed with our recommendations.

On page 237 of the 2000 Fall Report Volume 3, our office continues to recommend the department should implement the recommendations of the Fine Collections Review Committee, establish performance targets for fine collections, and to monitor progress in achieving these targets, and ensure that when repeat offenders are in court, the department informs the sentencing judge of any unpaid fines.

In 1993, the department established the Fine Collection Review Committee to review its fine collection program. The mandate of the committee is to recommend options for increase in the collectibility of fines. The committee made 16 recommendations in August 1995. The department has reviewed but not implemented all of the recommendations of the committee.

Since 1996 the total fine revenue has remained relatively stable, however, the collection rate for fines has decreased by approximately 9 per cent. The department tells us that it will continue to pursue recommendations of the Fine Collections Review Committee and is monitoring other jurisdictions for additional options to improve its collection of fines.

The department has also told us that it did consider the recommendations of the Standing Committee of Public Accounts and believes considerable work and staff resources would be required to provide the information needed to the judiciary. It is unsure whether the judiciary would find it useful because the judiciary is an independent body. Information is usually only provided when it is requested.

Our third existing recommendation I'll give an update of is in our 1997 Spring Report and subsequent reports, we recommended that the department prepare a written, tested, and approved contingency plan for its IT (information technology) systems. On October 8, 1998, PAC considered this matter and agreed with our recommendation. On page 238 of the 2000 Fall Report Volume 3, we once again report this recommendation.

The department depends on IT systems to carry out its programs and services. To provide continuous service, a written, tested, and approved contingency plan is needed. Without a contingency plan, the department faces additional risk because of the possibility it may miss commitments . . . (inaudible) . . . decisions and lose essential data, and it may face increased program and service costs and declining public confidence in the department. The department has told us that it is still developing contingency plans for its systems.

I'll now talk about the 2000 Spring Report, chapter 16, very briefly. In the 2000 Spring Report, we report the findings of our audits for the Office of the Rentalsman trust account, Provincial Mediation Board trust accounts, Queen's Printer Revolving Fund, and Victims' Fund for the year ended March 31, 1999. We did not have any recommendations for these entities.

We also report the findings of our audit of the Correctional Facilities Revolving Fund for the year ended March 31, 1999. We had reported two recommendations related to the Correctional Facilities Revolving Fund in prior spring reports. PAC reviewed and approved our recommendations on October 8, 1998.

We are pleased to note that the department has taken sufficient steps to resolve these issues. We no longer have any recommendations related to the Correctional Facilities Revolving Fund.

With respect to the 1999 Fall Report, I want to bring one matter to the attention of the committee. We describe a study of key attributes of performance indicators on page 165. We note that we plan . . . at that time, we noted that we planned to continue to follow the department's progress in selecting indicators and that we would compare the department's indicators to the key attributes of performance indicators in our 2000 Fall Report Volume 3.

We have not completed this work at this time. Our office is currently studying how best to do this work and we will report our work in a future report.

That concludes my presentation with respect to the Department of Justice.

The Chair: — Thank you very much, Jeff. Mr. Whyte, comments from the Department of Justice?

Mr. Whyte: — No. We have no specific comments at this time.

The Chair: — None at this time? Okay. Then we'll open it up to questions from panel members or the committee members. Of old recommendations, as indicated by Mr. Kress, is that we've had a number of resolutions that have been before you before. And he's brought us up to date on the status of those

particular resolutions, as well as is indicated there is one additional new recommendation which is found in chapter 7 on page 239 . . . (inaudible interjection) . . . Honest, Ms. Higgins, honest. It's on page 239 of chapter 7.

Are there any questions of any of the material that has been presented to you? Mr. Wakefield.

Mr. Wakefield: — Thank you, Mr. Chair. And good morning and welcome to your officials.

I guess when I was listening to the presentation it seemed to me there was a lot of recommendations that had been reviewed before; considered by PAC and agreed to by PAC with, I think, your comment that it's still ongoing or still needs to have work done. And I haven't been able to pick one out specifically, but there seemed to be a number of those.

Is there reasons for ongoing — what would be the right word? — delay in addressing these PAC recommendations?

Mr. Whyte: — At least two reasons. One would be the ingenuity gap and the second would be money.

I could elaborate a little bit. For instance, with respect to fines and our difficulty in wrestling that to a situation of complete compliance, we do face an ingenuity gap. That is the limited number of ways we can approach the fined population to collect money.

With respect to resources, that would certainly explain a great deal of the problem that we've had around the information system that we use for court services — the Justice Automated Information Network and its deficiencies.

That system, as the Provincial Auditor has pointed out, continues not to produce all the information we need, or we have not been able to manipulate it to get the reconciliations that the Provincial Auditor wants. We continue to spend money on the system. More to the point, we continue to seek funding for a replacement of what is a very old system, without success.

I don't know whether the matter of the annual reports is a perennial issue or perhaps it's a new issue this round, so it doesn't fall within your question precisely. Your question relates to our inability to deal with historic concerns, and those are the two major historic concerns.

I could speak more about those two concerns if you wanted me to probe with you what our problems are around fines and court information systems.

Mr. Wakefield: — If I could, Mr. Chair, you used the word engineer . . .

Mr. Whyte: — Ingenuity. Our imaginations run out before we figure out how to collect fines, is what I'm trying to say.

Mr. Wakefield: — Okay.

Mr. Whyte: — If that's too . . . That may be too fast on an answer. There are things of course you can always do to be more effective. When you have a program to administer, you

can put more people on it, more resources on it, and think of new engineering, and we could talk about what we're doing in that score.

And I don't mean to leave it with, oh, this is such a humanly impossible thing, don't bother us with it. I'm not saying that.

Mr. Wakefield: — I guess my concern was that there was a fairly sizable amount of money that was there. And I think if I remember hearing you correct or reading it, it's on the increase, fairly substantial, 9 per cent or 10 per cent increase in uncollected fines. And can you see any possibility in the near future of addressing that or is it going to continue to increase?

Mr. Whyte: — I don't know whether there's going to be a continued increase. There are a number of reasons why in absolute terms there might be a continued increase. One relates to the, I'm afraid, the rising tide of offending in the province. Another relates to the significant fine increases we've put in place over the last year so that the amount at stake has gone up considerably.

A third relates to the sad difficulty that many persons for whom the appropriate response for their offending is fines not jail — it's not the kind of misbehaviour that should trigger incarceration time, maybe shouldn't even trigger community sentencing, but fines is appropriate — yet either the capacity of these people to pay fines, or if I may be more sociological, the cultural imperatives around following court orders are actually low. So there's no doubt that Saskatchewan will continue to be faced with a fine collection issue, without a doubt.

What are we doing about it? Well we have initiated, starting October 1, 1996, which I appreciate is five years ago but we're still at the point of expanding this program, expanding methods of payment using plastic and Interac and other forms of making it easier to pay. Again those easier forms of pay are sensible when speaking of some socio-economic classes and not so relevant maybe when speaking in others, but this ease of payment regime will be fully in place actually not till the end of the 2002-2003 fiscal year. But it's quite extensive now.

For four years we have been using collection agency contracts — and we thought that that would have a beneficial impact on our collection record — and that of course produces fees of 28 per cent in one collector and 18 per cent in another collector, 23, I guess, in a third collector. And I think we think that the fine collection agencies have been useful and valuable and they have certainly collected money.

The trouble with fine collection agencies is that when the fine is a certain level and you calculate your 20 or 18 or 23 per cent commission, you come reasonably quickly to triage, that is to . . . or maybe it's just doage fines that might be worthwhile going after and fines which you're never going to recover the cost of collecting. So the dumping off by the commercial agencies means that it's a less than perfect system.

We are now planning for the creation of an internal collection unit, which is in a sense perhaps going full circle although before we've never had a specially dedicated collections unit. And this collections unit would be responsible for collection of large fines, either single large fines or accumulative large fines.

The default hearings, credit and debit card program, and investigation with people of alternative payment methods — this will produce a lift in departmental expenditures, if it's approved by Treasury Board, and of course it will produce more revenues, which is not to say that it would not also produce expenditure lifts, which is a concern.

But nevertheless we are proceeding with a specially dedicated unit, and indeed we have without further planning created a . . . or re-instated the manager fines collection for trying to improve our fine collection. And we've done that fairly recently.

We've also continued — and we've reported this at a previous meeting of Public Accounts Committee — carried on a best practices conversation with other jurisdictions to see how they managed to collect fines and that has proven to be useful. And we are pursuing options through using our Web site and, of course, there is always the option which we're pursuing of doing fine collection through co-operation with Saskatchewan Government Insurance.

We are also working with the Canada Customs and Review Agency on an income tax set-off program under which people get a smaller refund in order to be relieved of being in debt to the province. And we have started meetings with them just to initiate that program.

So we don't have a silver bullet; we are pursuing, as we said we were 18 months ago, pursuing various options. I think the big shift since we reported here 18 months ago is that we have decided to increase internal resources to intensify our discussions with other agencies and to increase our examinations of options from other jurisdictions and actually to implement collection practices from an internal base.

Mr. Wakefield: — Can I just follow up, Mr. Chair?

Mr. Crook: — Supplement to that. I think overall the track collection on fine collection has been good. Overall it's about an 80 per cent collection rate. There are always those individuals that you're not going to be able to collect from.

In addition, on the non-monetary payment of a fine, in particular the fine option program, we have seen significant reduction in the use of that program. In part because of changes, or for the most part, because of changes in the law dealing with jail as an ultimate sanction. And that has had an impact with people using the fine option programs.

So again, overall 80 per cent rate in the face of a decline in use of the fine option program. As the deputy mentioned there has been a number of, I think, significant initiatives that have been undertaken, including the recent expansion of the driver's licence suspension program to cover other Criminal Code traffic related fines.

We are in discussion with SGI (Saskatchewan Government Insurance) on options to expand that to other fines and also to consider vehicle registrations. So that initiative coupled with the other initiatives that the deputy minister referred to there has been considerable activity in this area in terms of trying to deal with what's a difficult problem. And I think overall the track record has been fairly good.

Mr. Wakefield: — Mr. Chair, just one follow-up question. It sounds encouraging that you're moving in a direction to try and address this, albeit it's been a number of years, I guess . . . or months that you've been trying to do this. If I was going to receive a fine for something, I would hope that I could be within that 20 per cent — not that I would ever consider doing anything that needs to have a fine assigned to it.

I guess my point would be is the uncollected fines, is that . . . would that be a reason for people to say, well, I think I can get away with this without having to pay a fine, and therefore, I'm going to be home free for a long period of time? Is that part of the reasoning for maybe some of the increased, increased uncollected fines?

Mr. Whyte: — For sure. We think that the failure to collect fines at almost 100 per cent will produce in subsets of the Saskatchewan society a common belief that fines need not be paid. So that the failure to collect fines we think undoubtedly produces a multiplier or a compounding effect. Not collecting fines does send a message to fined persons that you need not pay fines.

I don't think that's the situation in Saskatchewan but it certainly is the fear. And it's been the fear actually in this committee for some years. And rightly so. It's a task which needs to be pursued zealously, not just for the money but for the reason that you've pointed out.

Mr. Allchurch: — Thank you, Mr. Chair. In regards to the fines, is there just a certain area where the fines are not being collected or just a broad area of fines that are not being paid?

Mr. Whyte: — I don't know. I have not heard anyone deal with a fine collection issue as being addressed through selective enforcement areas or selective enforcement fines and certain kinds of fines as opposed to other kinds of fines. It's always been presented to me, at least, as a phenomena that exists on a province-wide basis. But I don't know whether Mr. Crook has a more refined sense of the problem.

Mr. Crook: — No I don't think there are particular areas, but I can ask Barb Hookenson to comment if she has any . . . (inaudible interjection) . . . No.

The Chair: — If I might, Mr. Crook, you mentioned that the fine option is on the decline . . . the use of the fine option is on the decline. Could you indicate what you've . . . or what reasons you see behind that decrease?

Mr. Crook: — Barb, did you want to address that issue?

Ms. Hookenson: — Good morning. You'll have to excuse me, I have the cold so my voice is kind of cracking.

Fine option. We started to see the decrease in 1996 when Bill C-41 came into effect. Bill C-41 is the sentencing Bill which basically eliminated our sending . . . incarcerating people for the non-payment of fines. So accordingly, as time has progressed, people have become aware of that. They know they're not going to be jailed for non-payment of fines, and therefore a fine option is no longer the incentive that it was.

And what has happened is now when we make comparisons to five years ago, there has been a 50 per cent decrease. Because for those people that really don't care, at the end of the day, if their credit rating is affected by non-payment of fines, there is no incentive for them to go to the fine option program.

And that's the full reason for why we see such a decrease in that program.

The Chair: — I was wondering whether there was any concern from municipalities, service clubs who used to be provided with the specific number of hours to ensure that a fine option was met. Was that of any concern to your department?

Ms. Hookenson: — We haven't actually heard anything being raised with us specifically about that as far as municipalities or communities raising it with us, and that obviously they're seeing the decrease in that community-type work. But it is not something that has come to my attention specifically.

The Chair: — I have a question, if I might. When someone fits into that 20 per cent and determines that, as you've said, they don't care about their credit rating and they refuse to pay a specific fine, does that fine payable stay with the individual forever? Or is there a period as in a driver's licence, for instance, where you know after a certain number of years it actually is removed from your driver's record. Does that occur in fines at all?

Ms. Hookenson: — No, it isn't. The fines stay with you forever.

Back a number of years ago, we used to write fines off. We're just now going through a process where we will write fines off, but it doesn't mean that they're written off your record. It will be just more of an administrative function to remove some of the files from being active files in the offices.

But the information will always be on the system so that we have a record of what is outstanding for every particular individual, and we'll always be able to enforce on those fines. So whether we're using non-renewal of drivers' licences or other mechanisms, that will stay with the record forever.

The Chair: — You've indicated you've just started a process of fines being written off. Have you established any type of trend as to how large a percentage of fines you will be writing off on a given year?

Ms. Hookenson: — Well we will write off a significant amount as far as administratively writing them off the books so that we're not continuing to carry that. But we haven't really determined what that will be because it's been such a long period of time since we have written off any fines.

The Chair: — I was just wondering, because the auditor is suggesting that at the end of one given year, there was an irreconcilable difference, I think, of \$336,000. Is that something that for the following year you would be writing off that . . . (inaudible) . . . portion of that amount?

Ms. Hookenson: — No. No, we wouldn't write that off until we were able to reconcile those differences and to know what

has accounted for that \$316,000.

The Chair: — Thank you.

Mr. Wartman: — The auditor has recommended that repeat offenders be named if they're appearing again. And I'm wondering if you have some reasons why that doesn't happen. I've noted in some of the information that there's no system available, and I think it was mentioned here that there's no system available really to highlight those repeat offenders if they are appearing before a judge again.

Have you looked at what it would cost to implement such a system? If there's 20 per cent of people who are not paying and chances are that there are also repeat offenders amongst them, is there no way that they could be highlighted so that if they come up on a court docket, that you would be able to point that out to the sentencing judge?

Mr. Whyte: — I don't know whether we're going so far as to say there is no way but, by and large, in criminal proceedings we have a real problem in putting in . . . or adopting . . . or thinking it useful to adopt systems which get all relevant information before the judge in docket court.

This is a bit of a tangent, but the new Youth Criminal Justice Act has this, also, this dream of being in court for your appearance with a whole bunch of information and we look at this and say, I don't think we can do that. There's just a horrible problem in collecting information before court begins. The timelines around appearances, and in many instances, then dispositions when there are pleas have defeated our thoughts of having data available before the court.

The auditor also mentioned the problem that the courts themselves are not terribly thrilled to have all kinds of information submitted which the court, or the judge feels is not relevant to his or her sentencing disposition. They will be the judge — they'll be the judge — of what is relevant in the disposition of the case and our long historical concern with this person is not of concern to them except of course for prior record. And so that's a problem.

It seems not to be an open door of information, and secondly the flow of information getting to the prosecutor does not seem to be available. If we had an information system — I suppose a JAIN system — that was actually fast, reliable, kept up to date, and involved portable laptop computers in court, one could begin to see how that could work.

Mr. Wartman: — I was thinking in terms of systems like the prescription drug where if a person comes to get a narcotic, say for example, renewed there . . . If they've done it with three or four different drugstores, it's flagged and it's brought up immediately. And it just seemed to me that certainly within the technological capabilities it's there, but it may not be set up within the systems of Justice to be able to do that kind of flagging.

And part of it, when you talked about the judge being the one who is the judge in the situation and is going to be making the decision, if the decision is to levy a fine for a chronic non-fine-payer, you may as well not even be going through the

system almost. I mean it just seems rather pointless.

Mr. Whyte: — Well yes. I mean the judge, however, would rather levy the fine to a chronic non-fine payer in most cases in the hope that the system, meaning the Department of Justice, would find a way of bringing pain to bear on the convicted person through the fine collection. That is, judges are very, very sentencing adverse . . . that is jail adverse.

And as Ms. Hookenson pointed out there's now a federal law suggesting that they . . . actually the federal law says you don't go to jail if you don't pay the fine. It doesn't say you can't jail someone for a new offence when they've proven themselves to be unamenable to fining. It doesn't preclude that. So I don't mean to misrepresent Bill C-41, but judges are very jail adverse.

And my own view is that it's reasonable to hope that the fine collection system through the various agencies will produce enough pain for the convicted person that — although undoubtedly there's a hard core of truly indifferent people — that it should have some disciplinary effect.

Mr. Wartman: — Okay, thank you very much.

Mr. Whyte: — If I might, just on the matter of prescription drugs, only to say that pharmacies do work from a single site with a electronic technology terminal. And in courts we don't.

I mean the truth is we are going into court with dockets which are being put together as the morning progresses. And until we establish an information technology centre in the courtroom, we will not have fast, in many cases, we'll not have fast enough access to the accused person's record.

So the technology is there. The logistics of court proceedings defeats current state of, well current state of technology that we can afford.

Mr. Wartman: — Thank you.

The Chair: — Good. Thank you.

Ms. Jones: — Thank you. You may have just answered it in your last comments. But I'm curious about a person appearing in court and when the charge is laid. And maybe I've been watching too much TV, but it seems to me that you always know what the person's record or rap sheet or whatever they like to call it is.

And you're saying that when somebody appears in court that the prosecution does not know their previous record and can't reveal that to the judge.

Mr. Whyte: — They can reveal the previous record to the judge for sure and part of the prosecutorial job is to collect the priors as they say, prior convictions. And actually I'm not sure why in the preparation for the appearance when the priors are collected, why there isn't financial information as part of the priors when . . . I mean, we're told that they can't call this information up quickly, but you're right, they do before they show up have the record of prior convictions. Whether that record can be expanded, in truth I'm not sure. I don't know

whether . . . we don't actually have a prosecutor here. Do you know what the technological barrier to more and more information is?

Mr. Crook: — I think the information system for the prosecutions division is not linked to the court information system. That's one of the things that the department would love to do and have an integrated information system, such as they've done in Ontario for example, where access from one part of the system to another is easy to obtain. But we don't have that capability with the existing IT systems.

Ms. Jones: — Okay. If I can just follow this line a little bit; I'm very curious about it. On the priors it would most likely show if there was conviction and time assessed to the crime; it would show conviction and time served. So if it's a fine, it shows conviction and fine levy but doesn't show time served in terms of payment paid. Is that correct?

Mr. Whyte: — Yes, I mean, actually I see these things from time to time when there has to be Attorney General approval for section 810 orders or dangerous offender orders, and in fact the prior conviction sheets show convictions and sentence. They don't show disposition . . . the disposition is the sentence. They don't show release dates, how much time was served.

They actually are . . . the prosecutors have access to the criminal record including sentencing. In some ways that's what's relevant. What have they done, what have they been convicted of doing, what was the judicial view of the appropriate seriousness shown up in the sentence. That's it. That's what they use.

But I wonder if I could suggest to you that we provide a written answer to you, or through the Chair to the whole committee about two matters. The precise nature of the information which is now in the prosecutor's hand at court appearances, and secondly, some description of the linkages between our two information systems, and what the prospects are for enhancing those linkages.

I mean, I do know that we're going to say that the linkages will depend on the creation of an integrated . . . integrated justice information system which, we will probably not tell you, will cost about a quarter of a billion.

Ms. Jones: — You need a new land information system for the court, right?

Mr. Whyte: — The land is the cheaper.

Ms. Jones: — Thank you, Mr. Chair.

Mr. Whyte: — But we will provide a written answer exploring the, as I say, our precise capacity and what the prospects are for linkages are.

The Chair: — Okay, good. Any further questions or comments? Mr. Stewart.

Mr. Stewart: — Yes, the Provincial Auditor's office expressed some general concerns about the accuracy and integrity of court information. I'm wondering if you could enlighten us to some

more specifics about what the real concerns are.

Mr. Whyte: — Yes, I . . .

The Chair: — Do you wish to . . . Mr. Whyte first and then . . .

Mr. Whyte: — Oh, I'm sorry, I'm sorry, you asked it . . . (inaudible) . . . I'm sorry.

The Chair: — We'll recognize Mr. Whyte.

Mr. Whyte: — I'm going to simply state that the court information system is an immense challenge to this government. The Justice Automated Information Network is very old. We do buy updates when we can get them and hire resources to make it more accurate, but it is not an adequate system.

The precise things we are doing to make it work more effectively until we get a new justice information system, I'm going to have Mr. Crook describe for you.

Mr. Crook: — I think there are two issues with respect to the court information system. The first is the policies and procedures in place to ensure that court decisions are actually recorded and payments in the case of fines, whether those are monetary payments or non-monetary payments are recorded on the system.

And the department is comfortable that the policies and procedures are in place to ensure that those decisions are recorded and payments are made.

Now could we have even more certainty with respect to that issue? Yes. But what that would require at a practical level is hiring new staff in the court services branch in their respective court locations who would actually sit and check the work that has been done by the court clerks that enter, in the case of a fine that's ordered, that enter it on the system.

So while there are, as I say, the policies and procedures in place with the staff to record it on the system, you could as a double-check have another staff member go through the stack of paper, check it again so it's been entered on the JAIN system, and that would give you sort of your hundred per cent assurance.

Now I don't think that we are at this point convinced that the additional cost of hiring that staff, given the minimal risk, is perhaps justified on a cost/benefit analysis, but it's certainly something that one could do if you wanted to achieve hundred per cent assurance.

So that's the first issue just in terms of the record on the system.

The second issue is inadequacies in the financial reporting capabilities of the JAIN system. And there was mention earlier of difficulties in reconciling outstanding account receivables to the balance at the beginning of the year.

Now you take the balance at the beginning of the year, the new fines that were ordered less the payments made, and that should then give you the current balance.

And basically what the difficulty here is, is that the JAIN system was built before there were any requirements for accrual accounting reports. And so we have had to adapt JAIN to provide these kinds of reports. And there are system-programming errors that are sort of built into this system that are very difficult to fix without spending significant amounts of money.

So that is sort of the overall nature of the difficulty. I would note that as of March 31, 2000 the figure was 336,000 that was unreconciled on 11.4 million of fines. And that number has dropped as of March 31, 2001 to 161,000 on \$12 million in fines. So we're moving in the right direction. But again to completely fix the problem requires expenditure of funds that the department hasn't had at its disposal.

The Chair: — I'd ask Mr. Wendel or Mr. Kress to comment on the question as well.

Mr. Kress: — Thank you. I'll first of all expand on what Mr. Whyte and Mr. Crook said. With the two issues, the first one he mentioned was the sort of policies and procedures and the double-checking potentially of information going in.

I don't think from our office's standpoint that that's necessarily what we're getting at. And that could be a very high cost alternative. There might be batching alternatives where you take a whole pile together, add them up, and compare the totals when they go in the system. So from that perspective, we're not as concerned from the data entry standpoint.

The area where we are most concerned about is the second area that Mr. Crook mentioned. Which as he put it, is the financial reporting capabilities and when you take points in time, the inability of the JAIN system to balance. Now Mr. Crook noted that it was strictly an accrual problem. From the work we've done in not only taking the court's receivable as a whole, but looking at individual offices on a one, a two, or a three-month basis, we've been having trouble balancing those.

So when we look, let's say at an individual court, and we say here is the opening receivable that would be related to that court and we go three months later and we add, all right here's all the charges that went through that court office and here's all the cash they received per the system, that should equal the total in JAIN which says here's the amount still outstanding to be received. And when we do this, it doesn't balance. And that raises some significant concerns for our office because we're not sure why it doesn't balance and which of the reports is not providing accurate information.

So what we've reported is that additional work needs to be done to see if they can find out what those problems are. And until they do, the department is relying on the information in those reports for decision-making purposes; i.e., for saying here's the amount of fines we've collected versus the amount charged. And if it doesn't balance, we as the auditors don't know if the information on those reports is accurate and complete.

Does that answer your question?

Mr. Stewart: — . . . it goes. Also your office alluded to the integrity of court information. I'm wondering what you were

getting at by that?

Mr. Kress: — If the information isn't accurate, then the integrity for when it goes to the court or what information is in there, there is no integrity from our standpoint.

Mr. Stewart: — I wondered if there was a concern over security of this information, if that was the problem?

Mr. Kress: — For the current year we're doing a more detailed look at the chain system with the department's assistance. They're very helpful in providing us some information to do our review. And if we do have any security concerns as a result of that review, we will be bringing them to PAC at our next report.

Mr. Stewart: — Thank you.

The Chair: — Thank you very much. I might encourage committee members, as well as other people as well, to ensure that the light on your microphone is on before you actually begin to speak. You don't have to touch anything, but we want to ensure that all of your words are recorded in *Hansard*. And because we've had comments and questions bouncing around the entire room, we want to make sure that all words are recorded.

Can we move to the recommendation on page 239. Mr. Wakefield, before that do you have a question? Sorry.

Mr. Wakefield: — Yes I do, sorry. And maybe it's leading to just that, Mr. Chair. But I have the overall feeling that the auditor is really quite critical of the department in a number of issues. We've talked about some now, certainly in the fines collection and so on. But there's some rather ominous observations here that strike me as something that we should discuss before we get to those recommendations.

I think, for instance, one of the things that the auditor has observed is that there is a lack of things like key performance — key indicators, performance indicators — a deficit in that area which is pretty standard I think with other government departments now. And it would have seemed to me that the inference is that maybe your department isn't at that level yet. And they talk about things that should be in the annual report, for instance, overall goals. And in their opinion, the department isn't stating whether they've been able to achieve those goals.

I guess the key word that I think is important here is the auditor's comment about public confidence. And I think that's a bit of a problem as I read it here, and my brief reading of it. But things like, on page 233 of this chapter 7, where they're talking about some of the key indicators that were developed back in 1998 Fall Report, talking things like deal seriously with crime. That's a pretty bold statement. And there's things like Aboriginal justice, social justice, dispute resolution, effective services, economic. Those kinds of things don't lend itself to a lot of public confidence, and therefore I suspect this will lead to the discussion on this recommendation.

Could I ask for a comment from you on those kinds of observations?

Mr. Whyte: — Yes. Certainly. I think there are two aspects to this issue. One is the annual report and what it discloses about the department, and the other is what the department's approach is to its mandate and its risks and accountability.

With respect to the annual report, we agree that it has not so far provided key information which legislators and the public might need to have around the justice project which, by the way, is first and foremost as the auditor pointed out, a risk management project. Doing justice is to reduce risk. Doing justice well is to reduce the risk of breakdown in the justice system. And he's rightly pointed out that we should see our mandate in terms of managing risk intelligently.

Our reports have followed guidelines which are issued by the Provincial Comptroller's office division and the guidelines that we followed in preparing our reports up to the 2000-2001 annual report, do not reflect the government's accountability project and the steps that we have taken and other departments have taken under that project relating to strategic planning, accountability, and performance measures.

We understand that the accountability project, which is housed in Finance, is considering reporting issues including, in consultation with the comptroller's division, reporting through annual reports. And as soon as there is a template developed for preparing annual reports, which match the phenomenal levels of work we are doing under the general rubric of accountability, we will report that way. I don't know whether . . . I guess it sounds as if I'm throwing the whole blame onto the comptroller and maybe the comptroller might want to speak for himself and make some defence.

I want to say that I agree that our annual report is not interesting at the level that you have identified, and the level that the Provincial Auditor has identified, and we would like to change it.

I wonder if I could just pick up on the second point just very briefly and say that we have been keen and I think successful participants in the government's accountability project, and have developed, we think, a good strategic plan. The accountability project is not only to identify the objectives and goals of the department and the steps necessary to take to achieve it, a key part of it is to identify performance indicators and have an evaluation capacity.

That has indeed been a very large problem for us, not that we don't want to be measured, but it's been very difficult for us to move to performance management. And part of the reason is disclosed on the list of items at the top of page 233 of the report. That is performance indicators around those can either be very holistic — and again, reduction in crime, lower participation by Aboriginal persons in the Justice system or as the Métis and off-reserve First Nations policy of the government says, reduction of Aboriginal offending to equal the level of non-Aboriginal offending in the province — or more appropriate and speedier dispute resolution measures.

We can put those other performance measures, but the determinants of that are so caught up in the phenomenal array of the province's social inclusion policies — relating to education, welfare, and health and everything else — it's really

not very revealing about how the Justice system is doing so we have moved on to see what can we tell the public we're hoping to do and then report on.

If we go to a transaction basis, do we clear a lot of charges, do we do a lot of diversion or alternative measures when people offend. The numbers actually are impressive. We are busy. We have the highest prosecutorial processing rate per capita . . . per prosecutor in the nation.

We can certainly tell you a lot about our efficiency. It doesn't tell you anything about whether we're doing any good. And we've been very much grappling with what is it that we can establish as indicators that we are significantly responsible for which aren't just purely transactional and don't tell you that, in fact, a lot of people have run around very fast. But instead tell you that we are actually changing in some way the justice profile of the nation. And I'm not here to announce that we've . . . we're defeated by that, it's just tough.

But to get to the heart of your question, we agree with the Provincial Auditor that our annual report could tell the Saskatchewan public a little bit about what the justice aim . . . whether the justice aims are being met, what the Justice department hopes to contribute to society. We fully accept the recommendation.

The Chair: — Thank you. In light of comments about the accountability project of government and the current government guidelines as indicated on the bottom of page 239, Mr. Paton do you have any comment from the area of the comptroller's office.

Mr. Paton: — Thank you, Mr. Chair. The only comment that I would make is that the report guidelines that were developed by my office — and I'm not sure how old they are, they're eight or 10 years old — were definitely intended to address, you know, the financial operations of a department. They weren't intended to get into, you know, key risks, the overall goals, objectives by program, and performance measures, and so on. And that's where the government's current accountability project is going.

So if we looked at this 10 years ago, those were kind of a starting point for annual reports, address the financial ends of department . . . (inaudible) . . . But those standards didn't go this far. And that's the current project that the government's undertaking.

And I think you'll see, you know, as we go on, departments are going to progress along this area. This is an area that the auditors brought to our attention over the last three or four years and the government's starting to address it. And I think everyone's encouraged in going ahead in this direction.

The Chair: — Great, thank you very much. Seeing no further questions . . . Ms. Jones.

Ms. Jones: — Thank you. I would move that we concur with the auditor's recommendation and note the department's commitment to improving their annual report.

The Chair: — Thank you. Discussion of that motion? Seeing none, all those in favour? Opposed? Carried.

Okay, that brings our discussion of chapter 4 of the '99 Fall Report, chapter 16 of the 2000 Spring, and chapter 7 of the 2000 Fall Report to a conclusion.

And now we'll turn to chapter 2 of the 2001 Spring Report. And we will have Mr. Nyhus making the presentation on behalf of the auditor's office . . . (inaudible interjection) . . . No, the one on page 239 is the only recommendation that is new.

There was a report on other recommendations that PAC has previously dealt with and I think we have been brought up-to-date as to their status. And I think that in fact the auditor's office is going to make comment on the next report, as to whether or not they're fully implemented or whether there's still problems.

Mr. Wartman: — All right.

The Chair: — Okay? Thank you, Mr. Wartman.

Mr. Nyhus: — Good morning. This presentation covers the office of the Public Trustee, chapter 2, 2001 Spring Report. And it's on pages 45 to 60.

The office of the Public Trustee administers the property and financial affairs of its clients. These include dependent adults, infants, and estates. These clients depend upon the office to manage their financial affairs. The office is responsible for protecting clients' assets and making financial decisions and payments on their behalf. If controls are not adequate, the clients' assets and the administration of their financial affairs are at risk. The office has approximately 5,500 clients. At March 31, 1999 the office held \$136 million in clients' assets and spent \$38 million on their behalf.

The office began developing a new computer system in 1997. It began using the new system in October of 1999. The computer system is late, over budget and does not yet fully meet the office's needs.

The original plan was to complete the project by December 31 of 1998 at a cost of \$700,000. At March 31, 2001 the office's costs are approximately \$2.1 million. A Public Trustee in another province has contributed another 1.1 million. Therefore the total cost at March 31, 2001 is 3.2. The project is not complete and development is ongoing.

Moving to a new computer system involves risks. Developing a computer system is even more risky. This report discusses the risks and recommends improvements to the office's processes. We present our findings and recommendations in this chapter under two headings — system acquisition controls need improvement and administration of clients' financial affairs need improvement.

The first part is about how the office needs to improve how it implements the computer system, its controls for system acquisition. The second part, the difficulties the office had in administering clients' affairs are due in part to the difficulties the office had in developing a new computer system.

When we examine the office's system acquisition controls, we look for senior management commitment; we look for, that

system requirements are justified and the anticipated benefits are tracked — i.e., the system requirements and benefit realization. And we also look for, that strong project management processes are followed.

We found the office met the criteria on the first one. We made several recommendations for the second and third criteria.

The requirements are individual items that need to be produced to make the system work correctly. The system requirements should be based on the office's needs, the benefits that the requirements will provide to the office, and their cost.

We found some cost savings set out in the office's cost benefit analysis were not adequately supported and that several system changes were approved without sufficient cost information. Therefore we recommend all future changes to the system requirements be properly justified.

We noted that the office did not have adequate processes to check that the contractor delivered all the system requirements. The office depended largely on the contractor who was building the system to track the requirements. When requirements are not properly monitored, the risk increases that some requirements are missed or that the system does not work correctly when it is put in place.

The office did not have adequate processes to determine if it obtains the system's expected benefits; that is, determine if the office achieves what it planned to achieve with this new system. Without strong processes, the risk increases that the office will not achieve the benefits it originally planned to get from the system and the office cannot report on its success in achieving the planned benefits from this investment.

We recommend that the office strengthen its processes to ensure that the contractor delivers all the approved system requirements and the office realizes the benefit it planned to receive from the system.

Special skills and knowledge are required to oversee the building of infrastructure projects like buildings, roads, and large computer systems. It is common practice for an organization to hire its own engineers to oversee the work of contractors building roads. This same practice is required to oversee contractors building large computer systems.

As said before, building large computer systems is risky. It is not reasonable to expect the employees of the office to have the expertise. Therefore the office should have hired it.

We noted weaknesses in the office's project management processes. Examples are provided in the chapter. If the office had hired an independent expert, it would have helped the office to oversee the project. We recommend that the office hire an expert consultant to help strengthen its project management processes.

That describes our findings and recommendations for the first part — the system acquisition controls. Now I will turn to the second part — the administration of clients' affairs.

We examined the office of the administration of clients'

financial affairs. We concluded that the office did not properly administer the clients' affairs. The office did not limit access to its computer system and data, keep reliable records of amounts owed to clients, properly control the bank account holding clients' money, and properly control clients' other assets. Also it could not prepare financial statements for the year ended March 31 of 2000.

As said earlier, these difficulties the office had in administering clients' financial affairs are due in part to the difficulties the office had in developing a new computer system.

We group our findings and recommendations under the following headings: monitoring operations, computer access controls, investment earnings, client and financial records, and staff training.

Monitoring operations. The office's management did not receive sufficient information to know whether the rules and procedures for protecting clients' assets and administering their financial affairs were effective. For example, management did not receive reports to permit it to monitor situations where there are unusual payments, or an unusual number of transactions in clients' accounts. Without this kind of information, management cannot ensure that clients' assets are properly protected.

We recommend that management obtain information to determine whether its systems of controls for protecting clients' assets is effective, and staff follow the office's rules and procedures for administering clients' affairs.

Computer access controls. The office did not sufficiently control who had access to its computer system and data. As a result the unauthorized use of clients' assets could occur without detection. This is because this weakness, coupled with the extent of the other ones in the office's systems of controls, allows concealment of unauthorized and improper transactions.

We recommend that the office strengthen its policies for limiting the access to its computer systems and data.

Investment earnings. The office needs to strengthen its controls in recording investment earnings. We found that the office made a \$2.5 million error in recording clients' investment earnings. As a result it recorded more earnings than it should have in its clients' accounts. Also it charged the clients administration fees on these extra earnings.

The office has told us that it has since corrected the clients' records for investment earnings. However the office paid approximately \$270,000 of incorrect earnings to its former clients. Because the office has no money of its own, it has in effect used other clients' money when it made these incorrect payments to its former clients.

We recommend that the office develop rules and procedures to ensure that it correctly records clients' investment earnings and administration fees, and seek to recover the \$270,000 from former clients or from the government's General Revenue Fund.

Client and financial records. We found the office did not have

accurate records of clients' assets, promptly balanced its books, and promptly reconciled its bank accounts. Therefore we recommend that the office prepare accurate records of the financial and personal items that it owned by clients, prepare or balance its general ledger, and reconcile its bank account.

Staff training. The office needs to provide additional training to its staff in using the new computer system. For example, approximately 50 per cent of the staff were not using certain control features provided by the system. Also the staff's procedure manual needs to provide better guidance. When a computer system is not used as designed, the risk of errors and mistakes increases.

Therefore we recommend that the office provide additional training to staff in using the new computer system to manage the affairs of clients and update the staff's procedure manual.

We have not yet finished our audit. We will finish our audit when the office has reliable records and this concludes my presentation.

The Chair: — Thank you very much, Mr. Nyhus. Before turning to Justice for comments, we've scheduled our break at about this time and I'm sure that we will have need for more time for comments from Justice. So let's recess at this time until 10:45 and we'll reconvene then with comments from the Justice department.

The committee recessed for a period of time.

The Chair: — Okay, welcome back everyone. Thank you for your presentation, Mr. Nyhus. And I'd ask Mr. Whyte or Mr. Kruzeniski to comment on the chapter.

Mr. Whyte: — Thank you, Mr. Chair. I want to begin by stating that the Department of Justice and the office of the Public Trustee takes the observations and recommendations of the Provincial Auditor very seriously. I should also say that the Public Trustee takes its responsibility to its clients very seriously.

And we would start by saying that in fact on the ground, in the end result, we have not compromised the interests and the assets of the clients, even with respect to the overpayment of \$270,000 to some clients.

We are taking steps to correct the concerns. And actually long before the report had taken steps, the problems that the Provincial Auditor has identified around asset recording, bank reconciliation, of course were not unrecognized by us — these are not hidden problems in the system.

The Provincial Auditor has some time taken steps to deal with these problems and is continuing to do so, will continue to do so.

We continue to enhance the computer system. We are tightening access to the computer system. We engaged a chartered accountant to facilitate the development of financial statements and developing reports to assist management in monitoring. And we are of course continuing to train and to develop manuals.

I want to speak now specifically to the first part of the Provincial Auditor's report relating to the system's development. The claim was made that it cost too much, it was too long delayed, and it doesn't meet needs.

It didn't cost too much. We had a Wang computer system operating in the office of the Public Trustee for some time. It was a Wang, and hence, old, and it did not and could not meet Y2K standards. We identified that, I think, in a timely way and began to work towards meeting the Y2K problems.

At a very, very rough estimate, which was recognized by everyone as being not detailed, based on only an aggregation of certain lines of code entry to make the system work, we calculated the cost of Y2 compliance to be \$600,000. It was not a hard figure.

As we began to deal with the computer system, we realized that it made more sense, as is often the case in dealing with information technology, to change functionality radically and to get an information technology system that would drive the Public Trustee's information needs into the future. And we then began to develop a new system. That system cost \$2.1 million. We do not believe that we are comparing apples and apples when we compare the initial project of Y2K compliance with the new Public Trustee information management system.

The Provincial Auditor mentioned that the system has jumped another 1.1, and indeed, as we have begun to sell this system to other jurisdictions — and we are doing that because it is a good system — we dealt with the province of British Columbia first and it concluded that the system was good and they would buy it, but that they had functionality needs which our system didn't cover and another \$1.1 million was needed to achieve those functionalities. And in fact that money is being spent and the system is being improved. That money is coming entirely from the Government of BC (British Columbia). So we are not resting easy with the suggestion of runaway cost.

As for delay, we knew that the Y2K deadline was January 1, 2000. We knew that the appropriate start-up time was at the very latest, late summer, early fall of 1999 in order to test the system. In fact that margin of time was too tight. It ought to have been running earlier so we could have picked up on its deficiencies and corrected them faster.

But we were moving in a very, very tight time frame and our intention was to have a system working by October 1999, and we had a system up and working by October 1999 — not a system that was without problems, for sure, but a system that was up. So the charge of delay doesn't rest easily with us either.

Does not meet needs — well it's meeting needs, but it sure didn't when it started. And it took a horrendous amount of effort on both our project contractor's part and our staff's part to get it to where it is today, which is essentially meeting needs and doing very well. And it's a good system protecting clients' assets well.

I think it's fair to say it did not meet needs because there were really too many problems. And the real cost of those problems was the amount of time it took to deal with them, and that led to other management issues which we will talk about in the second

part of our reply — the problems around reconciliation, asset entry, etc. There was a cost to it not meeting needs.

I want to speak specifically to the claim that this was inadequate risk control through a different structure of project management. We accept the auditor's recommendation with a caveat. It is I think perhaps sensible in information technology development to have a client — that's us — to have a contractor, and to have an intermediary project management person to ensure that the things that the Provincial Auditor has identified are met. For instance, such things as whether the functionality which is being promised is being achieved and whether the benefits and cost savings which are being promised are actually being realized.

We didn't choose that model. I make the claim that in 1997-1998 when we were doing this that this wasn't a self-evident model. Certainly it wasn't a self-evident model in the Department of Justice where on a whole variety of contracts we were dealing with EDS, formerly Systemshouse, with a very good working relationship and I may say, a high degree of confidence.

The project management function was being performed but it was being performed by the contractor. And as you know that is a potential conflict. It's a conflict I suppose that comes when you have a house built or a boat repainted. You don't normally go around and hire an intermediary.

In IT, I take the Provincial Auditor's position, that in contracts of this size, with these risks, this complexity, this much technical knowledge where the client is, per se, underinformed to be a learned client, it is wise to have a project management intermediary and we don't reject that.

We didn't chose that. At this point I'm not sure I'm awfully apologetic about not choosing that. It was, it was partly driven by confidence, partly driven by our sense that we were competent and partly, a very large part, driven by financial need.

On that I would say that we accept that the Provincial Auditor suggested to us that there's more to be done in this project, and indeed there is. There's the second phase that we're still working on and it's not too late to get a project management person in to ensure that the good things that a project management person will do will be realized.

And we do accept that, but in fact we do not have in any of our budget lines around this, money for this. And that remains . . . and that's the caveat we are lodging. And we are saying we will accept the, and support, the recommendation if funds are available, if funds can be found to do that. We are in agreement that it would be a smart thing to do and we will seek funds.

At the end of the day . . . Sorry, the Provincial Auditor also points out around the development of the system that there were very high levels of risk, that we were not obtaining the functionality that we had hoped for from the system, that our needs were being analyzed but maybe not analyzed accurately, or that the elements of the systems put in place would not meet those needs, or more significantly, would not meet the expected benefits.

We believe — but I guess it's a belief as opposed to, at this juncture, a demonstrated fact — we believe that our contractor did serve us well and did make the right choices about needs and did assess benefits accurately and did develop and implement a system which delivered the promised benefits.

We notice that the Provincial Auditor does not suggest, notwithstanding the absence of project management services, did not suggest that the project was improperly conducted.

I now want to turn to the management issues. And the first one relates to monitoring and controlling the information to determine whether clients' interests . . . clients' assets are fully recorded and recognized, and also monitoring the operations and procedures with respect to clients' affairs. And we are improving that.

I mean it's salutary advice to say that there isn't an adequate . . . to be monitoring to ensure that clients' interests are being fully satisfied by the administration of the Public Trustee office. And we agree that monitoring controls are essential and we are enhancing those and tightening those, and we accept fully the recommendation that we need to continue to enhance and tighten those.

With respect to the recommendation that we limit access to the computer system, we agree with that. We do note in passing that the old Wang system had no security, and so for years we've been giving fairly open access to clients' assets and records without any discovered breach of clients' interests.

We now have a system where the security capacity is much, much higher. And we accept the fact that we have not deployed the security options as fully as we can, and we are doing that.

That requires the hiring of another person because the main security device is to disaggregate entry points so that one person doesn't have full control over all entry and doesn't have full capacity to manipulate information in a fraudulent way, or maybe even in a mistaken way. And more persons with limited access is a security device, and we accept that as necessary and are implementing that.

On the management, the . . . with respect to the investment earnings and administration fees, indeed there was an entry in the investment income that showed up as a positive which was a negative. It led us to assess that we had \$250 million more available for distribution . . . 2.5. It's not as bad as I thought, but it's bad for sure — 2.5, I'm sorry.

Yes, yes, a quarter of a billion, that's a lot isn't it. I don't think we're that big, are we? In fact I know we're not; we're 141. Two point five million available for distribution which wasn't, in truth, available. That was made.

When the error was corrected or found six months later, we were able to recover all but \$270,000 of that money from our clients. The 270,000 represents a good number. I'm not sure, it might be nearly a thousand clients of . . . in whom in the six-month period we had closed their accounts and obtained releases from. And releases are a two-way street — they release us; we release them.

We can ask for it back but we won't be suing them. And in any event, in most of these cases the amount is quite small. The aggregate is 270.

I want to say that the error was found and the error was corrected. The recovery was almost complete. We are continuing to increase the level of recovery. And next I want to say that this error will not impair the value of the assets of our other clients. That recovery will take place out of Public Trustee office fees or income, and ultimately I suppose the GRF (General Revenue Fund), whether it's directly or through reduced earnings one way or the other or some other matter. We haven't worked out the mechanisms but I assure you that this money will not be lost from current clients' accounts.

Finally I want to say on that is that we have instituted an independent financial analyst who will review our calculations of earnings before every distribution is made to see whether the calculation is right and whether the distribution calculation is prudent in light of earnings. So we will be providing that check . . . Sorry, it's in place now. Okay.

There is a problem . . . the Provincial Auditor talks about the asset entry and the discrepancy between the asset entry on the system and the paper asset entry; also talks about balancing the general ledger and about reconciling bank accounts. And we want to accept that all those things were problems.

Excuses are never very attractive but our excuse is that for six months following October 1997, we actually basically stopped doing almost everything but trying to make the system work as effectively as it needed to. And a lot of things got left behind, including bank reconciliation.

Sorry, in terms of the general ledger balance, that's being done. The bank account was reconciled . . . reconciliation was done and it's been done every month on a monthly basis. And by the way, it has shown no lost funds whatsoever, no irreconcilable differences.

As for the records of assets, that is a challenge and we continue to improve our electronic data system, our information technology system to have a comprehensive asset recording. I don't think — I'll let others speak — I think we're not altogether there yet. I think that the problem that the Provincial Auditor identifies we would recognize as at a smaller level but a continuing problem that we need to work on.

As for training and manuals, yes, we have conducted extensive training prior to this system, its implementation, and after the system, and we continue to identify the training needs around the new system. And for instance, the last training session for staff was on March 1, 2000. And more training is being developed even now.

So on balance I don't mean to minimize the problems faced in the Public Trustee office, but I do wish to minimize the cost to the clients of those problems. I wish to minimize and even deny the cost to the government of the way we conducted the systems implementation, although I do take the point of the Provincial Auditor that there are safer ways to implement a system and the way we adopt it. I thank you.

The Chair: — Questions of either the auditor's office or the Justice department?

Mr. Kwiatkowski: — In the report there's discussion of — and I think you alluded to it, Mr. Whyte — another province's Public Trustee contributing money to enhance the system's capabilities for a 50 per cent ownership of the system. Which province is that? Is that British Columbia?

Mr. Whyte: — Yes.

Mr. Kwiatkowski: — And what are our obligations, the province's obligations in return for that 50 per cent ownership?

Mr. Whyte: — I think this is a question Mr. Kruzeniski can answer. Thank you.

Mr. Kruzeniski: — Yes. At the time that we had implemented release one, as we called it, of the computer system, another Public Trustee became interested. And we entered into an arrangement which was in due course approved by the government wherein this Public Trustee would basically pay for the development of the next phase and would have to go through three or four steps in doing that phase. They would pay for that development in exchange for up to a 50 per cent ownership of the system.

Once that agreement was approved, we started on the various phases of a gap analysis, a conceptual design, a detailed design, which was completed in about March of this year and they have started to develop that phase.

The Saskatchewan Public Trustee will really not see the benefits of all of that change until 2002 sometime. And the reason for that is that development is now . . . after that will be testing and it will be some time before we see the results of that.

Many, many of the functions in the second release are related to a Public Trustee office that's three to four times bigger than we are. And many of the functions are being made more robust because, where we can sort of deal with assets one by one, they want to deal with multiple assets all at once. So many of the functions, they needed it sort of bigger, faster, and more details.

So it has been a very positive and an exciting experience and it will, in due course, give the Saskatchewan Public Trustee functionality that we never, never would have had except by entering into partnerships with others.

The Chair: — Thank you. Questions?

Ms. Jones: — Just a very small follow-up to that. You said up to 50 per cent. So do they have 50 per cent ownership or something less than 50?

Mr. Kruzeniski: — The reason I said up to 50 per cent, is it depended on their final financial contribution. So when the project is finished, a review of our original financial outlay will have to be compared to what they have spent and then the final percentage will in fact be calculated.

So that's why I said up to 50 per cent. Even if they contribute more than Saskatchewan has contributed, it's still a maximum

of 50 per cent.

Ms. Jones: — I see. Thank you.

The Chair: — Thank you. Any further questions?

Mr. Kwiatkowski: — Just very quickly. When Mr. Whyte was addressing the issues around the changes in the system, he indicated that there hadn't been any observable difficulties that were suffered or incurred by clients as a result of that.

Well for almost 20 years I managed services for people with disabilities. And there were a number of those individuals within our community-based organization who came under the jurisdiction of Public Trustee. And there were times that it was extremely challenging.

There was always difficulty in determining what types of resources, finances, those individuals had at their disposal. There was extreme difficulty in planning, sometimes for things as simple as buying someone a winter parka, because of all the delays, the inability to be able to get accurate information on the status of the individual's finances.

And the one thing that frustrated us, and I know it frustrated a lot of community-based organizations providing similar services, was that there was very rarely the ability to be able to get accurate information from the Public Trustee.

Has there been any effort whatsoever to communicate with community-based organizations and clients themselves, in terms of some of the difficulties that have been faced, what types of challenges are being addressed, and in terms of finding out what kinds of improvements might help them in terms of their long-term planning for themselves and for the people that they are providing services to.

Mr. Whyte: — Thank you. I will let Mr. Kruzeniski again answer that question. But first I want to just clarify that I didn't mean to give the impression that there are no difficulties in the administration of this service or in the administration of any service in the Department of Justice. Whether it's maintenance enforcement or victims services, we always have problems. People were not meeting the needs of as fully as they probably deserve.

I only meant to make the point that notwithstanding the risks, which the auditor has correctly identified — both the risks of contracting for the system and the risks to clients in the implementation of the new system — not understanding the correctly identified risks, we've not found places where there has been misspent money vis-à-vis the system, or misallocated money, except for that once instance vis-à-vis a client's. It was really a very narrow or a somewhat narrow claim than a claim of general client satisfaction.

But as for the specific question of whether pertinent, timely information is available, I'll turn that over to Mr. Kruzeniski.

Mr. Kruzeniski: — I would certainly accept in the past that there may from time to time be difficulties in providing people with accurate information. With the previous system, to the best of my knowledge, we always had an approved financial

statement, and after audit review, our financial records were intact on the Wang computer system.

The staff suffered under a major workload difficulty under the old system, as they do under the existing system. And the number of clients and the work they have to do is the same or increasing. So those realities haven't changed.

As Mr. Whyte has said, the implementation of the new system and the reference to controls that the auditor has referred to, we do not see that clients have lost assets as a result of that.

There are other difficulties in providing information to community organizations and that is the freedom of information and privacy Act. And many times we refuse providing information to people because they aren't entitled to receive it. So that is sometimes a difficulty.

Are there other communication difficulties that have occurred? I am sure they are there, and on a case-by-case basis, I could work through it to see if there were explanations. I know from time to time, you know, we've had these occur in the past and I expect they will occur in the future. And only by discussion and problem solving on a particular case can we work it out.

The Chair: — Thank you, any further questions? One area, if I might, Mr. Wakefield, the auditor's office has made recommendations regarding an expert consultant to ensure that we move in the correct direction with information technology. I think not only for the Justice department but we've noticed that type of concern from the auditor's office in other departments as well.

And I guess it's not just a question to the Justice department, but maybe Mr. Paton, as well, from the comptroller's office. Is there any move from the area of Finance or from the area of comptroller's office to ensure — and I know Mr. Whyte, you've talked about why you went the approach you did and the fact that you recognize that there may have been a better approach — is there a plan to ensure that we're dealing collectively with all offices and all departments to ensure that as we acquire and implement new computer systems that there is someone managing that whole operation to ensure that there is compatibility, that there is plan, that indeed we're meeting objectives of correct installation, and also that we're on time? Are those concerns being looked at, Mr. Paton?

Mr. Paton: — Maybe not quite as directly as you've asked about. Certainly there are information-sharing sessions. There's an information technology office that helps to set standards in this area. There's also a systems management council that meets on a rather regular basis; I think it's monthly. And I know the auditor's office is also members of that council where they share these types of problems and concerns and, you know, approaches to developing computer systems.

But there isn't a standard setting body that goes out and lays out the rules or procedures for developing these new systems. It's, you know, primarily the department's responsibility through acquiring proper technology from individuals to assist them in developing these standards and implementing the systems.

The Chair: — One of the caveats that Mr. Whyte indicated

that, you know, while he felt that moving in that direction of having a consultant or manager was okay, it is a financial concern, and where does your department find the money to ensure that is . . . is the comptroller's office looking at that from a broader perspective than just the Public Trustee's office?

Mr. Paton: — No, development costs . . . Like a system like this, it's entirely within the department's responsibility to find the available funds. A system such as what they're developing here . . . Or currently this year my office is developing a new computer system for government-wide use. The way we've gone about it is developed an appropriate plan and gone to Treasury Board with a request for the required funds, including whatever technical . . . or technology and assistance we need; we go forward and request those funds and, hopefully, get approval for it. So through their normal Treasury Board process you would identify those needs.

The Chair: — Thank you, Mr. Paton. And now Mr. Kruzeniski, if you could just clarify for me: you note that there are 5,500 clients that are clients of the Public Trustee, and in the problem that resulted in the allocation of earnings . . . the incorrect allocation of earnings, there were administrative fees that were then incorrectly charged.

Could you clarify: is there a standard administrative fee, a percentage that is applied to all clients, or are there different scales of cost that will be applied to clients?

Mr. Kruzeniski: — There are different fees that apply to clients. All our fees are set out in the Public Trustee regulations. There are two main fees that are charged. On the capital that clients have with the office, it's one-twelfth of 1 per cent each month. And on any income that they receive on a regular basis, it is 5 per cent of the income. There are some exceptions to those but those are the two main fees that the office charges.

The Chair: — So in the incorrect assessing of earnings to clients then, because that was an income for a client, there was automatically then a 5 per cent administrative fee levied against that person?

Mr. Kruzeniski: — That's correct. So in order to correct this error that has occurred, we have three steps to take. The first step was to recover the over-distribution, which we have done.

The next step is to correct clients' accounts for the fees that they would have been charged on the over-distributed amount. That has not been done and that will be done in June, or just as soon as we can work out the proper formulas to do that.

And the third step is then to deal with the \$270,000 that dealt with clients that were released and got more money than they should have gotten.

The Chair: — Thank you. My final question. You note that there were former clients, and of course the current clients that you have, what is the percentage of change in terms of acquiring new clients on an annual basis and releasing clients? Is that a large percentage or . . . significant or not?

Mr. Kruzeniski: — Because we have sort of three categories of work; it varies from area to area. In deceased's estates work, we

open 2 to 300 files a year and close about the same amount. In children's work where a child . . . we have about 2,300 files and we probably close 30 or 40 a month as children reach the age of 18, and probably receive as many new ones.

In the area of dependent adults, adults who have mental disabilities, we open about 170 new files a year and close roughly the same amount.

So I don't have a percentage change but we're sort of at the stage that we're opening and closing about an equal amount.

The Chair: — Thank you very much.

Mr. Wakefield: — Thank you, Mr. Chair, and just very briefly a couple of questions. And you've maybe addressed this already. So if you have, pardon me.

I want to go back to the computer system project that we talked about where the estimate of the cost was 700,000. And within 30 months it has gone up to 2.1 million, besides what the other public trustee shares. That's a sizable increase, and I'm . . . and I think you talked a little bit about that and the reason.

But what now is being jeopardized in terms of your budget or the spending this year to compensate for that three times the increase in budget for that project?

Mr. Whyte: — Well the financing for the project was achieved through the annual budgetary process. So it's not as if we're carrying a debt which we have to find from some other place, or that we have changed fees to recover it, or anything of that sort.

It represents an expenditure of the department. It was an expenditure which was sought for in each year and was obtained in order to implement phase 1 of the information technology system.

I don't know whether you were here but I just will repeat that, that original figure — maybe you were here for this — was a very, very rough figure whipped up quickly just to try and get the scale of the Y2K impact on the office of the Public Trustee and it was a figure which was derived from an estimating the numbers of code that would have to be entered to make Wang Y2K . . . or not Wang, but to create a Y2 compliant system and . . . Well I guess to make it compliant.

And I, apart from the explanation we have for the radically different, in terms of functionality, new system, we also take the view that the original figure was generated for a very immediate purpose and was not a considered or a contracted or an assessed cost.

Mr. Wakefield: — Thank you. And maybe just one other question then. And this is referring to all of the other recommendations in this chapter. And the preamble to them, it . . . there is a lot of concern from the auditor. You've addressed them in terms of accepting most of the concerns and criticisms.

My question would be: do you see a time frame to make the corrective actions that these recommendations address? And maybe prioritize what the impediments might be — is it resources, is it personnel, is it time, or commitment — could

you prioritize those?

Mr. Whyte: — Well maybe I'll defer, just to Mr. Kruzeniski or Mr. Crook, but just very briefly, I think the time frame for this to be a wonderful information technology system meeting our needs is virtually right now. As I said, I think that the asset recording . . . I understand that the asset recording process is not perfect. And yes, there would be a time commitment — it would be a staff time commitment.

So I'll stop. But I'm not sure whether it's systems design at this time as opposed to refining use of the information technology and improving the input system and the monitoring. That is, the human inputs need to be further trained.

Mr. Kruzeniski: — To just elaborate on that on the systems side, at the end of May we implemented version 3.0 of the computer system. And it meets all of our requirements except for three — and that is the printing of T3 forms; the printing of NR4s, which is non-resident tax forms; and a limited function on the common fund. Those three final functions will be in version 3.1 which is targeted to be implemented in August or September. Then Saskatchewan does have a fully operational system that meets the needs of our office.

On the non-system side of the business, we have the trial balances for the end of March 2000 and end of March 2001. Our independent chartered accountant will be reviewing those and compiling the supporting documentation to provide to the Provincial Auditor. He will also be reviewing the mail opening, cheque handling, deposit handling process, and will be reviewing the asset recording process. All of that work to be done by July 31 this year for the auditor to review in August of this year.

So we fully intend to move just as quickly as possible to meet not only the recommendations, but to complete the financial work and trial balance work that is required.

Mr. Whyte: — Don't want to be too unrepentant, but we do view that the information technology in the Public Trustee office as a success story in innovative public administration. I know that claim may surprise you.

But we do view it as a challenge realized in '97 and a challenge met in 2001, at not horrendous cost and a very sound system which is attractive to other jurisdictions.

The Chair: — Thank you.

Ms. Jones: — Thank you, Mr. Chair. And I know we're all anxious to deal with the recommendations, but I just wanted to ask one more thing of Mr. Whyte or whoever cares to respond.

Have we exhausted all opportunities to collect the \$270,000 or is that a continuing . . . I'm wondering if we've exhausted that and it's now the efforts will be to recover it from General Revenue, or are you still in a process of trying to collect on that 270,000.

Mr. Whyte: — We're still in the process.

Mr. Kruzeniski: — We only have two options. One is to write

former clients requesting return of the funds, and the other option is then to pay the \$270,000 back from Public Trustee resources. And there's two or three options as to how that may be achieved. But the end result is restoring the funds. Those are the two options.

We have not yet requested from clients the return of the funds. Our analysis is that it's very small amounts. And when this happened some time ago and letters were sent, the response and return of funds was very, very low, close to zero. So that step has not been taken and we continue considering whether we do that or directly deal with resources from the office of the Public Trustee.

Ms. Jones: — So one request then has been made and the response has been very low?

Mr. Whyte: — I think Mr. Kruzeniski was referring to an altogether different incident, a different error. It's disturbing to hear this happened before. Maybe you should say how long ago this was so it doesn't necessarily implicate us.

Mr. Kruzeniski: — Yes, yes. Approximately 10 years ago a previous incident occurred and the return rates, in writing former clients who've signed a release, was next to zero.

Ms. Jones: — So in this instance then, Mr. Chairman, I'm just asking if clients, former clients who have been released have been . . . a request has been made of them.

Mr. Whyte: — Not yet.

Ms. Jones: — Not yet, okay. That's fine. Thank you, Mr. Chairman.

Mr. Wartman: — What I would like to do is just test if we can do this with the exclusion of recommendation no. 3, if we could do an omnibus motion of concurrence with 1, 2, 4, 5, 6, 7, and 8. And if that's acceptable then what I would do is just make some comments on each of those.

The Chair: — I think there is agreement that I move forward in that type of a manner, Mr. Wartman.

Mr. Wartman: — Thank you. I would move concurrence on those numbers then. I would note the department's commitment to improving the annual report with regard to recommendation 1 on page 239; would also note the department's comments on those items as well.

I would, with regard to no. 4 and 5, and that is page 55 and 56, note the department's efforts to implement the auditor's recommendations.

And with regard to no. 6 on page 56 and 57, note the department's efforts to recover the overpayments and reimburse the common fund.

And with regard to no. 7 on page 58, we would just simply look at this and note the department's commitment to implement procedures to ensure that its records are reliable.

The Chair: — If I might, Mr. Wartman. Under no. 7, Mr.

Whyte, did you not indicate that there was compliance already with the . . . or Mr. Kruzeniski, I believe, was the one that stated that the ledger is balanced and you do monthly reconciliations and the like.

Mr. Whyte: — Two and three, number one is a . . . I wouldn't say that there's full compliance with the first point under 7, but Ron, maybe you would be more . . .

Mr. Wartman: — I think just in terms of the note, where there is compliance, that's fine with three.

The Chair: — The two points.

Mr. Wartman: — The note is just saying that they are committed to implementing those procedures.

The Chair: — Good. Note progress on the first one, and compliance with the points two?

Mr. Wartman: — Two and three.

The Chair: — And 8?

Mr. Wartman: — And with regard to 8, on page 59, we would note the department's commitment to provide ongoing training to staff and update their manual.

I think I need to step back just a little bit with . . . let's see, the first . . . oh, okay, I started off with the wrong number. When I started off I was referring to page 139, and I've just . . . or 239. So I'll exclude that one.

And the second comment that I made was correct. It was with regard to no. 1 and no. 2 on pages 51 and 52.

The Chair: — Yes. Okay. I believe Ms. Woods has noted the points for each of the recommendations 1, 2 and 4 to 8 inclusive. Are there any further discussions of the motion put forward to deal with all of those together? All those in favour?

Members: — Agreed.

The Chair: — Opposed? Carried.

Then let's look at recommendation no. 3.

Mr. Harper: — In regards to recommendation no. 3, I think the recommendation has been certainly fully explained by Mr. Whyte, so I'd like to make an amendment, and the amendment would read as follows:

We recommend that the office hire an expert consultant to help strengthen its project management process

and add in:

and note the department's willingness to do so if funds are available.

The Chair: — Okay, everyone understand the amendment, new resolution, basically just adding a phrase to the current one that would note that the department is willing to comply with, of

course, the caveat of funds. Any discussion of that amendment?

Mr. Wakefield: — I'm not sure I'm opposed, other than the fact that the reason to hire an expert outside consultant is for efficiency or to save funds. Without that, if the caveat is that we can't go ahead because there isn't sufficient funds, you're actually doing the same thing — you're back into the same routine again that we've earlier discussed. And I think I have a problem with that amendment.

Ms. Jones: — The only problem is if we give them a recommendation that they can't comply with due to lack of funds, you know, it's not a very useful recommendation. But if they can take that and say, you know, we need these funds in order to comply with the recommendation, that's useful.

Mr. Wartman: — And I've got a question actually for the department officials around this. When you were talking in terms of relationship with British Columbia and building the system further and their investment of up to 50 per cent, would some or all of the funds potentially come from British Columbia for a consultant? Or is there some necessity that some of those funds come from Saskatchewan as well?

Mr. Kruzeniski: — . . . someone whom you have a joint venture with, it always takes some discussion. At the moment, because the Public Trustee office does not have funds for an independent consultant, the only way that this would work, if BC fully funded an independent consultant. Alternatively if funds were found within the Government of Saskatchewan, then it would end up being a cost-sharing arrangement.

So it truly is dependent on the availability of funding at this point in time.

Mr. Wartman: — Thank you.

Mr. Whyte: — It's not altogether clear that BC wouldn't say to us that these are domestic Saskatchewan needs being met at the hands of the Provincial Auditor, I mean . . . or they might be more amenable to contribution. It's not clear.

I do think that the funding question is hard for us to resolve right here. I will say again, we have other projects without the project manager in place — we may be back here another year — but I do want to say that in the Department of Justice, we note the Provincial Auditor's determination to change the ground rules for information technology.

I take it this isn't a Justice campaign alone . . . Provincial Auditor's campaign to get a more secure IT contracting regime in place across the government. And we don't resist it and we will make our utmost effort to comply with this element of the regime they suggest. In this particular case it's hard for us to state right here, yes, we can find the money.

The Chair: — Further questions or discussion of the amended . . . Seeing none, I think the amendment is understood. All those in favour? Opposed? Carried.

Thank you for your commitment to this. We're a little over the time that we anticipated. I want to thank Mr. Whyte and all of your officials for helping us this morning work our way through

this. Thank you.

And to the auditor's office, and all the other folks, thank you very much.

The committee adjourned at 12:05.