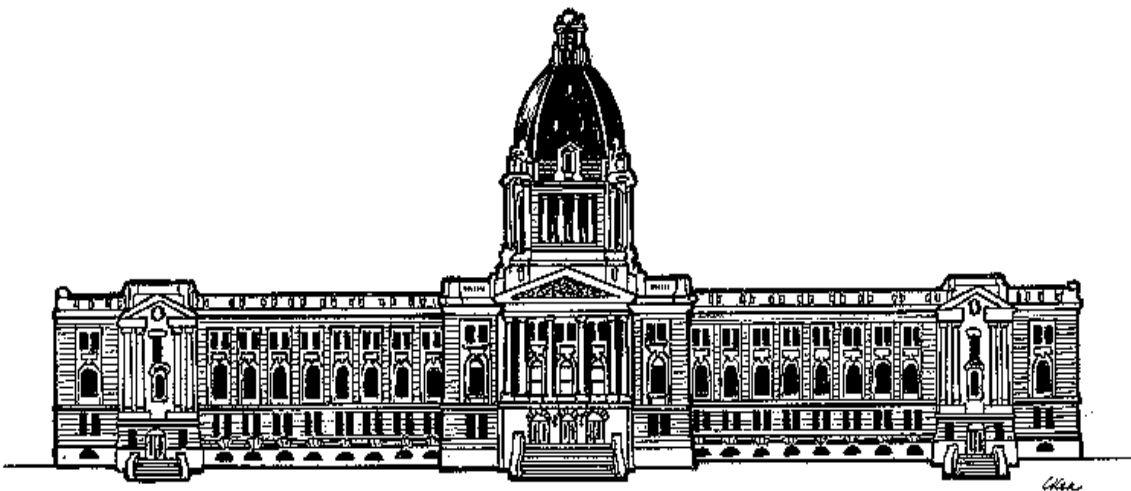




STANDING COMMITTEE ON PUBLIC ACCOUNTS

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS
2006**

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Saskatoon Silver Springs

Mr. Michael Chisholm
Cut Knife-Turtleford

Mr. Andy Iwanchuk
Saskatoon Fairview

Mr. Kim Trew
Regina Coronation Park

[The committee met at 10:30.]

The Chair: — Good morning. Good morning, everyone. I'd like to welcome you to our Public Accounts Committee meeting this morning. We have two items on the agenda. First of all we'll be dealing with chapter 8 of the 2005 report volume 3, Information Technology Office and then we will move to Community Resources and Employment, chapter 4 of the same volume.

Just prior to that a couple of housekeeping items, there are three pieces of communication to the committee. One is from Terry Paton, the Provincial Comptroller, reporting on public losses. That will be distributed to all members. Another one from the Provincial Auditor regarding a question asked on the chapter on Liquor and Gaming last week. And so we have an answer to the question there. And the third document is from the Agriculture minister, Mr. Wartman. It's a follow-up to information requested at the May 2 Public Accounts Committee meeting. And so all members will receive or have or will receive copies of this correspondence.

The other item is that we have one substitution this morning. Substituting for Andy Iwanchuk is Warren McCall. So, Warren, we welcome you to our committee this morning.

Public Hearing: Information Technology Office

The Chair: — We will move to the first item on the agenda and that is the Information Technology Office chapter. From that office, we have Deputy Minister Don Wincherauk. And in a moment, Don, we will ask you to introduce your colleagues and respond to the auditor's report.

But first of all, we want to receive just a summary of that report and presenting that is Jeff Kress, principal. Jeff, we give you the floor.

Mr. Kress: — Thank you, Mr. Chair. Good morning, everyone. I am here today to discuss chapter 8 of the 2005 volume 3 report. The chapter describes our audit work and findings. The chapter can be found starting on page 207 of our report.

The ITO [Information Technology Office] has begun to deliver information technology services that were previously delivered by individual departments. At the time of our audit, 10 agencies had services provided by the ITO.

To adequately manage the agreed upon delivery of IT [information technology] services to clients, the ITO must do three things. First, it must establish service delivery processes with clients. Second, it must implement service level agreements with clients. Third, it must manage ongoing service delivery with clients.

For the first requirement, we found that the ITO had established good service delivery processes. These processes included delivering project charters that govern the relationship between the ITO and clients. The ITO has clearly identified its performance objectives and documented a communication strategy. We also found that the ITO had made changes to improve its processes when necessary.

For the second requirement, we make two recommendations to improve processes. The first recommendation, found on page 216, is we recommend that the Information Technology Office sign service level agreements with clients prior to delivering information technology services. Also on page 216, we recommend that the ITO sign agreements with clients on security and disaster recovery processes, expectations, and reporting requirements.

For the last requirement, we found that the ITO has made adequate process to manage ongoing service delivery. We found that the ITO regularly meets with clients to discuss service delivery issues. Also the ITO has improved its reporting to clients starting in August 2005. Clients now receive monthly information on financial and non-financial results.

Overall we found that the ITO had good processes to adequately manage the agreed-upon delivery of IT services. We also identified, both from our discussions with the ITO and with clients, that the ITO had a willingness to adjust its practices or make other changes to improve service delivery as needed.

In conclusion I would like to thank the ITO for their co-operation during the audit. That concludes my comments.

The Chair: — Thank you very much, Mr. Kress. And Mr. Wincherauk, we will ask you to introduce your colleagues and respond in whichever way you would like, and then we'll go to questions.

Mr. Wincherauk: — Thank you. I have with me members of my management team: Rory Norton, assistant deputy minister of corporate information services; Fred Antunes, executive director of corporate and customer services; and to my left, Bill MacDonald, manager of telecommunications policy and planning; and directly behind me, Carla Feld, director of business development; and Andy Chad, a financial analyst. This is Andy's first appearance before Public Accounts, and it's because of people like Andy that we are now the youngest department in all of government, so that's a plus.

We have a very positive working relationship with the Provincial Auditor and his staff and place great value on their advice and recommendations. Three areas that we've worked on hard over the past year are the work on internal financial and accountability processes, work on service level agreements. And these are crucial to how we do our business, and we like to think we've pioneered these in executive government. And without the assistance of the Provincial Auditor's office, we would not have moved as far along on the path as we have. And then finally there's work in and around security.

The ITO has developed a security policy and standards that are based on an international standard. We are asking all our clients to sign a memorandum of understanding to comply with this policy.

And right now I know the Provincial Auditor's office is working on a detailed security audit of the ITO. And we have worked closely with him and his staff on developing these policies and look forward for his recommendations coming out of this audit. And with that, be more than happy to answer all

your questions.

The Chair: — Thank you very much. We will open the floor to questions, beginning with Mr. D'Autremont.

Mr. D'Autremont: — Thank you, Mr. Chairman. I'd like to welcome the deputy minister and his officials here today.

Only two areas with major recommendations from the auditor's report which I think is quite good, especially for a new department that's coming into place. The auditor has talked about the need for signed service level agreements. And I believe the auditor talked about that starting to be in place as of August 2005. Do you have service level agreements in place now with all of executive government that you are working with? I know that there are still some sectors of executive government that you have not yet brought under your umbrella. But with those that you do have, do you have service level agreements signed with them?

Mr. Wincherauk: — I'll let Mr. Antunes answer that question.

Mr. Antunes: — Sure. So right now we have 16 departments that we provide or that we're working with on providing services to. Three of those departments are still under way in the integration process where we bring their environment into the ITO and we start to provide them with services.

So of the remaining 13, we have signed service level agreements with eight of those. Two are in the process of . . . we're just waiting for the department to sign them. So we've been negotiated, and we're just waiting for them to sign off on them.

There's two that are being negotiated right now, these integration projects where two of the smaller departments were completed in a very quick timeline. I think each one of them was done within a three-week period. So we're in the process of finalizing the negotiations on those service level agreements. And we've got one that an agreement was signed and we're in the process of renegotiating it. So for the most part you know I think . . .

Mr. D'Autremont: — Thank you. What kind of agreements are you making in those for signature? What kind of goals, what kind of guidelines, what kind of assurances, guarantees of service do these agreements provide?

Mr. Antunes: — So basically there's a number of metrics that we include so like things like how fast passwords will be reset, how fast we will restore computers, how fast we'll set up if there's a problem with it, how fast we'll repair the computers, how fast we would provide new hardware, new software, set up new users, the network availability, how we back up data. So there's a wide variety of different items that are covered off in the service level agreement.

And then what we do is every month we provide a report back on those key metrics to the department to let them know how well we met those targets. And there are metrics like for example I think on first-call resolution where people can phone in to the service desk and we attempt to resolve their calls on that first call 80 per cent of the time . So we have a target that

we try to meet on that, and then we report back monthly on how well we're doing on that.

Mr. D'Autremont: — When you have those measurements in place, how successful are you on your current system with what you had projected as a service for that charter when you signed it?

Mr. Antunes: — So for the most part, we're meeting the targets that we've identified with the departments. I think the area where we've been having some problems in the last little while is just on hardware and software installations where we've been having some problems getting the actual hardware from the vendor. So we're making some changes to that so that the vendor has more product in stock so we can meet our targets on how fast we set up computers. But for the most part, we've been meeting the requirements that are laid out in our service level agreement.

Definitely on network availability and those types of things, we're definitely meeting all of those targets. It's a very high reliable, high available environment.

Mr. D'Autremont: — Have you had any external reviews done of those service agreements such that . . . because this is inter-government, I mean, the bar could be set fairly low if you wanted to. Have you had any external reviews to ensure that the bar is set at an appropriate height level that it provides service to the client as well as within the bounds of what ITO can provide?

Mr. Norton: — Yes definitely. We have sought other people's input into what appropriate service levels are. In fact we have put our service level slightly above where industry standards are right now, whereas some of our levels are at 90 per cent confidence factor, which means the percentage at times that we will achieve the . . . For example are when a computer breaks down in one of our prime locations — Regina, Saskatoon, P.A. [Prince Albert], Yorkton, Swift Current — we have one day to resolve that. We agree to resolve that 90 per cent of the time within one day.

Most industry standards are around 80 per cent. And again that goes for the speed of answer on our phone. Generally it's an 80 per cent is the industry standard. We're using 90 per cent right now.

Mr. Wincherauk: — Because we're trying to develop a culture of customer service, being customer service focused, we ran our first client survey in March to give a . . . You know, I mean we can think we're doing a great job, but sometimes you have to go out there to the customer to find out what they really think.

And the response on the survey was very positive for an organization that's basically been in existence now for about 18 months. And I think we are running in the high 60s to medium 70s on just about every category. So the client is feeling like they're getting what they need to get their job done.

Mr. D'Autremont: — Within your service agreements and your charters, what recourse does a client have if they're unhappy with the service?

Mr. Norton: — Generally what we do is at each of our regular meetings that we have with the client to discuss our monthly service report, you know, discuss where things are going wrong and where they are unhappy with. And you know, we are a client service organization so we, you know, will make changes, discuss with them options for making changes.

For instance, the inventory one that we've been having issues with in getting hardware in a timely fashion, you know, we discuss with the client. We can bring more inventory in. There's a cost to you for us to bring that inventory in and to hold it. And they need to make that decision.

Again we've done some negotiations with our vendors — service levels basically with our vendors — to now put in place measures that allow us to meet our service commitments to our clients.

Mr. D'Autremont: — Are there any penalty clauses built into your charters, your service agreements, or is there an allowance for your clients to go outside of ITO if the services that ITO was providing are not up to their desire?

Mr. Wincherauk: — We don't have any of those.

Mr. D'Autremont: — So once you sign a charter with ITO, you're stuck with it.

Mr. Wincherauk: — No. I think, as was pointed out at the start, we're a very flexible and adaptable organization. And if there were issues, they would be raised with us, and we would sit down and renegotiate those contracts — the service level agreements, you know.

But basically you know, outside of those who are in our environment, they receive the service from us. And the only way we can entice more departments into the environment is by providing excellent service to the clients we have, you know. Or what happens is that goes up to my boss who is the Premier, and then I have problems. So we make sure everybody is in line.

Mr. D'Autremont: — So it may, even though a client may not be happy, orders may come down from on high that you will deal with this service.

Mr. Wincherauk: — Correct.

Mr. D'Autremont: — That dealt with the recommendations on the signing of the service level agreements. The next discussion deals with security and the nature of what you're involved with. And I note in the auditor's report that one of the pieces of information you provide to your clients on your monthly reports is a list of any security breaches that had occurred. I wonder if you can relate to us how many security breaches you've experienced and what has been the nature of those breaches.

Mr. Norton: — We typically have about seven security breaches in a month, and they have been all of a minimal nature: virus, where a virus gets into the network or is cleaned on coming into the network, those type of issues. We've not had a major security incident since we've been at the ITO and even prior to the organization I was at that came into the ITO.

Mr. D'Autremont: — So you would count a virus that has been prevented from spreading with your anti-virus software as still being a breach, would you?

Mr. Norton: — Yes absolutely. If it came into the environment, we assess how it came in, what were the implications, and what it actually did. So again it may . . . When we have one instance of it . . . again we have on our outside firewall 200,000 hits a day of potential threats that are hitting us, internally 15,000, any of those that we identify that make it into the environment such as a virus. Even though an internal client will clean that, we have to follow up to see where it came through, can we stop it sooner, was there any implications or anything compromised.

Mr. D'Autremont: — Especially if that is coming from internally. I think that's a very big concern because it means it's in your system already.

Mr. Norton: — Well absolutely. Right. And again our system has been cleaning those, and incidents haven't got away on us. And again that's why we take every little incident very seriously.

Mr. D'Autremont: — How much of the budget of ITO is spent on security? I'm not concerned about the particular number but rather . . . even a percentage.

Mr. Norton: — I would say we're about, you know, a quarter of a per cent to half per cent of our budget is spent on direct what we call security. I mean there's security in every day of our work right from even our help desk, you know, creating accounts and monitoring those things. I mean if all that's brought in, I think we'd be as high as probably 3 to 4 per cent.

Mr. Wincherauk: — And we've invested significant dollars within our infrastructure, you know, our data centre, and what we have is a backup there.

Mr. Norton: — Yes. And again I think every equipment we buy, piece of equipment, has a security implication. And we have to analyze the threat, see if it meets our needs, I mean, is a potential. Again some things are switches but have security pieces in them.

Mr. D'Autremont: — When you have what you perceive to be a breach and you backtrack it and deal with how it came into the system and how to correct the situation, but do you also do things to prevent it from getting into the system in the first place? You have the antivirus software and those kind of things in place. But do you actively — and I asked the minister this before — do you actively try to check to make sure that your system is secure in the sense of you trying to break into your own system?

Mr. Norton: — Oh absolutely. I mean we do that on a regular basis, as well as any time a system change . . . we do a regular basis of the entire environment where we bring in ethical hackers or again do our own internal what we call vulnerability and penetration testing. So that's done on a regular basis to ensure we're up to speed. And as well the auditor has provided some of their own when they come in for the audit as well.

Mr. D'Autremont: — Your security package, is it a common package throughout all of executive government, or do you have package that's specific for each client?

Mr. Norton: — When you say package, you mean the services that . . .

Mr. D'Autremont: — Well do you have one format that you overlay on all of executive government, or do you have a specific overlay for each department of executive government?

Mr. Norton: — So the overall arching policy and standards that we would apply in that environment?

Mr. D'Autremont: — Well the policy, yes. The policy I can see being common, but the actual software and the hardware and the operation.

Mr. Norton: — As organizations come into our environment, they are standardized into a single process that we use for our security thing. Obviously right now, with departments outside, they choose different. Some of them have different methods of securing their environments based on their threats and risks.

I would say also that every client is slightly different and may have a slightly different solution needed depending on the requirements of the business, criticality, classification of the data, how the data is handled and moved around.

Mr. D'Autremont: — My concern about the commonality is that if someone has the ability to break into the system, then they could break into all of the systems.

Mr. Norton: — Well when I was saying common . . . and I mean the virus software that we use to protect our system is of common standard model. We have firewalls and pieces of firewalls that are not provided by Norton which is the provider of some of our virus software. So I mean we have multiple perimeters of security to protect us from viruses, from any kind of penetration. And those are defended by different technologies, different vendors, you know, working together to provide a good solid security front.

Mr. D'Autremont: — Do you classify the breaches into various categories, as viruses that are simply disruptive, people who are trying to put something onto the system to gather information, or people that are trying to actually access specific information within the system?

Mr. Norton: — Absolutely. I mean we have a different classification. Be it a low-security incident such as a virus or a virus that has been contained very quickly; or you know medium, again moving up as the threat or risk to data; or again, any type of information or services that we provide, again, maybe even disrupting how a service is delivered through bringing down the hardware. Absolutely.

Mr. D'Autremont: — How many attempts, that you would know of, has there been for people to try and actually access private information?

Mr. Norton: — To access private information, we have no incidents that I'm aware of. Again we block all those at the

firewall. I mean there's lots of penetration that tries to come into our environment. No one has successfully penetrated into the environment to have any type of access to any system, especially classified-type data.

Mr. D'Autremont: — So then to the best of your knowledge, there has been no compromise of any personal information, medical records, you know, ID [identification] theft, that kind of circumstances of the system.

Mr. Norton: — I can speak to the systems and departments under the ITO. And no, there has been none.

Mr. D'Autremont: — Okay. Thank you. Thank you, Mr. Chairman.

The Chair: — Thank you, Mr. D'Autremont. Just a couple of questions. On the bottom of page 215 of the Auditor's Report:

The ITO provides IT service for ten clients . . . [As of] September 30 . . . four of these clients did not have signed service level agreements.

Which four clients would those have been?

Mr. Antunes: — At the time that would have been — I'm going back in memory — but I think at the time that would have been Department of Highways was one. Culture, Youth and Recreation would have been the second one. I believe Government Relations was the third, and I think the Saskatchewan Grain Car Corporation was the fourth.

The Chair: — And all four of them now are currently operating under signed agreements?

Mr. Antunes: — CYR, I believe, signed theirs last week. I haven't got the copy in our office yet — Culture, Youth and Recreation. So I believe they signed theirs last week. And Highways and Transportation, we're still waiting for them to sign it, but we've done all of the discussions back and forth. But the other ones have signed.

The Chair: — So is there a problem? Is there a reason why the hesitation in signing?

Mr. Antunes: — I think they've asked for some additional information in terms of what type of inventory that we have that's theirs, so I think we just have to provide them that, a list of inventory.

Mr. Norton: — I would also note there is a bit of a negotiation in having a business defining their requirements as far as a delivery of service and quantifying that into . . . Again IT is often a process where the organization really needs to understand fully their requirements to get to those service levels.

The Chair: — And I should probably have checked a little closer before I ask this question. The answer is probably there, but do your clients then actually pay you because you're both government departments, or is it just a service, and there's really no money changes hands from one department to the other?

Mr. Wincherauk: — All the funds remain within the existing department, and then we bill them. And our invoices, again working with the Provincial Comptroller, are very detailed invoices now or will be by the time we're completed.

The Chair: — So money actually goes out of their budget and into your . . .

Mr. Wincherauk: — And then we route it back through . . .

The Chair: — It's an expense for them and income for you.

Mr. Wincherauk: — Yes.

Mr. Antunes: — It's on a cost recovery basis, so there's no profit margin or anything like that. All cost recovery.

The Chair: — And the last question I have is, a few years ago when the water problems occurred in The Battlefords, there was a lot of talk about the fact that government departments could not talk to each other through their computer systems. Health wasn't able to communicate with Environment; I think that was it. Has your office been able to correct that kind of problem, and do all departments under your guidance have the ability to communicate with each other?

Mr. Norton: — Yes absolutely. I mean if the business deems that a requirement that certain individuals can communicate, share data, again we can do that interdepartmentally very easily under our model.

The Chair: — Are there any other questions? Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Just one question regarding your future plans, are there any plans in place to take on any private sector clients, to expand beyond just the government realm?

Mr. Wincherauk: — No.

Mr. Cheveldayoff: — Okay. Thank you very much, Mr. Chair.

The Chair: — Are we concluded with the questions? We've just about consumed the half hour allotted to us. We have two recommendations to deal with. I don't see any hands raised. We will move to page 216 and deal with both recommendations. The first recommendation by the Provincial Auditor reads:

We recommend the Information Technology Office sign service level agreements with its clients prior to delivering information technology services.

Mr. Borgerson.

Mr. Borgerson: — I so move that we concur with this recommendation and note progress.

The Chair: — A motion to concur and note progress. Is there any questions or discussion on the motion? Seeing none, we'll call the question. All in favour?

Some Hon. Members: — Agreed.

The Chair: — None opposed. It's carried. Recommendation number two:

We recommend the Information Technology Office sign agreements with its clients on security and disaster recovery processes, expectations, and reporting requirements.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — And I'll move that we concur and note progress.

The Chair: — Again a motion to concur and note progress. Is there any discussion on this motion? Seeing none, we'll call the question. All in favour?

Some Hon. Members: — Agreed.

The Chair: — None opposed. That also is carried.

Mr. Wincherauk, we thank you and your colleagues for appearing before our committee and answering the questions. Obviously you've done a good job because we have concluded exactly on time, so we thank you for that. And we excuse you so we can now meet with the next group. Thank you so much.

Mr. Wincherauk: — Thank you very much.

Public Hearing: Community Resources and Employment

The Chair: — All right, colleagues, we now have our next set of witnesses present from the Department of Community Resources and Employment. We welcome Deputy Minister Duncan Fisher. I understand that you're still getting acquainted with your new office and so we appreciate the fact that you are still available to appear before the committee on fairly short notice, I'm sure.

We will ask the auditor's office, and presenting is Mike Heffernan, to review chapter 4 of the current volume we're dealing with, and the chapter is Community Resources and Employment. Following his summary, Mr. Fisher, we would ask you to introduce your colleagues and respond in whichever way you'd like and then we'll go to questions. Mr. Heffernan.

Mr. Heffernan: — Thank you, Mr. Chair. I'd like to start off with a positive note and note that we continue to observe the department is working diligently to implement our recommendations and to improve its performance. More improvement is needed as always, and we continue to make a number of recommendations.

The department needs a business continuity plan to help ensure that it continues to deliver its critical services in the event of a disaster. It needs to strengthen its information technology security policies to ensure the confidential integrity and availability of information systems and data. The department needs to focus the work of its internal auditor on the activities where it is at greatest risk of loss of public money or spending money for unintended purposes.

The department needs to strengthen its rules and procedures to

ensure that it spends public money only for purposes intended by the Assembly in the following areas. First, to ensure that it protects children and that payments to caregivers are authorized. Second, to ensure that only eligible persons receive the correct amount of the Saskatchewan employment supplement. Third, to ensure that only eligible clients receive the correct amount of social assistance. And finally, to improve its assessment of the progress of community-based organizations in achieving the department's objectives. That concludes my remarks, Mr. Chair.

The Chair: — Well thank you. That's very precise and a good summary. Thank you so much. Mr. Fisher, again we welcome you and would you care to respond and also introduce your colleagues.

Mr. Fisher: — Thank you, Mr. Chair. I will begin by introducing the officials that have joined me here today. To my right is Shelley Whitehead, ADM [assistant deputy minister] of policy. And behind me we have in attendance, Bob Wihlidal, ADM, client services; Darrell Jones, ADM, housing and central administration; Lynn Tulloch, executive director of income assistance; Andrea Brittin, associate executive director, child and family services; and Don Allen, executive director of finance.

I certainly appreciate this opportunity to speak to the work done by the Provincial Auditor regarding Community Resources. Over the years the Provincial Auditor has raised many important areas where we can improve our services to clients. Quality service also ensures taxpayers that the resources that they have entrusted us with are used effectively. The department has responded to these recommendations with significant improvements.

We do admit, however, that more remains to be done. The services and programs we provide rely upon dozens of offices, hundreds of community-based partners, and thousands of employees to serve over 100,000 clients annually. Though we might wish that significant change can be implemented quickly, the reality is that it sometimes takes some time for it to reach its ultimate conclusion.

I would like to take this opportunity right now to inform you that in addition to the incidents discussed at Public Accounts last June, we have become aware of two additional incidents of financial irregularities within the department. One concerns the loss of funds at a housing authority that manages property for Saskatchewan Housing Corporation and the other concerns a departmental employee making inappropriate use of their expense account. The former matter involves approximately \$10,000; the latter is just over 1,200.

In addition, we have become aware of allegations of financial irregularities at one of the First Nations Child and Family Services agencies. We understand that these allegations have been referred to the police.

On a more positive note, I would like to speak briefly about actions taken with regard to the most recent observations by Mr. Wendel and his staff. While the Provincial Auditor has acknowledged that the department has developed some parts of a business continuity plan, we still have some way to go. We

are currently finalizing our business impact assessment. It will report on the risk mitigation strategies already in place and identify gaps in those strategies. From this, the department can target the additional work required to strengthen our ability to respond to these risks and finalize a comprehensive business continuity plan.

IT security can always be strengthened and each year a number of security initiatives are prioritized and implemented with Community Resources' overall IT work program. There are numerous examples of improvements we have made to our overall security in recent years. Most recently, the department has upgraded all 2,000 of its desktop computers with an operating system that significantly enhances the security of each workstation as well as the network as a whole.

As we continue to strengthen IT security in Community Resources, we'll be guided by our draft security framework. This framework aligns completely with the standards and policies established by the ITO. Implementation of the IT elements of this framework would put Community Resources in a best practices position across most aspects of IT security.

Over the past few years, the department has taken many steps to improve its internal audit unit. The past 12 months have included several noteworthy measures. A new manager of internal audit has been hired. He has begun developing audit methodologies and audit plans for the department based upon the risk assessment that was completed in the fall of 2005. This assessment looked at the relative risks of every area of the department using a number of standard criteria. This is an important step in moving to a risk-based approach to audits.

Our internal findings regarding children and family services are consistent with those of the Provincial Auditor's with respect to our compliance with policies and standards. We are improving compliance but continued improvement is required. Both of these findings substantiate that the department's quality improvement plan is in fact working and the expected outcome of greater compliance to policies and standards has been achieved. The department acknowledges that while improvement has occurred we must continue to be diligent about ensuring continuous improvement to ensure children are protected and safety is maintained.

The Saskatchewan employment supplement is a key part of Building Independence which is designed to assist low-income working families with the child-related costs of employment. In this important program the Provincial Auditor's observations are similar to those reported by the department's internal audit unit. The department has taken a number of steps including new measures implemented during this past year to ensure only eligible clients receive the correct amount. The department continues to work on this area.

In the social assistance program, the department has been working diligently over the years to improve compliance with our policies and procedures to ensure only eligible clients receive the correct benefits. Specifically we have enhanced training, strengthened our computer systems, and centralized client intakes to improve service through the introduction of our quality improvement plan.

However the high-profile incident in Saskatoon has caused us to work even harder. Since December 2004 we have added to these efforts some additional changes made in response to gaps identified by the Saskatoon incident. Others were new, preventive, and protective controls specifically aimed at the area of administrative compliance as referenced by the auditor. Yet others came from a comprehensive review of the controls within the social assistance payment system conducted with advice from both the Provincial Auditor and the Provincial Comptroller.

That review identified 35 specific recommendations for improvements in areas such as staff communication, IT systems, and training. Implementation of these recommendations is near completion. As of today all of the recommendations are either fully implemented or are in process. Those in progress deal with the ongoing evolution of our training programs and our organizational culture. We have now reached the stage in the implementation of these recommendations where we can assess the risk inherent in our systems and take counsel from the Department of Finance and the Public Service Commission on the auditor's comments concerning additional bonding or insurance to ensure we have adequately mitigated the risk.

As you know, the Provincial Auditor has recommended that DCR [Department of Community Resources] strengthen its supervision of CBOs [community-based organization] but has also acknowledged our engagement of a senior official to undertake a review of our use of and relationship to CBOs as a positive step in this direction. As part of our work in this area, an initial CBO project management plan has been developed and is beginning to be implemented. While still in its early stages, department staff have initiated a review of and revisions to the service agreements through which we contract CBOs to deliver programs and services.

We have recently begun making revisions to our financial reporting guide which assists CBOs to meet our reporting standards. This will include a revised set of procedures for our own staff to follow in reviewing CBO compliance with financial reporting requirements.

Lastly we are developing pilot projects on outcome measurements to identify best practices and the implications for implementing outcome measurements on a broader scale.

Our department has worked to strengthen the CBO sector by taking a leadership role in the Premier's Voluntary Sector Initiative which aims to strengthen this sector. This has included increasing awareness and understanding of the requirements of The Non-profit Corporations Act, of liability requirements for boards of non-profit organizations and board members, and the importance of accountability and good government, as well as the importance of continuous learning and the adoption of best practices.

On September 7, 2005 the Public Service Commission implemented a strengthened criminal record check policy. Community Resources is complying with the new policy and with all related requests from the Public Service Commission. All individuals newly appointed to criminal record check positions are subject to a criminal record check upon

appointment and every five years thereafter. Implementation of the new policy as it affects current employees in current roles is being phased in across the department.

The department appreciates the work of the Provincial Auditor and the recommendations he has for us. As he has observed, we have worked diligently on these recommendations to improve our performance. While we have not completed this work, we remain committed to this action. Thank you.

The Chair: — Thank you, Mr. Fisher, and we will now go to questions. Mr. Merriman.

Mr. Merriman: — Thank you very much, Mr. Chairman, and thank you, Mr. Fisher, and the rest of your staff for coming in today. And thank you to the auditor for his report. Just some basic questions to start from your comments. You said you had 100,000 clients. Is that correct?

Mr. Fisher: — Approximately.

Mr. Merriman: — Approximately. That's a staggering number; that's 10 per cent of our population.

Mr. Fisher: — Well we have a wide variety of programs ranging from housing to income security to child welfare, so we touch the lives of many people in the province.

Mr. Merriman: — Just starting in on some of the auditor's recommendations. The first one that I'm reading on page 100 here which is to ensure that eligible clients receive social assistance and that they receive the correct amount of assistance for the programs that they're getting. From what I've seen in looking through this, and I'll be touching on this thing quite a bit, is the ability of . . . What the auditor is asking for are measurable goals and objectives for these areas. Have you put some type of measurable goal and objective in to ensure that this number is going down, sir?

Mr. Fisher: — Well our overall goal every time we set a policy is to strive towards 100 per cent compliance. And as the chart in the chapter of the auditor's report shows, that we are making progress over the three years reported on the compliance issue.

We currently have set up a system where we have regular reports to management on the new case files that are opened in terms of their compliance. So we are monitoring the state of our files more actively than we have in the past. And in addition we are doing an annual review of all the files, again to ensure that our policies that are in place are complied with. So we are seeing steady improvement across the piece and we plan to continue that progress.

Mr. Merriman: — Thank you. I know we'd all like to get to zero. In the portion where you have set a target of an error rate of 4 per cent of total SES [Saskatchewan employment supplement] payments, the auditor is saying that you are still exceeding that rate. And the way I'm reading this, that 14 per cent of the clients did not provide your internal auditor with the evidence. Is that number still in excess of 4 per cent and at what per cent would it be?

Mr. Fisher: — We've taken several steps to work towards the

target of 4 per cent that has been set by the department. We are currently randomly auditing 200 select cases every month. This represents, over the year, about 18 per cent of our cases so we are doing an ongoing audit process. We do that to identify errors or overpayments and we believe that that is an important step to take on an ongoing basis.

Specifically on the auditor's recommendation, we have instituted a new practice within income assistance where it says benefits are discontinued for any client where there is an outstanding item identified by our case audit. And we have instituted more regular contact with clients so that clients speak with a departmental representative at least every three months when reporting income to give us an opportunity to discuss the client's actual income report and hopefully improve accuracy of the information.

Mr. Merriman: — Thank you. I still didn't hear a number as to where you're at over that 4 per cent. And a supplementary question to that is, if a client fails to comply with providing the information to your internal audit, how long do their payments continue until they're cut off?

Mr. Fisher: — In responding to the second portion of your question, if there are discrepancies in terms of the eligibility, the benefit is discontinued immediately until such time as the issue has been resolved. In terms of the first part, are we exceeding the 4 per cent, our current data suggest that yes, we are. And I'll just let Lynn Tulloch provide a little bit of additional information in that regard.

Ms. Tulloch: — The financial error rate continues to run about 5 per cent, is what we're still finding. And the other non-compliance rate that you note of 14 per cent, our more recent internal audit is still having similar results as well in terms of not being able to have clients respond to us when we try to contact them. And that's the point at which we do discontinue their benefits, is one of the changes that we have more recently made. So that at the point that that does come to our attention, benefits are discontinued.

Mr. Merriman: — So this is a new procedure implemented then, to terminate the payments of those 14 per cent non-compliance. So we should be at zero next month then, is what we're saying.

Ms. Tulloch: — The procedure, when we identify them through the audit process as not responding to the audit, they are discontinued. The audit at this point I expect will still find that when they try to contact some clients, those clients are not responding. And that's the rate that the audit reports are reporting.

Mr. Merriman: — Thank you. In the beginning of his report the auditor is asking about a disaster program in the case of a, you know, critical service event. And I typically wouldn't ask a question on this, but the way we're going now in the world with more disasters that are coming from weather-related issues, you know, I mean typically we wouldn't be thinking of volcanoes and things here. But this could become an issue in a area of the province due to flooding or due to whatever. And as such I would think that this should be elevated in the priority of things that we need to look at for disaster caused by whatever. And I

guess my question is: is this a priority and do you have a finite time in which you hope to have this disaster emergency plan in place?

Mr. Fisher: — The auditor has observed that we have started to develop a business continuity plan, and we certainly recognize the need. And so it is an area that we will be doing additional work on in the coming year. One of the issues that the auditor raised in addition was that we needed some management direction and resources attached to this initiative. And I'm pleased to say that we are currently under way to staff a new position which will have the responsibility for the completion of the business continuity plan within the department.

Having said that, we have done a business impact assessment, or we're very nearly complete with that business impact assessment which we believe is the critical first step in developing a comprehensive plan for the department. It will identify the significant gaps, if there are any, in our current plans, and it will permit us, through our new staffing, to prioritize actions to address these gaps.

I don't want to leave anyone with the impression that we don't have anything in place right now because I agree with your comments that, given natural disasters or pandemic outbreaks that we read about in the newspaper, certainly a business continuity plan is an important piece for the department.

We currently do work on our information technology side about annual disaster plans and disaster recovery tests, for example.

We certainly have contingency plans that are in place in the event of a job action. And those certainly will help us out in the event of a disaster in terms of having thought about some of the issues. If many of the staff call in ill during a pandemic, how will we move people around to various offices to provide essential services?

In terms of the natural disasters that you referenced, we do a lot of work right now in terms of emergency social services across the province, the Red Earth evacuation being the most recent example. So we do have some plans in place about how people and supplies would move during a natural disaster.

We have a contingency plan in place with child and family services where we've identified essential services in that area and how we would provide services should something unexpected occur.

We have a plan within our community living division at Valley View Centre, for example, of how we would continue to provide care to the residents at Valley View if business continuity was interrupted.

And much like child and family services, we do have some income assistance business continuity guidelines in place to allow us to ensure people in need of social assistance continue to get money.

Now having said that, we have those individual components across the department, and I think what we believe is an important next step for us is to take those individual components and compile them in a comprehensive departmental

plan that can finalize departmentally our strengths and weaknesses and allow us through these staffing resources to finalize the plan and take appropriate reaction to mitigate whatever risks we find.

Mr. Merriman: — Just one brief follow-up question on that. Have we contacted or looked at what other provinces and/or states close to us have for these types of plans? Rather than reinventing the wheel, to try to take disaster plans they have and maybe just modify it to meet our needs rather than starting all over?

Mr. Fisher: — Well I think it's fair to say that, starting provincially, our planning needs to include contact with other departments.

Using pandemic as an example, we're working closely with the Department of Health and their network of contacts on the pandemic plan. And certainly that plan, that example would include much interprovincial discussion and co-operation as to what are the important components of a pandemic plan, and then would filter down provincially as to what we should have in our continuity plan for the Department of Community Resources in terms of what would happen during an influenza outbreak.

Mr. Merriman: — Thank you. In the portion of where the auditor's seen the greatest risk for loss and significant amounts of public money — and again today thank you for the information on the other two, three cases we have, I guess, that we've identified — his comments were that they:

... recommend that the Department of Community Resources and Employment focus the work of its internal auditor on ... activities where the Department is at greatest risk ... [or] loss of public money or spending ... for unintended purposes.

Are we making significant progress on this at this point in time?

Mr. Fisher: — I believe so, yes. As I mentioned in my opening comments, we have hired a manager for our internal audit unit. And we have completed a department-wide risk assessment that examined every area of the department and examined the relative risk reflected by each of those areas against the predetermined set of criteria. This will provide us with a good basis from which to guide our internal audit efforts as recommended by the Provincial Auditor on a risk basis.

Mr. Merriman: — Thank you. I want to turn now to the children's side of it and which is really the main issue to me in some of these. Reading the report from the child's advocate office, you know, we had the last years reported, 1996, 1998, 56 children died in this province, 41 per cent of that under the care of Social Services or DCRE [Department of Community Resources and Employment] — which was 23 children, of which I believe 20 were Aboriginal.

And some of that, questions that I have on that: are the processes in place to mitigate that hopefully to zero, but understanding some issues will happen? You know, it says that we have 1,700 children in the care of foster care and 700 in alternate care. And we know that in two homes in Saskatoon we

have 14 to 16 children in one home. And we know that's still happening today. And my question is, what steps are we taking to alleviate this stress and to put children in harm's way?

Mr. Fisher: — Well the first comment I would make is that, yes there have been some children's deaths over the past year. And each and every one of those deaths is a tragedy whether they are in the care of the Minister of Community Resources or not.

Secondly, I'd point out that many of the children in the care of the minister are vulnerable children, medically fragile children. And so it is not unusual for deaths to occur during any period of time. Having said that, in cases where there has been an incident and there is a child death, certainly we are very committed to putting appropriate processes in place to provide that balance between the needs of the child to be placed in a safe environment and the system.

So I think I'd turn it over to Shelley to provide maybe a little bit more detail in terms of your question regarding the Children's Advocate.

Ms. Whitehead: — I would add to that that there is a child death review process in place that has been in place for a number of years now. The procedures around that process have been developed jointly together with the previous Children's Advocate. And we will be entering into discussions with the new Children's Advocate around whether there should be some revisions to that process.

Mr. Fisher: — And in terms of strengthening the system, Andrea Brittin could provide you with some examples of the types of things that we have recently put into place.

Ms. Brittin: — Yes. Since some of these child deaths have occurred, we have implemented core training whereby all front-line staff are provided with comprehensive training in our policies and procedures. We've also introduced enhanced supervisory training where supervisors are being provided with more, I guess, enhanced training in terms of the clinical supervision of the staff. We've also introduced a quality management plan. And this quality management plan includes both short-term and long-term sorts of activities.

One of those activities is doing a qualitative file audit to ensure that the files for these children are meeting the standards. The qualitative file audit also informs the training process. So where we're finding that additional training is required, that whole process is informing our training package as well.

So there's a number of things that have happened since some of the child deaths that are noted in the advocate's report to strengthen the child welfare system.

Mr. Merriman: — I'm reading from 1998, you know. That's eight years ago. I just want to read some of the things that the auditor is saying here, that DCRE does not always follow the process in place for children in its care.

When I look at the statistics that he's giving of percentage of files not complying with child protection policies — 20 per cent no criminal check, 13 per cent inadequate home study, 35 per

cent inadequate contact with children, and 13 per cent no agreement with foster care provider — those statistics are alarming. And I would like to know what processes with measurable goals and objectives that you have to put in place to bring those numbers down, especially on the criminal check, the home study and the contact with the children down to zero?

Mr. Fisher: — What I can say is similar to the comment that I made earlier. We have put processes in check where we do regularly review the files of the children. We have reviewed over 80 per cent of all our cases, and we have corrected any deficiencies that have been identified in those case reviews.

We are committed to moving to greater compliance with our policies, and I can give you a couple of examples. On the criminal record check, while we have not made it to zero yet, the review that we did on the sample in December '05 showed that we had continued the trend from 40 to 31 to 20, and we are now at 10 per cent on those files.

Again with the . . . another example that I can provide you today on the inadequate contact with children, in the December '05 file review, we have found that we have reduced our rate of non-compliance from 35 per cent as noted by the auditor down to 15 per cent. So while we have not achieved total compliance with our policies, which is our ultimate goal, we are continuing to make improvements.

Mr. Merriman: — These numbers that are on here for these 20, do these also include on-reserve children under the care of DCRE?

Mr. Fisher: — It's my understanding that the numbers included in the chart on page 106 would include only the children that are in the care of Community Resources. They would not reflect the numbers of kids who are in the care of the First Nations Child and Family Services agencies.

Mr. Merriman: — Because we are giving money in there for it, do we have those statistics, and are they on the First Nations . . . [inaudible] . . . on-reserve? Do we have agreements, and do we have the measurable goals and objectives of what they are doing on reserves?

Mr. Fisher: — Well we have 18 First Nations Child and Family Services agencies who are providing services to their children. Those are spread across the province. We have an agreement with each of those child and family services agencies whereby responsibility for providing the services to these kids is delegated to each of those agencies, and they are operated by an individual or a discrete board of governors that provides a direction on the day-to-day operations to their individual staff who are providing the direct service to the kids.

In terms of the numbers of children in care in the First Nations Child and Family Services agency, I don't have a specific number for you, but the number generally is around 1,000 children across the province.

Mr. Merriman: — When we give money to these agencies, are they reporting back measurable goals and objectives under even these small issues of criminal record, inadequate home studies, contact the children? I mean, are we getting any information

coming back for the money that we're giving?

Mr. Fisher: — In response to your question, the agreements that we have with each of the 18 agencies require them to follow the policies and procedures put in place by Community Resources. We do not require them to report back on those standards. Instead we do case reviews of the agencies, at which time we identify whether we have any agencies which are non-compliant or, you know, which agencies are doing a fine job.

Mr. Merriman: — I want to get back to this. But reading from the auditor's word, based on the discussion we were just having with this, his words are, and I quote:

The Plan does not yet contain targets for the levels of compliance [that] DCRE expects.

When are we going to put — and I don't even like the word targets — measurable goals and objectives for compliance with these and with the children on reserves? How do we know if we're making any progress if we're not getting feedback? This astounds me.

Mr. Fisher: — Well as I had said earlier, our ultimate goal is to move to . . . If we're going to put a policy in place, our ultimate goal is to move towards 100 per cent compliance.

And just as an informational note, the majority of the children that are in the care of a First Nations Child and Family Services agency receive their funding from the federal government. So the provincial dollars going to First Nations Child and Family Services agencies are relatively small.

Mr. Merriman: — Define relatively small.

Mr. Fisher: — I would have to get back to you with the specific figure.

The Chair: — Would you bring those numbers back to the committee . . . [inaudible interjection] . . . Okay. Thank you.

Mr. Merriman: — You know, in looking further down when we're talking about these issues with measurable goals and objectives, it would seem fairly consistent throughout the report from the auditor that one of his major concerns — and I'm sure it's your major concern also — is to put into place these measurable goals and objectives that everybody can see. And we know if we're making progress, and from that we have an opportunity to change the programs if they're not working.

The auditor states that a report in this matter in:

. . . 2003 Report — Volume 3. In September 2004, PAC agreed with our recommendation. We continue to recommend that DCRE follow its rules and procedures to ensure that children in its care are protected and . . . payments . . . [and] custodians are authorized.

2003, 2004, and we're still working on it. You know, we have to put more resources, whatever they are, to make sure that these recommendations are in place so that we can assure ourselves to the best of our ability — and I understand that, you

know, nothing is 100 per cent — that these children are being put into homes that are safe homes and that the checks on the people that we're placing them into, especially when it's from parent to guardian or to other family relative, are safe and secure homes.

Mr. Fisher: — Certainly I couldn't agree with you more. Our primary objective is the safety of the children that come into the care and support of the department. I probably should point out that, for example, with the criminal record checks, we have a couple of examples of situations that are creating this issue for us.

The first would be when there's a child in need of service who needs an emergency placement. And we need to place that . . . and there's an opportunity to place that child with a member of an extended family, for example a grandmother or an aunt. I think this is an example where the balance between practice and procedure is assessed by our social workers in the field. And sometimes tough calls are made, and they choose to place that child with a family member without initially doing the criminal record check, and instead following up with that at a later date.

A second example that has caused us some difficulty in terms of total compliance is where we have a foster family with their own biological children living in the home. Our policy states that when the child turns 18, we need to do a criminal record check. So we have taken steps to try to flag the birthdays of biological children living in the home so that we can do that in a more timely manner. But those are, I mean, they're not excuses, but they are reasons why we have not achieved the 100 per cent compliance on that particular item. So I don't mean to . . .

Mr. Merriman: — Just one quick question because my colleague has one and hopefully a quick answer. I had asked a question . . . I understand there are two foster homes in Saskatoon who have in excess of 14 children in the home — various ranges. Do you consider that a safe environment?

Mr. Fisher: — This issue has been raised with the department. And we're certainly aware that we have two foster homes in Saskatoon that have more children in them than the home was originally approved to provide.

We have been into those homes to assess the situation. We have provided significant additional resources to each of those homes to provide assistance to the foster parents in each case. The foster parents in each case, I believe, have advised us that they are comfortable with the current arrangements. So that yes, I believe that in the short term those children are in a safe environment.

Having said that, we are certainly, through the partnership that we have with the Saskatchewan Foster Families Association, trying to aggressively recruit new foster families and identify in Saskatoon specifically some new homes. And certainly our ultimate goal is to move some of those children into homes that have less kids in them.

The Chair: — Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Mr. Deputy, going back to your opening statement, you've provided us with

some information — new information, I believe, certainly that I haven't heard about before — regarding the Sask Housing Authority and I believe financial irregularities in excess of \$10,000. Can you elaborate on that specific incident and give us all the information that you're able to at the present time?

Mr. Fisher: — I can provide a few more details but not many because that is currently being investigated by the RCMP [Royal Canadian Mounted Police]. It was a situation in the housing authority where some rents basically have gone missing and so those were reported to the comptroller. The individual involved has been terminated and we've reported it to the police and I understand that the investigation is ongoing.

Mr. Cheveldayoff: — Thank you, Mr. Deputy. Mr. Chair, the information I have before me from a written question in the House talks about incidents that occurred between '03-04 and '05-06, one in the neighbourhood \$6,500 and one in the neighbourhood of \$3,000. Am I correct that this is a more recent incident and this is different than what the information I have before me?

Mr. Fisher: — Yes, it is more recent. Those two in other incidents that you mentioned were ones that I think were discussed at Public Accounts in June.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Mr. Deputy, you indicated that the police have been notified and there is indeed a police investigation at the present time. Is that correct?

Mr. Fisher: — Yes.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Mr. Deputy, is that employee presently suspended with pay? Is he still an employee of the Sask Housing Corporation?

Mr. Fisher: — In the housing authority matter that you're referring to?

Mr. Cheveldayoff: — Yes.

Mr. Fisher: — That employee has been dismissed by the housing authority.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Mr. Deputy, so dismissed prior to the investigation beginning or can you give us some outline of the timing of the dismissal and the reasons for dismissal?

Mr. Jones: — Yes. The employee was dismissed last fall and prior to the incident being reported to the RCMP.

Mr. Cheveldayoff: — You used the word employee. Mr. Chair, to the officials, was indeed it an employee or was this person a contractor?

Mr. Jones: — Thank you for the question. With the housing authority that was involved, this was a contract manager of the housing authority.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Was the decision made to terminate the contract early or did the contract just expire?

Mr. Jones: — It was terminated early.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Was the decision made to keep this information internal or was information provided to senior levels of government? And was any report made to the media whatsoever?

Mr. Jones: — There was no decision to maintain information internal. The information was and has been reported to the Provincial Comptroller, as well as the auditors of Saskatchewan Housing Corporation and then subsequently to the police service.

Mr. Cheveldayoff: — Thank you, Mr. Chair. The second item that was brought forward was regarding a department employee expense account irregularities in the neighbourhood of \$1,200. Is that information correct? And is that person still in the employ of the Sask Housing Authority?

Mr. Fisher: — That information is correct. And no, that employee has been terminated.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Is there a police investigation under way in this regard as well?

Mr. Fisher: — We have referred the matter to the Regina city police. I'm not aware whether they have actually initiated an investigation at this time or not.

Mr. Cheveldayoff: — Thank you, Mr. Chair. The third item that was brought forward regarded a First Nations partner. Is that the case of the Oyate Safe House or is that an additional case separate from the Oyate Safe House?

Mr. Fisher: — This is a case of a First Nations Child and Family Services agency. This is not the Oyate case.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Then for the information of the members of the committee, could you please elaborate on the situation in the third case here to the deputy?

The Chair: — Perhaps as the Chair I can just interject. We are at the end of our time so if there are . . . We need to conclude this fairly quickly or else we'll have to come back and deal with this chapter and conclude it at a future meeting. So for the fairness of all members, I just need to know where we're going. That's all I ask.

Mr. Cheveldayoff: — I have several more questions, Mr. Chair. I would ask that we reconvene again at some point in the future.

The Chair: — All right. Then is there a question on the floor right now?

Mr. Cheveldayoff: — I had one more question.

The Chair: — Okay, one more question and then we will adjourn. You have one. Okay, go ahead, Mr. Cheveldayoff.

Mr. Cheveldayoff: — I'm just waiting for the answer on the one I just asked and then one additional one.

Mr. Fisher: — I'm sorry. Could I get you to repeat the question please?

Mr. Cheveldayoff: — Just to elaborate on the third incident regarding First Nations, if it's not the Oyate Safe House. I wasn't sure if this was indeed a new incident. So if you could just elaborate on the third item that you brought forward in your opening statement.

Mr. Fisher: — There have been allegations made that at one of the First Nations Child and Family Services areas that there . . . allegations regarding financial irregularities. What I can tell you basically are two things. That the agencies has initiated a review by an external consultant into these financial issues, and they have I understand referred this matter to the police.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Just a supplementary on this question. Is there a dollar value attached to this particular incident?

Mr. Fisher: — We have not been advised yet as to what the full implications of the allegations are yet. We're awaiting the completion of their financial review.

Mr. Cheveldayoff: — Thank you, Mr. Chair, to the deputy: are you aware of any other alleged fraud in this or in the last couple of fiscal years that aren't summarized in our questions from '03-04 to '05-06? Are there any other alleged fraud incidents that are before you at the present time?

Mr. Fisher: — To my knowledge there are no other incidents to report.

Mr. Cheveldayoff: — Thank you, Mr. Chair. I'll continue my questioning at a time in the future.

The Chair: — Thank you, Mr. Cheveldayoff. Mr. Borgerson, you had a brief . . .

Mr. Borgerson: — Yes, a brief question. I think I should ask it now if at all possible. A good part of this chapter talks in terms of improving processes which the auditor has indicated has been occurring, that there's been progress in all of these areas. And as you have stated, always with room for more progress.

In terms of the two financial irregularities that we've just been talking about, is this a case where the processes worked in terms of identifying those problems, or not?

Mr. Fisher: — Well I think that is the positive side, if there is a positive side to these incidents, in that the checks and balances and the procedures that we have within the system actually identified for us that this activity was occurring and it was brought to the attention of management. Management took action and these issues have been referred to the police for further investigation.

The Chair: — Ms. Crofford.

Ms. Crofford: — I have a — not related to this — but a separate motion that needs to be passed just for the business of the committee.

The Chair: — Right. You're concluded, Mr. Borgerson? All right.

I want to thank the deputy minister and his colleagues for appearing before us. It sounds like we're going to have to come back. We have two recommendations we've not had time to deal with, but we will come back at a future time and conclude this matter. So thank you very much for appearing before us.

The other matter is of course with regard to an annual practice that this committee sends four members to the annual Canadian Conference of Public Accounts Committees. It has been the practice to send the Chair, the Vice-Chair, one government member, and one opposition member. If it is the desire of the committee to continue to do this, I believe, Ms. Crofford, you have a motion. And if you're prepared to make it, I don't believe we need discussion. I think most members are familiar with the practice. So go ahead, and if you'd care to make it, make the motion.

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

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 27th annual meeting of the Canadian Council of Public Accounts Committees to be held in Charlottetown, Prince Edward Island, Sept. 10 to 12, 2006; and further, that if the Chair or Vice-Chair cannot attend, that they be authorized to designate another committee member to attend in their place.

The Chair: — Very good. You've heard the motion. Any discussion on the motion? I call the question. I know we're late. All in favour?

Some Hon. Members: — Agreed.

The Chair: — Carried unanimously. I thank you. I apologize for being somewhat late. This ended up going a little longer than I thought, but we will let you get to your next commitment. So thank you very much. This meeting is adjourned.

[The committee adjourned at 11:53.]