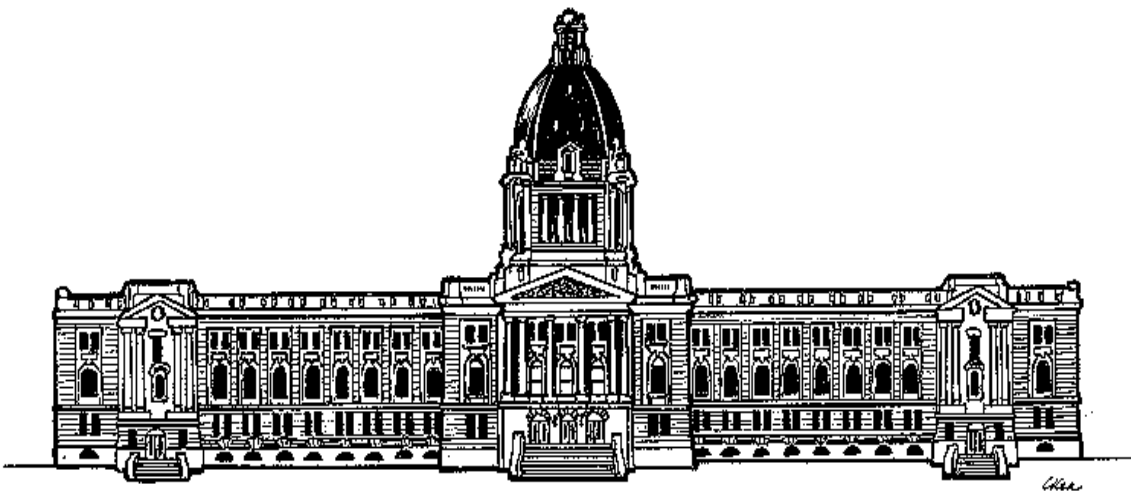




STANDING COMMITTEE ON PUBLIC ACCOUNTS

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS
2004**

Mr. Elwin Hermanson, Chair
Rosetown-Elrose

Mr. Lon Borgerson, Deputy Chair
Saskatchewan Rivers

Mr. Glenn Hagel
Moose Jaw North

Mr. Glen Hart
Last Mountain-Touchwood

Mr. Ken Krawetz
Canora-Pelly

Mr. Kim Trew
Regina Coronation Park

Mr. Kevin Yates
Regina Dewdney

The committee met at 10:30.

The Chair: — Good morning, everyone. I'd like to declare the meeting has come to order and welcome everyone here. First by way of information, we have Ms. Morin sitting in for Mr. Hagel, and we have Mr. Dearborn sitting in for Mr. Hart, both as voting members of the committee this morning.

We have two items on your circulated agenda, plus I'm going to ask the committee to consider an additional motion at the end of our meeting regarding the conference in Fredericton. The first item on the agenda is chapter 6 of the 2003 Report Volume 3, the chapter on Justice, and the second item is Culture, Youth and Recreation, chapter 14 of the same volume. We have our officials again from the Provincial Auditor's office including Provincial Auditor Wendel. And we have our officials from the Provincial Comptroller's office. We welcome them here. And then we have a number of witnesses both from Justice and we assume later on from Culture, Youth and Recreation. Welcome to each one of you.

We will get right into the first item on the agenda — Justice, and we would ask the Provincial Auditor's office to bring a report. Following that we will have whatever comments Justice would like to bring in response to that and then we will open the meeting up to questions of the members. Mr. Wendel.

Public Hearing: Department of Justice

Mr. Wendel: — Well thank you, Mr. Chair. I'm going to have Mike Heffernan make a brief presentation to you on the contents of the chapter and then we'll open it up to your questions.

Mr. Heffernan: — Okay. Thank you, Mr. Chair. I'm just going to take five minutes to give you the highlights of this chapter. If you'd turn to page 177 if you want to follow along with me. There we note that the department needs to improve its processes for the distribution and receipt of tickets issued to collect fines for offences under various provincial and federal laws. Since this report the department has improved its practices for tracking which law enforcement agencies it has distributed tickets to. I also met recently with the department officials and they are considering some potential strategies to improve their tracking of tickets issued by law enforcement agencies.

On February 18, 2002 the Public Accounts Committee considered this matter and agreed with our recommendations related to tracking of issued tickets. On page 179 we note that the department needs to improve its procedures for collecting court-ordered fines and we are pleased to report that the department has made progress in implementing its fines collection procedures.

The department has recommended new collections policies and procedures to Treasury Board and has requested additional resources. At the date of this report, Treasury Board has not accepted the department's request. In addition, the department is preparing fine collection reports so that management can compare actual collections with expected collections.

On February 18, 2002 the Public Accounts Committee agreed with our recommendation that the department ensure that when repeat offenders appear in court, the department informs the sentencing judge of any unpaid fines. The department advises us that it is doing a pilot project at one of the Provincial Court centres to provide judges with a report on outstanding fees prior to sentencing.

On the bottom of page 180 we report the department needs a written, tested, and approved contingency plan for its information technology systems. The department has taken steps for some of its key systems to ensure that the appropriate computer equipment and facilities would be available if needed. And it needs to continue this process until all key systems are covered. The Public Accounts Committee agreed with our recommendation on October 8, 1998.

In recommendation 1 on page 182, we recommend:

... that the Department ... focus the work of its internal auditor on the processes and transactions where the Department is at greatest risk of loss of public money or spending money for unintended purposes.

The department advises us that its 2005 internal audit report will be based on a risk assessment process.

On page 182 we report our follow-up on recommendations we made in 2002 regarding the department's capital asset plan. In 2003 we evaluated the department's response to our recommendations. We found the department now has adequately implemented our recommendations for a capital asset plan.

That concludes my remarks.

The Chair: — Thank you, Mr. Heffernan. We have the deputy minister, Mr. Moen, and some officials. Mr. Moen, if you would introduce your colleagues, and then you can respond to the auditor's report briefly, and then we'll get into the questions.

Mr. Moen: — Thank you, Mr. Chair. I just want to introduce on my far left, Keith Laxdal, who's the associate deputy minister responsible for finance and admin. And my immediate left is Rod Crook, the assistant deputy minister responsible for courts and civil justice. To my right is Gord Sisson, who's the director of administrative services. And behind me is Deb Barker, the director of financial services and fine collection, and Mike Pestill, who's the senior financial policy analyst with administrative services.

Good morning to all of you. And I want to thank the Provincial Auditor for his constructive comments. We don't have any issue with those comments. Since the issues were raised, as has been indicated, the department has seriously considered the Provincial Auditor's recommendations and has taken measures to work towards a resolution.

I'm pleased that the Provincial Auditor has acknowledged the progress made in the development of a capital plan and the strengthening of the internal audit function within the

department. The risk-based audit approach we developed for the department will guide us in the allocation of a limited audit resources.

Now with respect to the distribution of tickets to law enforcement agencies, we now employ a new method for the distribution to improve our accuracy. Detailed reports from the ticket printer provide information on which agencies ordered the tickets as well as the name, address, and ticket numbers. Reports are reviewed monthly to ensure compliance to our policies and procedures. We are confident that once the Provincial Auditor has a chance to review the new procedures, he'll be happy with the progress that we're making on this issue.

The receipt of completed tickets continues to be an issue. We must remember that these ticket books are distributed very widely throughout the province to the RCMP (Royal Canadian Mounted Police), city police, conservation officers, the Highway Traffic Board, and a few smaller users. And annually we print about 100,000 tickets.

Officers do not issue tickets on an equal basis — some write more than others — and systems limitations do not allow us to put all spoiled or voided tickets into the JAIN system, the Justice Automated Information Network system. We suspect that some agencies do not return spoiled tickets. This is why all tickets are not recorded in the system. We think that the risk the tickets are issued and not returned to us by law enforcement agencies is very low. This is their job.

To resolve this issue we're developing a proposal to review, on a small sample basis — which was referred to earlier by Mr. Heffernan — tickets that are outstanding in the JAIN system, and we will share the results with the Provincial Auditor and use the information to guide our future practices. And as has been indicated, recent meetings have been held to ensure that all of the developments . . . that we're on the same wavelength in terms of dealing with these issues.

On the contingency plan question, the IT (information technology) branch has worked with managers responsible for nine mission-critical systems to develop what we believe are appropriate contingency plans for these applications. Using a recognized survey instrument, the managers have documented their requirements regarding the application system's availability. And the IT branch then established appropriate plans for the recovery of those systems.

We can restore data and software, and we can obtain hardware necessary to cover the application within specified time frames. We do have an option of operating applications from departmental space at the Revenue Building, and we also continue to work with other departments in providing mutual assistance should a disaster occur.

Our systems application contingency plan does have its limitations. We've had an occasion to test parts of the plan by a system analysis, and we are confident that we can restore data, software, networks, hardware for one system at a time. We have not attempted to test a catastrophic failure of our computer room. It's somewhat prohibitive in terms of cost and program disruption to do that.

The Provincial Auditor's staff will know that we've adopted a new methodology for doing business continuity plans. And I understand that this has been discussed with the Provincial Auditor and they are supportive. We are now applying this process to the nine mission-critical systems.

So I'm going to stop there and welcome your questions.

The Chair: — Thank you very much, Mr. Moen, and we will open up the meeting to questions from the members. Mr. Dearborn.

Mr. Dearborn: — Thank you. You mentioned the system limitations for having spoiled tickets entered. Could you explain exactly what those are and what's being done to address this, or did you address that in the second part specifically, that all tickets issued are going to be entered in the system in the future?

Mr. Moen: — I'll just ask Mr. Crook to speak to the question. Thank you.

Mr. Crook: — As had been previously mentioned, there are some very technical system problems in recording all spoiled or voided tickets that would be voided by the police or spoiled and then sent into us to record on our computer system.

And the computer system that we have is very old. It doesn't have capability to do everything that we would like. I don't have the detail for you on the particular technical problems, but you know, we can certainly get that for you.

Mr. Dearborn: — Mr. Chair, thank you for that answer, but what's being done to address this with . . . Is it going to be fixed in the next few years? Is there money budgeted for the IT system to be upgraded?

Mr. Crook: — I guess the starting point is that we rely on police agencies to send in to us all of the tickets that have been voided or spoiled, and that's really our current focus, is reinforcing that requirement with police agencies because we do find that given the demands of the law enforcement work, that that is sometimes not the top priority for the police to return the tickets. We do keep track of them manually and we are looking at what it would take to fix, systems-wise, and then determining whether through the budget process we can obtain the necessary resources.

Mr. Dearborn: — Thank you. Mr. Chair, then the spoiled tickets and they're coming in now I take it as a physical piece of paper, they're not electronic in form yet? They're not being entered . . . forwarded to you by the law enforcement agencies, scanned or what not?

Mr. Crook: — That's correct. They come in by paper.

Mr. Dearborn: — Well, then in resolution to this problem, is it being examined that the law enforcement agencies will have them as an electronic format to be forwarded to your department? Is that the solution that's being contemplated?

Mr. Crook: — That's not being contemplated at this time and that would require some very major systems development. So

that is not a focus for us.

Mr. Dearborn: — Thank you.

The Chair: — Mr. Krawetz.

Mr. Krawetz: — Thank you, Mr. Chair. For clarification, the auditor's report on page 177 indicates that law enforcement agencies, and I know, Mr. Deputy Minister, you responded that RCMP and conservation officers and various other agencies issue these tickets — 130,000 and 150,000 range. You indicated that the printing, I think, of 100,000 tickets takes place on an annual basis. Those don't seem to match.

Mr. Moen: — Well I'll just look at my notes again, but what I said, I think, Mr. Krawetz, was that we annually print over 100,000 tickets.

Mr. Crook: — It's 200,000.

Mr. Moen: — Okay . . . 200,000 is our annual printing? Yes, so it's 200,000. So I guess it's within the range with that correction.

Mr. Krawetz: — Right, because it would be difficult to issue 150,000 tickets if you only printed 100,000, so I . . . it would be tough to have a collection problem.

Now you indicated that there were small users. Could you identify what groups would fit into the category of small users? Are they related to city systems, like municipalities, or are they connected to other law enforcement agencies?

Mr. Moen: — Well I'll just ask Rod and . . . Mr. Crook and Ms. Barker to respond.

Mr. Crook: — There are of course the very small detachments. In addition, the city of . . . or the University of Saskatoon is another user. The new tobacco enforcement control — the people responsible for that also use the summary offence ticket.

Mr. Krawetz: — To your last response then, the occupational health and safety people, I understand, will be those enforcers, so will they be issued tickets to be used at their discretion?

Mr. Crook: — Yes, they will be using the tickets.

Mr. Krawetz: — You indicated that there was progress in collection of the unused tickets, and as my colleague indicated you're trying to track those spoiled tickets or those unused tickets. The auditor's report indicated that in 2002-2003 received 7 per cent of its distributed . . . did not track which agencies received 7 per cent of its distributed tickets. So as you've indicated, Mr. Deputy Minister, with the printing of 200,000 tickets are you now tracking the complete distribution of 200,000 tickets? I find it strange that you would send out, you know, 7 per cent of 200 . . . 14,000 tickets would be sent out and then not being tracked.

Mr. Crook: — I can respond to that. Yes, we do track on a monthly basis where all of the tickets are distributed. At one point, for example, there was a block distribution to the RCMP who in turn would be responsible for sending tickets to their

detachments.

And what we've done is, we now control it through court services and have contracted that out to our, actually to the company that prints the summary offence tickets, and then they are shipped directly to the particular police detachments and other agencies that require them, and we have monthly reports that indicate where they have gone. So that new system was implemented in October 2003 and has . . . I think the Provincial Auditor's office commented that's something that's been . . . we've gone through a process with them to discuss those changes, and I believe that they're getting to the point where they're ready to sign off on that one if . . .

Mr. Krawetz: — So with the implementation of that type of system in October, the auditor's office will obviously be looking at that system for this year?

Mr. Crook: — Yes.

Mr. Krawetz: — Do you expect that the auditor will report that 100 per cent of distributed tickets have been accounted for? And I know you still may have a problem with some not being returned if they're spoiled, but do you expect that that will occur from the auditor's report for the current year?

Mr. Crook: — Right. Well I won't speak for the Provincial Auditor's office, but from our perspective, we are tracking 100 per cent of the tickets that are distributed, and we do feel that once they have an opportunity to fully review the procedures we've put in place that they will be comfortable.

Mr. Krawetz: — Good. Thank you.

The Chair: — Perhaps I could interject with a question. I'd like to direct it actually to the Provincial Auditor. And that . . . Why did your department feel that the ticket inventory situation is so important? Is there a chance that there could be misspending, fraudulent spending? Is there some concerns you identified that you feel the inventory tracking is important?

Mr. Heffernan: — Well these are pre-numbered tickets, and it makes sense to, if you have a pre-numbered system, to keep track of all the numbers. We are concerned that some tickets could get lost in the system. When you're dealing with 100,000 or more tickets, all sorts of things can happen just through error and that sort of thing. We think the department needs to have really a good idea of what happens to all tickets.

There are quite a number of tickets that never come back, and it looks like they're you know . . . probably because they're spoiled or sometimes the officer may not even finish out the book. I mean, we just don't know.

So we really think this is important because it is important to enforce all laws, and so we want to make sure that . . . We think the department should make sure that all issued tickets are returned to the department and recorded. But we actually don't know of any like . . . We actually tried to do some . . . (inaudible) . . . investigations, and we did contact the RCMP and some city police in some of the larger cities. And they themselves don't really keep track as well, so we weren't really able to determine if there's a significant problem or not. It

would take a lot of resources for us to do that.

The Chair: — Is there cost involved to the department, to the government? Are you concerned perhaps they're ordering more tickets than they need, that sort of thing because there isn't a proper inventory . . . (inaudible) . . . I mean I come from the world of, you know, we're going to have a dinner, and so we have to know how many tickets we sold so we can tell the caterer how many plates of food to bring to the event.

Are you more concerned about the costs incurred by not having an accurate tracking of inventory of tickets? Are you concerned that there could be some abuse through the misuse of these tickets if they're not fully accounted for?

Mr. Heffernan: — Well there's always the possibility of abuse if you're not tracking all spoiled tickets and all tickets that have been voided or whatever. There is that risk. We can't assess that risk in the sense of magnitude though. We have no idea, and I don't really think the department knows either.

There certainly is a cost for the department here in the sense of tracking this. It'll cost them more to . . . certainly will cost them additional resources to fully track these tickets, and we haven't really seen any cost analysis that will say that's not a good thing to do so.

The Chair: — Mr. Moen, does your department have any idea how many tickets are lost or unaccounted for out of, you know, the 200,000 that you print annually? And if you . . . say you send out 150,000. We're just using round numbers. How many would be unaccounted for at the end of the year?

Mr. Moen: — Maybe I'm going to ask Mr. Crook and Ms. Barker to speak to that.

Just on your question about fraud misuse, I think it's not likely that fraud would occur in this particular way. I mean, it's more likely . . . You know, there's no sort of easy, logical way for fraud to occur in terms of police officers voiding tickets and, you know, doing something with the money. It's more likely they wouldn't write a ticket at all and receive some sort of benefit in some other way.

So I don't think fraud is at the heart of the issue. I think it's more ensuring that there's proper accountability for the tickets that are put out there. But in terms of the numbers question?

Mr. Crook: — Yes. I can maybe elaborate a little more on that because I think it's important to look at . . . You know, if you think of a block of tickets and try to look at what could happen to the tickets in that block, basically there are . . . we are satisfied that our procedures in place are such that all of the tickets issued by law enforcement agencies do come back to us.

We think there are a couple of areas that could be strengthened. We think that that is primarily working with the law enforcement agencies to ensure that things like spoiled and voided tickets are returned. Often, you know, a police officer might not think that's the most important priority for him to do.

So when the tickets are issued, they are sent in and recorded on our JAIN computer system. If you at any moment in time take a

block of tickets, the question I think the Provincial Auditor's office is asking is, where are the tickets that are not currently recorded on our computer system? And there are basically a handful of possibilities. One is that they are unissued. They're sitting in a storage vault in a police detachment, or they're unissued tickets that are sitting in a booklet in an officer's briefcase. So that's one category.

The second category is they've been issued by the law enforcement agency, but they're in process. They haven't yet been sent in to our Provincial Court for processing. We know that happens because a duplicate copy of the ticket is obviously given to the accused person. And in a majority of cases there's voluntary payment. And sometimes we receive the ticket from the accused with payment before we've received the ticket from the police agency. And our practice, for example, is to wait two weeks because we find, by and large, the tickets that are issued come in from the police detachment within that two-week period. If they don't, then we follow up with the police agency to get them to forward in the copy of the issued ticket that we know is out there because we've had the person come in wanting to make payment.

The third area is this area of tickets that are voided or spoiled. And again we do have a policy in place that law enforcement agencies are to return those. We don't think we have 100 per cent compliance with that, and we are working with our law enforcement services branch in the department to provide timely reminders to law enforcement agencies throughout the province of the importance of sending these tickets in. So we believe those are the major categories and that there isn't a significant risk, as Mr. Moen said, for example, of fraud. It would be far more likely for a police officer, if they were going to attempt to do something of that nature, to say, you know, give me some money and I won't issue a ticket versus writing one up and saying that they would then rip it up if, you know, they received some money.

So in summary we have completed a fairly significant risk analysis in the department. We believe the risk is low. However versus the cost that it would take to implement a system where you would know at every moment in time exactly where all the tickets were, whether, as I say, they were issued in process or in storage, in the officer's briefcase and the like . . . However, because of the Provincial Auditor's concerns, we are looking at two areas. One is we're exploring, again through our law enforcement services branch, the possibility of whether police agencies would be prepared to do periodic reports, whether that's annual or semi-annually, that would tell us precisely of the block of tickets that they were issued — where the ones are that haven't been sent in, you know, and which of those categories they're in.

The second thing that we're doing, and Mr. Moen referenced that in his opening remarks, is a sampling. So on a going-forward basis, we could do a sample of a block of tickets and then follow up with the law enforcement agency to determine where the tickets are that have not been sent in. And so we think that's maybe a good route to go that would provide some comfort on that sample block of tickets as to where these tickets are. And we're in discussions with the Provincial Auditor's office on, you know, what that sampling would look like and some of the details.

The Chair: — I guess my question though was if you print 200,000 tickets annually at the end of year, of that 200,000, how many would be unaccounted for? Is it a small . . . like, I don't know. Is it 500? Is it 5,000? Is it 50,000? I'm just trying to get a handle on what volume we're talking about.

Mr. Crook: — It completely . . . it will vary. I mean, in some of the detachments that do not . . . that go through a high volume of tickets, the tickets that are distributed will come back . . .

The Chair: — I'm sorry, I'm thinking of the global numbers. You know, if you print 200,000, at the end of the year looking at all of those agencies — not looking at which ones are good or bad — but at the total number of agencies, how many tickets can we account for at the end of the year or not account for at the end of the year?

Mr. Crook: — Well in the block of 100,000 tickets that the Provincial Auditor's office did examine, it was approximately 10 per cent from that block of tickets. So that's . . . But until we had a system in place that had the law enforcement agencies reporting on a periodic basis, we would not be able to say with any certainty, you know, precisely what the number of tickets are that are still remaining in the law enforcement agencies' hands that have not been issued.

The Chair: — Okay thank you. Just very quickly here, with the concern about repeat offenders appearing in court and having unpaid fines and the judge not knowing about it, there's a sentence here in the auditor's report that says if this was fixed, the additional collections would more than cover the cost of identifying who these people are, but the Treasury Board has not accepted the department's request. Can you tell us if that decision has been reversed, and if not, why not? I'm looking at page 180.

Mr. Crook: — I think the . . . I'll just find that page. I think the reference . . . yes, the reference to additional resources through the Treasury Board process, we currently collect approximately 80 per cent of the dollar value of fines ordered in any given year within about a three-year period. It's slightly more if you go over a five-year period.

Within our existing budget resources for our fine collection unit, we think we've done a very good job on fine collection. We've implemented a number of initiatives such as on-line fine payment, making it easier for people to pay their fines. We do feel that we would benefit from some additional resources in our fine collection unit to be able to explore the feasibility of other methods of fine collection, for example, income tax set-off with the federal government, those types of things which are fairly resource-intensive to actually implement.

And of course whenever you go to Treasury Board, it really is a case of competing priorities, and we have not been successful at the present time in getting any additional resources.

The Chair: — Could I then ask the Provincial Auditor why he feels that this would be a cost benefit? And would he be prepared then or would his office be prepared to again make this recommendation?

Mr. Heffernan: — Actually the recommendation on the repeat offenders that appear in court is not related to this . . .

The Chair: — No, I realized that as I got reviewing this part of it.

Mr. Heffernan: — We're just talking here about the . . .

The Chair: — Collections.

Mr. Heffernan: — . . . what the department's doing to improve its collections. It has done a study, a cost benefit study. It thinks it can do more and would be cost beneficial, so we're passing that on. I mean, we can't really assess . . . I mean, it looked like a good study, and so I think all we're doing is we're reporting what the department's doing. It's doing its best, and it's asked for resources. And that's where it stands.

The Chair: — Okay, there's one recommendation in this chapter. I see Mr. Dearborn has a question. We'll just quickly take any more questions regarding chapter 6, and then we'll deal with the recommendation. Mr. Dearborn.

Mr. Dearborn: — This is just a quick question around the spoiled tickets and accounting for them in the future and the privacy. It would be my understanding that they'll just be recorded via their number as a spoiled ticket. None of the information contained therein would be recorded by the department. Is that correct?

Mr. Crook: — Yes, at the present time we can record many of these. There are technical difficulties, as was referred to earlier, that we can't record all of them. But the intent is simply to record the fact that there is a spoiled or voided ticket and the ticket number so that we can account for that ticket.

Mr. Dearborn: — Thank you.

The Chair: — Are there any other questions in regard to chapter 6? Seeing none, then I would ask that the committee focus on the recommendation on page 182. Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. I would move we concur with the recommendation and note progress.

The Chair: — The motion is to concur and note progress. Is there any discussion on the motion? Ready for the question? All in favour? Any opposed? It's carried unanimously.

I should point out for posterity that Mr. Hagel has now replaced Ms. Morin and as a regular member is voting, just so that that is clear for the record.

Mr. Moen, I want to thank you and your officials for answering our questions, and we continue to wish you well as you undertake your duties on behalf of the province. Thank you very much.

Public Hearing: Department of Culture, Youth and Recreation

The Chair: — We will now move to the second item on our agenda — Culture, Youth and Recreation. This is chapter 14 of

the 2003 Report Volume 3, pages 281 to 286.

We have witnesses from the Department of Culture, Youth and Recreation. We have the deputy minister, Angie Gélinas with us. And, Ms. Gélinas, could you introduce your other officials, and then we'll ask the auditor again to bring a report on chapter 14. We'll allow you to respond, and then we'll have questions from members.

Ms. Gélinas: — Thank you, Mr. Chair. With me to my left is Melinda Gorrill. She's our director of corporate services. Behind me to my left is Dylan Jones, our executive director of strategic policy and youth; Dawn Martin, our executive director of culture and heritage; and Valerie Sluth, to my right, our director of recreation.

The Chair: — Thank you very much. The auditor's office.

Mr. Wendel: — Thank you, Mr. Chair. I have Judy Ferguson with me, and she'll be giving you some brief remarks on the chapter. Judy.

Ms. Ferguson: — Thank you, Fred. Chair, members, and officials, I'm pleased this morning to present chapter 14 of our 2003 Report Volume 3. It starts on page 281. As set out on page 284, we conclude that the financial statements for the agencies and funds related to the department — and they are Community Initiative Fund, Doukhobors of Canada trust fund board, Sask Archives Board, Sask Arts Board, Sask Centre of the Arts, Saskatchewan Communications Network Corporation, Saskatchewan Heritage Foundation, Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation, and Western Development Museum— those financial statements are reliable. The department and those agencies had adequate rules and procedures with one exception.

And lastly, the department and those agencies complied with the authorities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. So there is one exception that I want to just briefly draw to your attention, and that's set out in pages 285 and 286.

During our audit of the department, we noted a number of problems, and they're briefly set out in a series of bullets on page 286. We found that they didn't update their financial records for a period of time with respect to the film tax credits issued during the year, that they didn't collect the necessary information to estimate and properly account for some revenues that it had received throughout the years, and it didn't consistently follow an accounting policy for recording of its grants.

When we looked at those individual problems, we realized that the real problem was that really the department didn't have adequate written rules and procedures to guide its staff in terms of carrying out some key activities. And that's particularly important when you have turnover of staff or transition in staff or duties to allow that continued guidance.

So as a result, we make one recommendation, and that is simply that the department document better its administrative policies and procedures to ensure it records transactions properly and promptly.

So that concludes my presentation. I would be pleased to respond to questions.

The Chair: — Thank you very much, Ms. Ferguson. Ms. Gélinas, would you like to respond?

Ms. Gélinas: — Thank you, Mr. Chair. This is the first time for all of us at the table to participate in Public Accounts, so we do welcome the opportunity to meet with you and your colleagues.

Let me begin by stating that CYR (Culture, Youth and Recreation) is in agreement with the Provincial Auditor's recommendation to better document our administrative policies to ensure that a chance of future similar errors is minimized. We're currently in the process of preparing a procedures manual that's expected to be complete by the end of this month, and the draft will be reviewed with the Provincial Auditor to ensure that it meets the appropriate requirements.

We continue to improve upon our monthly forecasting, in particular of the film employment tax credit, working with our administrative partner SaskFILM.

The other items that were noted by the auditor were one-time accounting errors that will be minimized in the future by the procedures manual. The manual will outline the unique activities that are relative to CYR's operations and will assist the staff to carry out procedures appropriately and consistently. It will complement the financial administration manual, and it will assist to ensure smooth transitions when staff changes do occur.

As well, in 2004-05 the department is undergoing a restructuring that's aimed at improving our stewardship and policy leadership of the public sport, recreation, and culture systems. This restructuring involves CYR acquiring increased policy, evaluation and communication skills, as well as higher level administrative and finance skills in support of our corporate services.

These changes and the focus of our strategic plan are driven by our desire to strengthen accountability throughout the department and in our partnerships with our third party delivery system who are charged with delivering program outcomes in our sectors.

So thank you very much for the opportunity and we look forward to any questions you may have.

The Chair: — Thank you, Ms. Gélinas. We'll open up the meeting to questions. Mr. Dearborn.

Mr. Dearborn: — Thank you, Mr. Chair. My question would be for Ms. Ferguson. I'm sorry; I'm in my second term, but it's only really year two and a half for me. How common is it, in doing an audit, that this sort of recommendation would be put forth relative to other departments?

Ms. Ferguson: — Thank you for the question. Really not . . . As we work our way along, for organizations that are relatively new or earlier in their life cycle, we do find this type of a recommendation. But for an organization that has been around a long period of time, the chances of this recommendation is

reduced.

So it's in situations where it's a new organization or an organization that has been reformatted or reorganized, you'll find that our office will issue this type of a recommendation.

Mr. Dearborn: — Thank you, Mr. Chair. For the deputy minister: How many years has Culture, Youth and Recreation been active as a department then?

Ms. Gélinas: — We started in 2001, so we're in our third year.

Mr. Dearborn: — And again, for Ms. Ferguson. So this is consistent; there's no irregularity from the point of your office that this sort of recommendation would be made for a department really in its third year?

Ms. Ferguson: — It is an area that we'd hoped that they'd get to a little bit earlier, but it's not totally out of the ordinary.

Mr. Dearborn: — Thank you. May I continue, Mr. Chair?

The Chair: — Sure.

Mr. Dearborn: — With regard to page 286 and really the second bullet point, the department understating its revenue of 11.8 million by point nine million — \$900,000 — in a budget that seems to be out by a couple million dollars in . . . from a . . . percentage-wise, what level of concern . . . Obviously the auditor's brought this up. But if you'd be able to help me and put this in aspects of relative concern and just frame it for me, how serious this is? Or is this something that can be caught normally in a department around an accounting issue?

Ms. Ferguson: — I guess as . . . Obviously it is serious; otherwise we wouldn't include it in our report. When we look at reporting matters to the public, we use the concept of significance which is financial magnitude, sensitivity, and impact.

Given this is a process that the department has to go through every year, it's important that they understand what the estimation process is. It's also a process that you want to make sure that they have accurate interim financial statements, monthly financial statements, so that they can make a decision point. So in our view it is significant from that perspective.

As I explained in my presentation, what we focused on was not so much the errors themselves but looked at the root of the problem, which we found really was . . . we think is truly the need for additional guidance to staff so that they understand the activities unique to the department that aren't set out in the general guidance that the financial administration manual provides.

Mr. Dearborn: — Thank you, Mr. Chair. To the deputy minister, would you be able to make comment just on the \$900,000 that seemed to be out of step with the budget, and how that occurred?

Ms. Gélinas: — What occurred at the time is at the end of the fiscal year we get a forecast from our partner, Sask Lotteries, in terms of what the actuals are towards the end of the year. What

happened last year, it was an accounting error where we did not set it up as a receivable, which we should have. We should have set it up as a receivable for the '02-03. That didn't happen.

So what happened is we ended up bringing it in to the next fiscal year. It was just that one of the pieces in the steps didn't happen. It should have been set up as a receivable in the '02-03 year.

Mr. Dearborn: — Thank you. So the money has completely been accounted for; it's just it is \$900,000 showed up the next fiscal year?

Ms. Gélinas: — Exactly.

Mr. Dearborn: — Thank you.

The Chair: — Mr. Krawetz.

Mr. Krawetz: — Ms. Gélinas, on page 284 of the auditor's report where the chart is the estimates and the actuals for 2002-2003, one of the numbers that seems to be out quite a bit is the infrastructure projects. The estimate was that there would be zero dollars spent and the end was 1.3 million. Something dramatically happened to necessitate an expenditure of \$1.3 million.

Is there a problem with the estimates as far as what you planned to do or was this an unexpected project? Could you explain why suddenly \$1.3 million was actually spent and you actually anticipated to spend zero dollars?

Ms. Gélinas: — That 1.3 was budgeted in the Centenary Fund when the government announced the 120 million over five-year Centenary Fund. And at the time . . . Excuse me, just a minute.

It's not budgeted in our department, but it was allocated to some projects I think mid-year that went through our department — heritage in particular.

Mr. Krawetz: — When you are setting up your estimates then for the year, obviously the difference between, you know, as my colleague has pointed out, \$2 million difference between 42.9 and 44.9, were you anticipating the revenue on your revenue side so that you indeed had the \$1.3 million from some other department transferred to you for this expenditure?

Ms. Gélinas: — What I understand is that the Centenary Fund is budgeted in its own fund, the Centenary Fund, and it actually allocates funds at the time to other departments. And then so for us, in our estimates, it was not there. However, once at the end of that year the monies were allocated to projects that went through heritage. It then was accounted for and put in our actuals. But at the time it was all budgeted in the estimates for the Centenary Fund, not in the department.

Mr. Krawetz: — So this is a decision that is made in the course of the year 2002-2003 where a decision is made then that the Centenary Fund challenges your department with \$1.3 million worth of expenditure and in that way transfers to your department \$1.3 million to match this?

Ms. Gélinas: — Correct.

Mr. Krawetz: — Okay, thank you.

The Chair: — Mr. Dearborn.

Mr. Dearborn: — To the deputy minister, I have a question regarding the administration and why on the actuals the department was out 20 per cent, and I raise this. Could you give an accounting for why there is such an increase? And again, we went through estimates for this fiscal year and percentage-wise this department had the largest increase in administration across the government.

Could you give an accounting for why the administration estimates last year were out by \$200,000, and more importantly than just the number, out by 20 per cent?

Ms. Gélinas: — Mr. Dearborn, we had a transfer of an individual into communications . . . or a communications individual into administration during the reorg. We also spent more equipment due to the MIDAS (Multi-Informational Database Application System), evolution of the MIDAS system, as well as unforeseen CommunityNet costs that hadn't been budgeted for us. We hadn't actually had to engage in them the year before, so it wasn't budgeted. So it came into the actual.

Mr. Dearborn: — Could you please clarify for me what a CommunityNet exactly means?

Ms. Gélinas: — Just our costs for accessing CommunityNet, for the infrastructure of CommunityNet, for Internet access, etc. There's a cost now that's apportioned to departments for the usage. It was not part of our . . . When they first set us up, it was not part of our actual or part of our budget. It was put in. As well we had IT costs in terms of MIDAS.

And if I could also point out, the extra costs for the communications person, we overspent by \$66,000 but the Government Relations and Aboriginal Affairs, the department from where that person came to, underspent by that amount.

Mr. Dearborn: — Thank you.

The Chair: — Mr. Krawetz.

Mr. Krawetz: — One question regarding the Community Initiatives Fund. A fairly large expenditure of \$5.9 million, and I note from the auditor's report that on the top of page 285 that Virtus Group has been given the responsibility of auditing. I'm assuming auditing the Community Initiatives Fund.

And you note in your findings that you talk about necessary to record and monitor activities unique to the agency. I'm assuming that those statements are relative to all of the things that have been mentioned at the top of page 285. And I'd ask Ms. Ferguson if the findings for the . . . specifically the Community Initiatives Fund indicated problems or was Virtus Group satisfied with how the Community Initiatives Fund is operated?

Ms. Ferguson: — Thank you. We work with Virtus Group in carrying out the audit of the Community Initiatives Fund, and we didn't find any significant problems or concerns to draw to

the attention of the Assembly in the past year.

Mr. Krawetz: — Okay. And to the deputy minister. The fund as well is increased, I understand, from the 2002-2003 numbers that we see here for this current year. Has your department experienced, you know, positive measures in the distribution of that Community Initiatives Fund?

Ms. Gélinas: — In terms of process with the fund?

Mr. Krawetz: — Yes.

Ms. Gélinas: — Yes. Yes, there are processes in place that are followed through and we've had no reports, certainly from the auditors or from the board or from the administrator, of anything that is negative in terms of how they process.

Mr. Krawetz: — The reason I asked that question is a number of communities who are planning a project looked to the Community Initiatives Fund, and there have been a number of communities have taken advantage of this fund but yet others have said that they have been excluded.

And I'm wondering if there is a follow-up of projects that are applied for and why communities have been rejected, and whether or not they have opportunities to follow up and be considered for the following year?

Is that something . . . Because I have not seen the criteria and the application forms and all of the things that obviously your department has put in place to be able to, you know, allocate funds from the Community Initiatives Fund. There seems to be a gap for the public understanding how to access this fund.

Ms. Gélinas: — The criteria are absolutely public and published and are available to anybody. Communities that apply and are not provided with funds, we always know what the reason is. They have a recourse to actually talk with the administrator and the administrators will actually help them in their next application if required. That is usually made known to the communities, that this is why you didn't get the money and this is what you need to do to meet the criteria.

It's a very open process and communities are always welcome to reapply and to contact the administrators, when they don't succeed, in trying to understand why not.

Mr. Krawetz: — Mr. Chairman, I thank you, and I thank the deputy minister for that response.

The Chair: — Thank you, Ms. Gélinas. Just help me to understand your relationship with the funds and agencies mentioned on page 283 of the auditor's report. I would guess that some of these agencies are totally self-funded and you just play an overseeing role. Some I would guess, like Saskatchewan Lotteries, your department actually receives significant funds from them, I would guess. You know, perhaps some of them you fund with Treasury Board General Revenue Funds into those agencies.

Could you just give me a very quick overview of your department's relationship with each one of those entities?

Ms. Gélinas: — Certainly.

The Chair: — Particularly the financial aspect.

Ms. Gélinas: — Certainly, Mr. Chair. The Community Initiatives Fund is a fund that is legislated and it has a separate board. What happens is that it receives 25 per cent of gaming proceeds, less \$2 million, from the net proceeds of the casinos, Moose Jaw and Casino Regina. So that less \$2 million goes to the Métis Fund, the Clarence Campeau Fund. So that's how the Community Initiatives Fund . . . it does funnel through us into the Community Initiatives Fund.

There is no financial relationship with the Doukhobors of Canada.

The Saskatchewan Archives Board is a board of government, and again they are part of our department. They are a line item in our department and are funded through the GRF (General Revenue Fund). And they as well have a board of directors that oversee . . . has an oversight role.

The Saskatchewan Arts Board is a legislated arm's-length funding agency for the provincial arts in Saskatchewan. Again it is arm's length. However, we provide the funding through the GRF to the Saskatchewan Arts Board and work with them.

The Centre of the Arts funding and accommodation is through our department, and the building itself is owned by the Saskatchewan Property Management Corporation. There is a lease agreement. We also provide granting for operations, and then they get their accommodation.

Saskatchewan communities network corporation is a Treasury Board corporation that is again part of our department. As a line item it's funded through the GRF. It also has a board of directors. In terms of relationship I'll note that, as deputy minister of the department, that SCN (Saskatchewan Communications Network) is part of . . . I sit on the board; I'm one of the members of the board.

The Saskatchewan Heritage Foundation is a foundation . . . It's a unique organization in that there is a board of directors; the staff work for government. The board at this time does not have the legal authority to hire staff. However they are an advisory board. They make all the decisions in terms of funding and granting that goes out to provincial organizations, and they're funded in '02-03 through the GRF.

The Saskatchewan Lotteries Trust Fund, we negotiate on behalf of government a three-year agreement with the Sask trust lotteries, which sees their . . . they manage the lotteries on behalf of government. We negotiate an agreement that sets out outcomes and priorities that also negotiates a licensing fee. That licensing fee goes into the General Revenue Fund and then the lotteries maintain . . . And that fee . . . or excuse me, that agreement also outlined how much money goes to each of the lottery globals.

But that money does not go into CYR. We are there as the negotiators of the three-year distribution agreements, but the money is outside of the GRF except for the licensing fee that comes into the GRF on an annual basis.

The Western Development Museum is again funded through us, through the GRF, into the Western Development Museum. I hope that answers your question.

The Chair: — Thank you, that's very helpful. So then when the Provincial Auditor audits this department then do they . . . Do you do an audit then of all of these agencies in conjunction with the auditing of the department?

Mr. Wendel: — That's correct, Mr. Chair. That's what we do; we look at the department's oversight practices over these organizations.

The Chair: — Okay, and I have one more, one more question before we get to the recommendation, and if other members have questions of course I think we have time as well. But that's on page 285 and actually it moves over to 286. There's five bullets there, talking about proper rules and procedures. Can you assure this committee that your department has met the proper rules and procedures in each of those five areas, and if not, what areas are you still working on?

Ms. Gélinas: — Yes we have.

The Chair: — You've met them all?

Ms. Gélinas: — Yes, sir.

The Chair: — Okay, very good. Are there any other questions? Mr. Dearborn.

Mr. Dearborn: — Thank you again, Mr. Chair. For the deputy minister, I just wondered just on the first line on page 284 the actual versus the estimates on Culture and Recreation is out by \$800,000. Could you give an explanation for why that's so?

Ms. Gélinas: — The difference is a special warrant for the film employment tax credit that was approximately \$500,000 above what we had anticipated. And we had unanticipated activity in staffing for preparation for the centennial.

Mr. Dearborn: — Thank you.

The Chair: — Seeing no more call for questions, there is a recommendation on page no. 286 on the bottom of the page. The auditor says:

We recommend that the department document better its administrative policies and procedures to ensure it records transactions properly and promptly.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — Yes, Mr. Chair. I would move that we concur with the recommendation and note progress.

The Chair: — All right. The motion is to concur and note progress. Is there any discussion on the motion? Question. All in favour?

Some Hon. Members: — Agreed.

The Chair: — It's agreed to, I believe unanimously, and that

concludes our review of chapter 14. And again, Ms. Gélinas, I would like to thank you and your officials for appearing before us and answering the questions that the committee members had. Thank you so much.

We have another item that I've added to the agenda. As you know, the Public Accounts Committee normally would send representatives to the annual public accounts meeting. I'm not sure if I have the exact correct terminology for what that meeting is called. As we have discussed in earlier meetings, normally the practice is to send the Chair and the Vice-Chair and one member from both government and opposition so that would be a total of four committee members to the annual conference.

I think it would be appropriate to, at this meeting, have discussion if it's required but entertain a motion that we continue the tradition of sending four members; that the Chair, Vice-Chair, and one member each of the government and opposition caucuses be authorized to attend the meeting at Fredericton, I believe the last three days in August.

It would then be up to the two caucuses to decide who would fill the two additional spaces. I don't think those names need to be put in the motion, just the numbers, and Chair and Vice-Chair.

So if there's discussion, I'd be prepared to entertain discussion. If there's a motion that you'd like discussion, or if you'd just like to move the motion and vote, I'm at your mercy. Mr. Hagel.

Mr. Hagel: — Yes, Mr. Chair. I think maybe we should to have discussion as to what the desire is as we've discussed it ourselves. I believe the Vice-Chair is able to attend and none of the rest of the three of us are able to. So I think government's intention is to simply send the Vice-Chair, so we don't need a motion that approves the Vice-Chair and another, just the Vice-Chair.

The Chair: — All right. Mr. Dearborn.

Mr. Dearborn: — There would be no one else from the government caucus that would be interested in attending? I think that was the Chair's point was that they were set up with four persons to go, that two of them would remain unnamed until some later time that it had been brought up with the caucuses.

The Chair: — Mr. Yates.

Mr. Yates: — Well as we looked at this issue, if members of the committee on the government side couldn't go, we didn't see a great deal of value of having somebody else that isn't directly related to it — and the associated costs — going to the actual conference. So it would be very difficult for us to justify expenditure-wise. So the Vice-Chair is interested in going.

That doesn't mean, you know, that the Chair and the member from the Opposition caucus could not go. We're not suggesting that by any means but as time permits only one of our members of this committee to attend.

Mr. Krawetz: — I know in speaking with Mr. Hart, who is a member of this committee, he had expressed an interest in going from the Opposition. In other words, similar to other years where we would have the Chair and the Vice-Chair and two members. And I think, you know, I'd still like to see that open to him if he wishes to benefit from attending and we have budgeted — the Public Accounts Committee — has budgeted.

I know in previous years there have been many times since I've been Chair, when I was Chair of the Public Accounts Committee, that we had non-members of this committee attending. Previously they sat on Crown Corporations Committee, or they were involved now, maybe even in the Economy Committee. I think it's of benefit as I've stated before.

The delegation from Saskatchewan, not only led by the auditors, the Provincial Auditor, for their aspect, but the contingent of MLAs (Member of the Legislative Assembly) from Saskatchewan has always been looked upon to contribute to the agenda of the conference. And you know, four people there, I think, I think sends a message that we are interested in leading in some of the things.

And I've stated this publicly before that I think Saskatchewan is recognized — and I think Mr. Wendel would agree — in many new accounting procedures that have been implemented and new accounting controls that have been implemented in Saskatchewan, that Saskatchewan has, you know, been at the forefront.

So I know while the committee members on the government side may not be considering sending a member right now, I think we're a long way from August 29 to 31 and there may be a member on the government side that may wish to attend.

So I wouldn't want to . . . number one, I wouldn't want a motion today that would exclude the Chair and a member of the opposition from attending. I would hope that we could include that, and then leave it open that if you have a member that wishes to attend beyond the Vice-Chair that that still be available. And in the end, I guess, when the Clerk's office says we need to book a flight time, and if you don't provide a name for that second person, then . . .

The Chair: — Thank you, Mr. Krawetz. I was going to make the same suggestion. Mr. Yates.

Mr. Yates: — Clearly that was our intent as well; it wasn't to limit who would go. We don't know today whether the same, you know, as an example, the same members will be on these committees three months from now. So it's not our intent to limit, but just to tell you sort of where we are at this moment, and that is that only one member of the existing committee would be attending.

Also I have a question for the Clerk, if I may. Is an invite being offered to the Standing Committee on Crown and Central Agencies as well? So in the past we often had somebody from that committee that dealt with the Crown side of it attend. So we may well on the government side look to have one of those members who deal with the Crown side attend this meeting as well, because they have summer functions and . . .

The Chair: — Sure. Ms. Woods.

Ms. Woods: — Perhaps just to clarify, what we've done in the past is we have budgeted for four individuals to go. And the importance of the motion is to allow that authority for financial services to pay for the costs associated with attending.

That being said, in the past we have tended to word the motion in such a way to designate the Chair, the Vice-Chair, and then one from either side.

It could be reworded in such a way that we just send four members to represent the committee and not specify it any further than that, and that would then allow a little bit more latitude over the course of the summer to see who is actually available. It would also allow, if for whatever reason one side could not be represented, that position could be taken by someone from the other side.

I mean, that's sort of up to the committee to decide whether they want to make it specific and identify who should go or basically just indicate four individuals.

The Chair: — Thank you, Ms. Woods. Mr. Borgerson.

Mr. Borgerson: — Yes, well this is a new process for me but . . . So would it, it would make sense then at this meeting for us to provide a motion indicating that we would support the attendance of four members? That would be . . .

Ms. Woods: — That could be an option if that's what the committee wishes. It does provide a little bit more flexibility.

The way the motion is worded right now is that we do identify the Chair and the Vice-Chair. But then at the end of the motion, we indicate if they are unable to attend, they could designate someone in their place. So in effect, if we reword it in such a way that they just authorize four individuals to go, we can identify them at a later date.

The Chair: — Okay. Is someone prepared to make a motion?

Mr. Borgerson: — Well in fact, I'll make it a more general motion; that we authorize four members to attend. And logically, it'll be the Chair and Vice-Chair and two others.

Mr. Krawetz: — I think we still need to indicate that it is the Chair and the Vice-Chair and one from each caucus. And if Mr. Hart, you know, can't attend and I can't attend, then we then find someone else from our side. Then that's flexibility for us and likewise flexibility for the government side to find a member if there's interest.

The Chair: — Do I sense that . . .

Mr. Krawetz: — So I don't think it ties us. And I ask Ms. Woods, you know, if we're saying it is the Chair and the Vice-Chair, because both have indicated that they're willing to go right now, and the designate from each of the caucuses, one from each of the caucuses. If that's a friendly amendment, Mr. Borgerson?

Mr. Borgerson: — That's fine. That's fine. Yes. I'll withdraw

that previous motion and I will make that motion, that the Chair and the Vice-Chair . . .

The Chair: — All right. I think everyone has a grip on what motion has been made here. Yes. Okay. We actually have a motion here that . . . I should have pulled it out.

I think we've had significant and enough discussion on the motion. We will have the motion read for the benefit of the committee members. It states:

That the Standing Committee on Public Accounts authorize the attendance of the Chair, the Vice-Chair, one government member of the committee and one opposition member of the committee, at the 25th annual meeting of the Canadian Council of Public Accounts Committee to be held in Fredericton, New Brunswick, August 29-31, 2004;

And further, that if the Chair or Vice-Chair cannot attend, they may be authorized to designate another committee member to attend in their place.

Now I'm not sure if the stipulation that it be a member of the committee . . . might want to strike that out and just say one government member and one opposition member and leave "of the committee" off. Is that the understanding that I had from . . .

Some Hon. Members: — Agreed.

The Chair: — Okay. We will make that change in the printing. And I would then, if there is no more discussion, call for the question. All in favour?

Some Hon. Members: — Agreed.

The Chair: — None opposed, it's carried unanimously.

Just in conclusion, we have two Public Accounts Committee meetings left before our House leaders have determined that this session will conclude. And there's a considerable amount of agenda items that of course that we're not going to cover while the House is in session.

So it is, I think, appropriate that the steering committee — which is Mr. Borgerson, myself, and Ms. Woods — will look at the workload that is before us and before the conclusion of the session, I think we should bring a recommendation to the committee as to how we'll deal with items that are not going to be covered while the House is in session.

It appears that we're going have to get together or we're going to get significantly behind. And so I would expect that either at the next meeting or two meetings from now we will have a proposal for the committee to consider.

Yes, we're moving from one year to the next here quite soon. Are there any comments in that regard? I believe that your steering committee will try to function on that behalf for you.

I then declare the meeting adjourned. Thank you.

The committee adjourned at 11:46.

