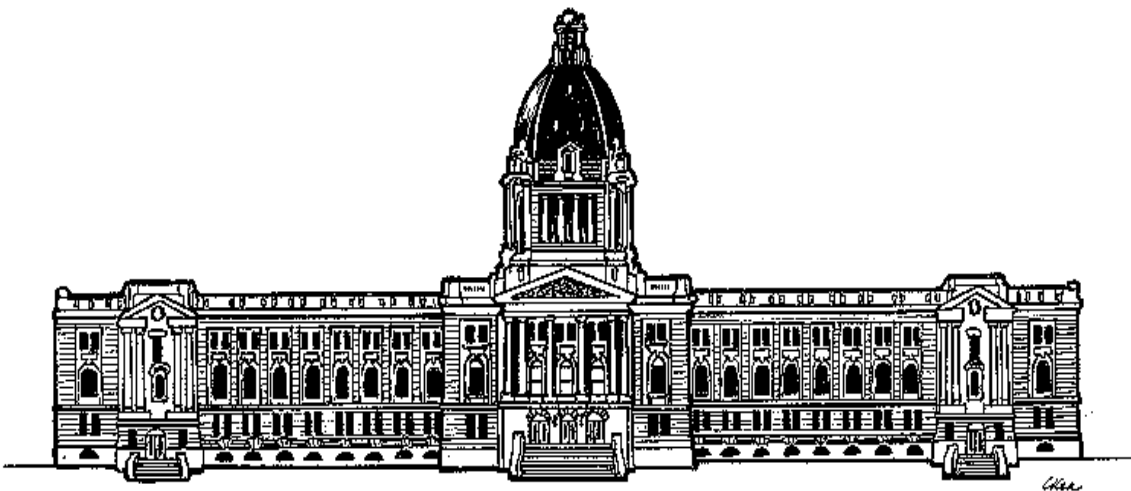




STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

Mr. Harry Van Mulligen, Chair
Regina Douglas Park

Mr. Warren Michelson, Deputy Chair
Moose Jaw North

Mr. Fred Bradshaw
Carrot River Valley

Mr. Michael Chisholm
Cut Knife-Turtleford

Mr. Jeremy Harrison
Meadow Lake

Mr. John Nilson
Regina Lakeview

Mr. Jim Reiter
Rosetown-Elrose

[The committee met at 09:30.]

CCAF-FCVI Inc.

The Chair: — Good morning, everyone. Welcome to another meeting of the Standing Committee on Public Accounts. Before we get to the agenda I would just advise members that we have received, and will formally table, a memo from the deputy minister of the Ministry of Social Services with respect to the numbers of children in care, pursuant to questions that were raised at a previous committee meeting.

In terms of our agenda, we have the next number of hours available to us to meet with representatives of the CCAF-FCVI Inc. And I'm sure they'll be in a position to explain what those initials stand for.

I might just say by way of background that public accounting, the role of members of the legislature and parliaments in holding governments accountable, is constantly evolving. Public accounts committees certainly I think have greater responsibilities now and greater oversight responsibilities than might have been the case 40 or 50 years ago, certainly 100 years ago, and it's because reporting has evolved and has changed.

And therefore from time to time members of the Public Accounts Committee go back to school to learn what the latest thinking is in terms of reporting and accountability, the practices of public accounts committees — not just here but in other jurisdictions as well — so that we can always be in a position to improve on our responsibilities of holding the government accountable for what it is that they do in terms of their finances and performance of their duties.

So with that introduction, I would like to welcome Michael Eastman, he's the executive director; Antonine Campbell, the director of parliamentary and international programs for CCAF; and as well, Geoff Dubrow, formerly with CCAF, now a senior manager, assurance and advisory business services, Ernst & Young, LLP.

And with that I'll turn it over to you, Michael, to lead us through this presentation. And once we're concluded the presentation, then let's get into a dialogue, questions and answers on what we've heard today. Thank you.

Mr. Eastman: — Well thank you very much, Harry. And it's a delight, ladies and gentlemen, to be here with you. I very much look forward to it. I remember meeting many of you at the Canadian Council of Legislative Auditors, Canadian Council of Public Accounts Committees meeting — which we call CCPAC, and we actually forget many times what some of these initials mean — at a meeting in Whitehorse last year. We will be at the follow-up meeting which will be in mid-September just next door to you, in Edmonton in this coming September. So we'll look forward to seeing many of you again there.

We really would like to thank Harry and Warren for allowing us to come here and to have a discussion with you today, and a very major thanks to Fred Wendel for his continuous contribution and assistance to the CCAF.

The CCAF is the Canadian Comprehensive Auditing Foundation. That's how we started out life; this was in 1980. The issue is that comprehensive auditing, which is now called efficiency auditing, performance auditing, value-for-money auditing — all these new names, but it's still the same thing — has moved on. And we found that in our research we couldn't assist with improving the accountability cycle without having the auditors talk with the parliamentarians and the parliamentarians talk with the civil service — civil service more referred to in the sense of the treasury boards, the departments of Finance, the comptroller general shops, the internal audit shops — not your Social Services departments; I'm talking the central agencies part. And I know a number of you have actually been involved with the Treasury Board, so you'll understand that area.

So that's our little niche, is trying to get a discussion going on accountability and having people use a similar language. There's a tremendous difference, personality set, between an auditor and a politician. We want to keep those personality sets different because they both are unique and necessary, but you also have to have some sort of common lingo to move forward. So that's what we're trying to do in essence.

Our congratulations to Iris for her new position, and we hope to be working with her moving forward and seeing her in September in Edmonton as well. So make sure those dates are on your calendar.

But I also know that, unlike auditors who can talk all day long, politicians like to get into the meat and potatoes in a hurry, so I'm going to just hand this over to Geoff, who very unfairly has left the CCAF — and by the way, FCV is just the acronym in French — so he unfairly left the CCAF to go and seek his fame and fortune at Ernst & Young. We wish him well, but we have brought him back for this interaction with you. And so we'll go from there. Over to you.

Mr. Dubrow: — Thank you very much, Michael. Thank you, Mr. Chairman, members of the committee, Mr. Wendel. It's a pleasure to be back here in Regina. I appeared before the PAC [Public Accounts Committee] about two years ago. I understand that this program is being televised. Is that right? I have to say the last time I did this presentation before the committee, I was not expecting the level of recognition on the streets of Regina after the presentation. I was literally mauled by people asking for autographs. And so I'm feeling a little stressed this morning about that and kind of hoping that this time may be a little bit more low-key. I understand the inauguration is on shortly and perhaps that will distract people from things.

I do want to thank you sincerely, and thank Michael very much for his introduction. I have been very fortunate when I was at CCAF to be working with public accounts committees all across Canada and internationally. But CCAF's work with PACs certainly predates my arrival. CCAF's been working with public account committees since its conception in I guess in the early 1980s. And with my departure, Antonine Campbell has come on board as the director of parliamentary and international programs, and has very significant experience working with the federal Auditor General, working with the federal PAC for over, I believe, it was 14 years as the parliamentary liaison for

the PAC. And so I'm sure that CCAF will continue to do very strong work.

I have to say I really enjoyed the presentation that . . . not the presentation, that would be my own presentation, but the interaction with the members of this committee during the last legislature. I think it was an interesting discussion. What I did, and what I'd like to do again, is sort of just lay out some research as to what some of the sort of main tenets are of a PAC, what are some indicators of public accounts committee effectiveness.

And I just want to say before I start that, that — and this is something I say, not only when I visit different parts of Canada, but internationally as well — that there really is no one model for a PAC. So what you won't hear in my presentation is, well this is how a PAC should be, and you have to do this and this. You know, recognizing the different parts of this country and recognizing how countries internationally adapt, there is no one standard for a public accounts committee and I just wanted to make that clear so you don't think three people have come from Ottawa to say, oh this is how a PAC should be because that's certainly not the case.

The other thing that we tend to avoid doing is ranking PACs. So we'll never say, well you know you rank X-number out of 14 public accounts committees in Canada. We can talk a bit about what some of the other PACs are doing in Canada to give you some comparative experience, but you'll note that we never sort of rank public accounts committees.

However I do want to talk to you about models for effectiveness and I think I'll just start by making some brief introductory remarks about some observations about the PAC here in Saskatchewan. In terms of if you sort of look at public accounts committees across Canada, I would say that the PAC is fairly highly regarded in Saskatchewan. It's well institutionalized. It meets on a regular basis which is not the case with PACs. There's a bit of an inverse relationship: some PACs spend more time talking about meeting and talking about striking a meeting, and you've got a regular meeting schedule and you stick to that, and that's certainly something that is not the case everywhere.

You're viewed generally as fairly non-partisan or as your former Chair, Elwin Hermanson, used to say, constructively non-partisan or constructively partisan. So there is a streak of non-partisanship here. Many PACs struggle with that issue and are very partisan and so one of the messages we always bring is one of non-partisanship. Again your PAC is viewed as fairly non-partisan, and I think that's a very positive launching point for many other things that the PAC might want to do.

And of course the other thing is the perception would be that there's a strong working relationship between the Provincial Auditor and the PAC. And again that's an example of things that will put your PAC at an advantage in terms of its effectiveness.

There's a picture of me looking out on Parliament Hill that was not intended but . . . So let me start by making a brief presentation and then really I think the fun of this will come in the discussion. If you do have a question — it's up to you, Mr. Chairman — but if there's a particular question on a particular

slide and members want to ask it, would that be appropriate or how would you prefer to proceed?

The Chair: — It's your preference.

Mr. Dubrow: — If there's a question that's really focused on the slide that we're presenting, I'm happy to answer it at that moment. If it's something more general, I might take it under advisement and come back to it.

So I want to start with this sort of model of what an effective public accounts committee looks like in the Westminster system, and this just gets the discussion going a little bit.

Obviously you see in the left-hand corner, the words legislative auditor. You have here a Provincial Auditor, but obviously the relationship between the auditor general or the provincial auditor and the legislature is very important, both sides very much depending on each other — the legislative auditor depending on the PAC to act on its reports, make recommendations, and try to bring about some change or some corrective action in the way government is administering its programs.

And on the other side, of course, the PAC is really depending on the provincial auditor for information. PACs tend to be, unlike you know, the American congressional system, fairly ungunned. There's not much resources. An example would be, I guess, the Saskatchewan PAC does not have research support, and so they're really quite dependent on the auditor general for information.

So sort of the first point of interaction, I guess, would be the legislative auditor presenting reports to the PAC, and the PAC then taking those reports and holding hearings on particular chapters of the auditor general's report. This tends to work best when the auditor has red flagged certain issues for the committee.

I was going over your Provincial Auditor's reports this morning and noticed sections of key messages, sort of these are my key messages to the committee — these are the flags, these are the red flags, these are the issues that I'd like you really to look at — and I think that's generally a good practice. The more specific information members have, the more they're able to act on a particular issue. The more general the information, the questions tend to go off in all directions. And so having sort of some red flag issues provided by the Provincial Auditor is very important.

Generally the sort of accepted practice is that the legislature will hold hearings on the *Report of the Provincial Auditor*, call witnesses, in some cases try to find out if you're looking at performance, value for money, economy efficiency and effectiveness — for example, did the government spend money with due regards to economy, efficiency and effectiveness. Often the Provincial Auditor will point out some deficiencies and the PAC will call witnesses, preferably the deputy minister or sort of the non-political person to answer some of those questions.

And there's a whole sort of slew of different approaches. Some jurisdictions, it's more shame and blame — you know, you

guys screwed up, we're going to rake you over the coals and hope that you never come back here again. That's certainly not the preferred model, but it does happen in some places.

Other examples of . . . John Williams used to be the Chair of the federal PAC. He used to say, you know, we prefer that civil servants — and I'm sure he's on record saying this; I don't think I'm betraying any confidences — but he'd come, you know, he'd come back and say, we hope that civil servants prefer to go to the dentist and get their tooth yanked rather than appear before PAC. So that's certainly one approach.

Another approach, and you look at Ontario for example, is to say, okay, the Auditor General has pointed out certain deficiencies — now what are you guys doing about it? So it's a bit more of a constructive approach, calling the deputy minister of a department before them and saying, we've already read what's gone wrong. Now we want to focus on your action plan. How are you going to get out of this? How are you going to move forward? So it's more of a constructive discussion.

So that's sort of — if you look at this graph in front of you — that's sort of number one, which is the legislative auditor reporting to parliament and PAC calling witnesses, asking questions, and trying to get to the bottom of what's gone wrong or making suggestions for how to improve.

The second area, the arrow from PAC down to government, is recommendations. This is crucial because this is the way, of course, of having the PAC send a message to government. Now I'm looking at the left-hand side of the room, recognizing there are five government members on the committee, and when I say a message to government I am not saying to the elected government of the day. It's really the administration, right? So this doesn't necessarily become a sort of frontal attack. The PAC doesn't have to be perceived as going full frontal on the government, you know, your own government members. It's more about PAC sending a message to the administration, to the civil service saying, look, we see certain things have gone wrong. The Provincial Auditor has identified things that have gone wrong, and here's what we'd like to see you do about it.

I am aware that the PAC, your PAC does issue recommendations. Only about half of the PACs in Canada do issue recommendations, and I think that those that don't, that really that's a deficiency in terms of their effectiveness because they're not able to sort of bring forward that cycle of accountability by getting government to actually look at some, implement the changes that the auditor has recommended. So that would be sort of number two, which is the issuing of recommendations.

So far, am I getting everything across okay? Am I going too fast or just making sense? Right.

Arrow three would be the government issuing its response to the legislature, or I guess in your case it would be directly to the PAC, saying, you know, we've looked at the recommendations you've issued and here are some of the things that, you know, we're in agreement with, we're willing to implement or we're not willing to implement. So really just issuing a response.

The fourth area is follow-up, and this is something that really is

more of a cutting-edge issue in Canada. Very few PACs really do a lot of follow-up work. Often they are entirely reliant on the legislative auditor to do the follow-up work. Very few PACs hold follow-up hearings, i.e., to say look, we called the Department of Transport here two years ago. There was a number of serious issues we were very concerned about. Now we want to find out what you've done to fix those problems, or the provincial auditor has just reported that you failed to fix a number of problems. What's going on? Why isn't this getting done?

So the PAC can help to sort of push the civil service, if you like, in a constructive way to make sure that changes actually take place. And as I said, this is sort of cutting-edge practice because this is something that doesn't tend to happen in Canada very much, although there are some good examples of PACs that do follow-up.

And just to mention that last year CCAF put out a research study. Talk of that, I've got a copy here. The cover says *Towards the Public Accounts Committee of the Future*. But there is a detailed section in there, in that report, that talks about the role of PACs in following up, looking at practices all through Canada and internationally. And I hope that will be useful.

So that's kind of an introductory slide. I'm just flipping between the slides to make sure my picture doesn't come up again. Are there any questions on that? Just before we proceed, is there anything you want to clarify or any issues that have really caught your attention? I realize it's early in the morning, so is there anything that you'd like to touch upon before we move on?

Okay. I just want to draw upon again some work that CCAF has done over the course of the last couple of years related to what the public accounts committee of the future should be like. I guess the 2007 meeting of the Canadian Council of Public Accounts Committees and the Canadian Council of Legislative Auditors, CCAF made a presentation and there was a fairly wide discussion on what should the PAC of the future look like 10 years hence.

So I wanted to talk a bit about that, again to give you a sense of maybe some future direction for a PAC, what a PAC could look like in 10 years. And there's really three things, and again this is really designed to provoke discussion.

The sort of top one, and it was really on the PAC being accountability or performance driven, this is a message of the more partisan committees that are focused, that perhaps sometimes ascend to more partisan issues. Again recognizing that your PAC tends to sort of stay more constructively partisan, to quote again Elwin Hermanson, that might not be an issue. But I guess the message was that the PAC of the future is really focused on the prize, is improving government performance, improving value for money in government, bringing about corrective action by issuing recommendations and following up.

Often members of PACs are not issuing recommendations. And so that was an issue that came up in a number of discussions. You know, why am I here? What's my role as a public accounts committee member? And again one of the sort of key issues

was bringing about corrective action — taking the auditor general's report, making recommendations, and then seeing those recommendations implemented by government — should it be a problem with process, should it be a problem with the financial statements, or should it be a problem with value for money.

Again this is not a partisan issue, but it's a good opportunity for the PAC to get some results in making sure that there is actually demonstrable change in a program that has been found efficient by the provincial auditor.

I think the second sort of finding as far as a PAC of the future will resonate with this committee, particularly the issue of adequate resources including a Clerk and researchers. This is an issue that about half of the PACs in Canada do not have research support. We are seeing a trend towards committees being provided with research support, and we can talk about different models of research support in Canada if you're interested. I'll leave that for later, but if that's a question I'd be glad to address it.

Manitoba, my understanding is the Manitoba PAC has just hired a researcher to work for the committee. Alberta hired a researcher about two years ago. And this is a non-partisan person; this is not a caucus research person, one of the sort of spin people. This is a completely non-partisan researcher. And we can talk about the role and function of that researcher, but often it's to look into issues that the provincial auditor has raised, or take the provincial auditor's report and summarize it for the members. To write the committee's report, that's another thing that a researcher will do. But also if the PAC decides to take on its own inquiry . . . And we can talk about that because there are certain recommended issues that a PAC might not want to look at, i.e., heavily political ones, but should it take on its own inquiry, the PAC researcher can obviously be very helpful in that regard.

The other thing that we're finding in some of the — if you could forgive the pejorative term — stronger PACs where there is a lot of follow-up work being done, is that the researcher is actually involved in the follow-up work. The researcher will be writing letters to departments saying, okay, where is your action plan, you know? The auditor general just released his report; we want to see your status report. Yes, yes, we know you said you were going to implement this and you're fully committed. Well what are you doing about it? Let's see your plan.

And so the researcher will help with that. And actually at the federal level the researchers will analyze the plans, and if they find that they're a little bit very strong on words but very weak on substance — and I'm sure we've all read reports that give us that impression from time to time in different jurisdictions — the researcher will write a letter back and say, well sorry, this is not acceptable. We want something . . . We didn't understand your answer, you know. Are you committed or not, and how? And so the researcher can be involved in the follow-up procedure for the committee as well.

I guess the third area for the public accounts committee of the future is related to an experienced PAC. And I guess the purpose of saying this was, I don't know if you're familiar with or if you have departmental audit committees here in

Saskatchewan, but sort of audit committees that are looking at financial statements of the departments. So the department of transport might have its own audit, for example, and these are generally professionals with an accounting background.

In essence the PAC is the audit committee of the legislature. And recognizing that MLAs [Member of the Legislative Assembly], MPs [Member of Parliament], etc., have very diverse backgrounds, they're often not provided with the kind of information that they need. At least this is what we've heard. You know, I'll give you an example from a federal MP who said look, I was a teacher yesterday and now I'm on the PAC. I mean, you know, I'm not getting the training I need to look at financial statements. Or I'm not getting the training I need to be able to really deal with an issue in depth.

I think this is further undermined sometimes by a lack of consistency in membership. Mr. Chairman, I'm not aware if this is an issue for your PAC. But what happens in a lot of PACs from time to time is that there are very frequent substitutions, and the problem with substitutions is that, as you know, you do have committees operating in the Saskatchewan Legislative Assembly. Members from other committees will come into the PAC, not realizing the sort of unique character of the PAC, that it is more non-partisan, and sometimes act in a more partisan fashion.

And so one of the things that was suggested is that the PAC of the future really will work to limit substitutions. Is that an issue here, Mr. Chairman? Do you have a lot of . . .

The Chair: — There's very limited substitution.

Mr. Dubrow: — So I think the suggestion is that limited substitutions tend to strengthen the PAC because you have members who are used to working together, understand the issues, etc., etc.

So I think that in terms of the public accounts committee of the future, that would be good representation of some of the key points. Again I'm just going to pause. I don't want to make this too much longer. I think I'll go through one more slide after this, and I find the richness in this is in discussion. But let me just pause and see if there's any questions at this point. Okay?

So this slide here, this is really sort of the model that we — and again recognizing that nobody's going to . . . a lot of jurisdictions will have their own model, but this is sort of a general model to prompt discussion regarding an effective public accounts committee, some of the basic criteria.

What I think is neat about this is, as we go through it, you can look at some of the different aspects and say, oh yes, we're doing that. Well that's good. Or, oh this is maybe something that we need to work on. And that way that's a good opportunity for us then to get into a discussion.

So you see that there are four columns. There are committees, there are PACs which are not strong even on column 1, in other words, that they would not fill the basic criteria. And I just give you some examples. You're going to find on the first probably two or maybe even three of these columns that your PAC is very strong. You might find in the fourth column that there are

opportunities for moving forward and increasing effectiveness and we can certainly talk about that.

So starting with the first column, the prerequisites for an effective committee: the power to call meetings. Most PACs in Canada have the power to call their own meetings. There are PACs that still require the consent of the House leader and as you can imagine once the House leader is involved, any House leader, it becomes more of a political issue . . . and so again recognizing that it's not an issue for Saskatchewan but it is an issue in some PACs in Canada. There is one PAC currently that still requires the House leader's consent to call meetings, and until 2007 the Alberta PAC required the House Leader's agreement and they've now moved beyond that and made some very strong improvements which I'm happy to talk with you about.

Meeting with sufficient frequency. This is obviously an issue. Some PACs meet on a very infrequent basis, particularly in smaller jurisdictions, something, you know, under 60 seats for example, where there are very few opposition members. Maybe they're distracted with other issues or they've chosen to focus their resources elsewhere — Recognizing that you again meet quite frequently.

Meetings outside of the legislative session. Recognizing this is a meeting outside the legislative session, but some PACs don't have the mandate to do that and that can be tricky in terms of making sure they get enough meetings in.

Sufficient budget resources, and sufficient staff and technical capacity — recognizing that you have a full-time Clerk serving the committee. But that again, one of the issues that came up last time and one of the issues that's been discussed by many committees is the lack of research support. And that might be something that might be worth talking about more.

So that's sort of the first column — the minimal prerequisites for an effective PAC.

Going to the second column, which is constructive non-partisanship and planning. And again I'll say one last time that we borrowed that phrase from Elwin. The first is the agreement on the role of the PAC to strengthen public administration. This is not the case everywhere, as I've already mentioned. Some PACs tend to get more into political issues, and when that tends to happen, as you can imagine, the PACs become very partisan particularly if there's a minister on the committee — recognizing that that's not the case here — or if there's a minister appearing before the committee. When that happens, the PAC tends to sort of fall according to party lines, not surprisingly, with the opposition saying the minister's done a terrible job and the government lauding the minister for having done a fantastic job and congratulating him for that, or her. But recognizing that this is not an issue for you, don't have ministers on committee.

Certainly the government's commitment to the process, to letting the PAC hold its own meetings, is very important. I certainly found in my experience, working with some of the up-and-coming or weaker PACs that getting the government onside, making sure that things aren't going to spin out of control and become a witch hunt, can be very, very important.

A steering committee is viewed as something that's rather important for the planning aspect of the PAC. I don't know, Mr. Chair, if you have a steering committee.

[10:00]

The Chair: — The Vice-Chair and the Chair are the steering committee and we meet frequently.

Mr. Dubrow: — That's great. That's great. That's something that is always viewed as important. That's great. And not having ministers as witnesses or members of the committee — particularly the membership. Sometimes this can't be avoided. Small jurisdictions like the Yukon, with only 19 members, they just don't have a choice. They don't have the size or the membership to not have ministers on committee. But obviously having ministers on committee can cause a lot of problems in terms of issues becoming more partisan.

Going through column 3, holding an effective hearing. Recognizing again, and I suspect based on your experience, that these are not challenges for you. The ability of the Chair to sort of manage the process out of the shifting dynamics of politics. In other words, sort of keeping things non-partisan, steering the discussion in a non-partisan way, calling out of order questions that might be viewed as excessively partisan or political.

So an example would be in PAC if a PAC started to question the effectiveness of a program and suggest that government should be defeated on that basis. That would be the kind of issue that other legislative committees usually take up — looking at the success and failure of government policy, not looking at whether a program has achieved value for money which is a very different issue.

So those are the kinds of questions that Chairs will rule out of order. And in no way, Mr. Chairman, is this of course construed as advice, recognizing that you've had a very long, distinguished career in the Legislative Assembly.

I think the importance of the Chair, and I think I've already mentioned this, but the Chair reminding members of its non-partisanship orientation. Again this might not apply so much to you, but what tends to happen in PACs which are very partisan is that the Chair is sometimes a little afraid to — particularly being an opposition member, being outnumbered — are afraid to sort of be very strong in reminding members of the non-partisan nature of PAC. And so what tends to happen is that things kind of go off the rails. So the ability of the chairman to sort of remind people of that is something that's viewed as very important.

I mentioned focusing on solutions and implementation of recommendations, not blaming and shaming.

And finally, the committee making witnesses comfortable answering questions. And this word of comfortable, a lot of members laugh when we say that because it's not a matter of serving them tea and crumpets when they testify. But again what tends to happen . . . And certainly I think the Ottawa experience in terms of the House of Commons has been a fairly poisoned relationship between civil servants and parliament. Very intense. And what tends to happen is members of

parliament get very frustrated in asking questions so they become more vigorous, and of course that brings a certain obfuscation in terms of the replies on behalf of the civil servants. And so some jurisdictions, like Quebec for example, will really work very hard to make sure that those discussions are open and fruitful between the two sides with the objective of improving public administration. So that's sort of the tone of what it means to make witnesses comfortable. It certainly doesn't mean a comfy chair and a pillow and tuck them in at night.

The fourth column . . . And I think I'll end with this and throw things open for discussion and we can go through other slides later if necessary. But the fourth column is really focused on value-added results. My honest feeling is that this would be the area that, if we're going to have a discussion, you might find things that here in Saskatchewan you might say, oh this is interesting; this is something we're not doing or we could do differently.

I'm going to skip the first one and sort of go to the other one, and that is whether the PAC has the power to issue recommendations. Excuse me. I do recognize that your PAC does have the power to issue recommendations, and does issue recommendations on a regular basis. One of the issues that we tend to talk about with PACs is, in terms of their value-added role, is are they supplementing the recommendations of the auditor general. That is, are they taking the recommendations that the auditor general has made and saying, okay, we agree with all those, those are excellent, but there's a few other areas that we're concerned about. Again, not necessarily political issues, but maybe issues of administration that then the PAC can go above and beyond what the provincial auditor has recommended. So that would sort of be one area in terms of the value-added — and we can certainly come back to that — is supplementing the recommendations of the provincial auditor.

The other issue is whether there's a formal follow-up process in place, recognizing that in Saskatchewan the Provincial Auditor is involved in tracking progress and follow-up. But is there a role for the PAC, the Saskatchewan PAC in being involved in follow-up? And I'll give you two examples.

The first one would be right at the outset when the Provincial Auditor's report is being issued. Some PACs — Ontario is an example; the House of Commons is an example — will send a note to the departments right away and say, okay, we understand you've agreed with the recommendations, or we don't know what you've agreed or disagreed with, but we want to know what your status report is, what your plan is. So right away they'll sort of get the department on their toes and say, we want to know what you guys are doing to solve this problem.

So you know, the auditor has found a deficiency with regards to X. You might agree with it or you might disagree with it, but we really want to get an idea of what you're doing about it. We're concerned about this. My constituents are concerned about this particular issue. Could be a health, safety issue, could be anything.

The second area where PACs can be involved in follow-up is related to examining the auditor general's report, follow-up reports. So again, the auditor might find that particular . . . And

I know that I've seen the provincial auditor's report where they actually have the metric saying, you know, of the recommendations that have been made, 65 per cent were implemented and 67 per cent were partially implemented. The PAC can come back and say, look we're really concerned about a particular issue where we understand the recommendation has only been partially implemented.

Maybe it's a highways, transportation issue. You know, maybe that's an issue that partial implementation isn't enough and the PAC can call the department back and say, this is something that we're concerned about. You know, we understand you've only partially implemented this recommendation or that you don't agree with the recommendation, but we're concerned about this and my constituents are concerned about this.

And again, this is not a political, necessarily a political issue. It's not about attacking the government of the day. It's more about making sure that the administration has dealt with an issue to the satisfaction of the PAC.

Finally, I'll come close to closing with the issue of the PAC initiating inquiries outside of business referred by the legislature. This was an issue that garnered great interest the last time I was here before this committee and that's related to whether the PAC chooses to undertake its own studies. Some PACs, most PACs — in fact all PACs in Canada, with perhaps one or two exceptions — tend to use the auditor general's reports as the main source of information and the main source of activity. So in other words, their hearings tend to be based on the discussion of the provincial auditor or auditor general's reports.

Some committees however feel that they also need to undertake studies outside necessarily the scope of what the provincial auditor or auditor general has done. Now those tend to . . . Obviously that's not sort of a parallel audit, recognizing that the provincial auditor has the audit experience. But it could be an example. It could be looking at, I think the last time I was here I mentioned performance reporting. Perhaps a series of hearings on the state of performance reporting in the province, the state of accountability in the province. So looking at larger governance issues, investigating larger governance issues and issuing a report with recommendations.

Members tend to like this kind of thing. Again if it's a subject that's relatively non-partisan, it allows members to get a little bit outside the box and help to be creative and innovative in making proposals for how to improve public administration. And so there are opportunities or there are examples in Canada where committees have looked at issues outside the scope of the reports that were provided by the provincial auditor.

I'm just going to close on one issue — and again we can look at other slides later if necessary — but that is the issue of communicating with the public. I think this is an issue that always gains . . . You know, recognizing our electoral system, recognizing that you all have constituencies, I think members of PACs tend to find that it's very hard for them to explain to their constituents what it is that they do on public accounts. In your re-election material, I'll make a bet, in fact I'll buy any of you a beer if any of you in your re-election material said that you were involved in the frequent review of financial statements on

PAC. That would not be the kind of thing that would probably tend to get you elected. They're not going to say, oh this member, boy he's looking at those financial statements; I'm going to vote for him. He's my kind of guy. So it tends to be rather difficult for members to explain to constituents what they've done, what they've accomplished on PAC. And that's unfortunate.

So some of the things related to the value-added of public accounts committees can potentially help members to get their message out. So for example — I'm just going to make up a completely fictitious example — but if there was an audit that was looking at road safety and the members of the PAC issued several recommendations above and beyond the report of the auditor general, that would be something that potentially could be shared with constituents, saying well, you know, as your member for constituency X, I'm particularly concerned about road safety. I am a member of the public accounts committee. I've been looking at that issue and fighting very hard to implement recommendations on so and so. In fact I even issued several recommendations of my own or made those recommendations to the committee.

I don't know, Mr. Wendel, if I'm stirring up trouble here or not, but those would be the kinds of things that I think when I've talked to other PACs, that's when all of a sudden you get members' attention. It's really being able to communicate what you do.

One of these we've talked about at the last COLLA [Canadian Council of Legislative Auditors]-CCPAC meeting was whether PACs could use their researchers in a sort of a non-partisan way, particularly if they have good communications skills, to be able to break down what the PAC does in more of a general language, so not so specific. We looked at, you know . . . We tried to apply the gap to, you know, all kinds of technical terms no one's going to understand. But to break it down in language that constituents can understand in order to allow members of a PAC to be able to then send out in their households — if you have householders, literature that you send to your constituents — to be able to just have a few paragraphs about the PAC. So those would be the kind of things that I'd be happy to discuss with you further. On that basis I think I'll end the presentation and very much look forward to questions and discussion.

The Chair: — I suggest that we take a five-minute recess and then get back to the discussion.

[The committee recessed for a period of time.]

The Chair: — One of the questions I would like to ask — and perhaps we could get some discussion on this — is we've talked about this committee and other committees and how we function. Are there differences too in the nature of the auditor's reports that are received by committees? And therefore would we see differences in reports from other jurisdictions in terms of issues that auditors tend to concentrate on, or are there different approaches?

For example, would other jurisdictions, would the auditors in those jurisdictions put greater focus on value-for-money audits — looking at the effectiveness, the economy, the efficiency of government programs, and drill down into those perhaps more

than we do here? I don't know the answer to that, but I'd appreciate your comments on that.

[10:30]

Mr. Dubrow: — Of course, Mr. Chairman. Let me just start by making a very general statement on that, which is that Canada started doing value-for-money audit at the federal level, or got its value-for-money mandate at the federal level in 1977. And it was really a clamouring on the part of parliamentarians to get beyond the analysis of the financial statement and to start to look at whether programs were achieving due regard for economy, so whether the government was spending funds with due regards to economy, efficiency, and effectiveness, although the effectiveness mandate tends to vary from jurisdiction to jurisdiction.

In the international work that I have done over the last 10 years, there has always been a very great interest on the part of other countries in going to performance auditing — particularly on the part of parliamentarians — value-for-money or performance auditing. And I think the reason is that obviously parliamentarians are always interested in propriety of financial statements — you know, making sure that financial statements are appropriate. They tend to defer a lot of that work to the provincial or the legislative auditor or the auditor general.

Where they tend to be more engaged is on the value-for-money side. They really want to know, and their constituents often want to know, whether programs have achieved results . . . or, sorry, not results, but whether they've been implemented with due regards to economy; so whether they've been economical, whether they have been efficient. And so those tend to be issues for parliamentarians I think globally, that I've found.

Having said that, a more specific answer, yes there are varying audit mandates in Canada. If you look at the wording of the audit mandates, you'll see that some jurisdictions — the federal level, Ontario, Quebec, British Columbia — tend to have very clear passage about either value-for-money or performance auditing, saying that the Auditor General has the right to go in and look. Obviously they look at the financial statements, that's pretty much clear across the board, but they'll often go in and they'll look at whether the government has achieved economy, efficiency, and effectiveness in the implementation of its programs.

In a couple of jurisdictions, I think Saskatchewan is one and Alberta is another, there tends to be more of an emphasis on systems — right? — whether the systems are in place, more of a systems audit approach. So I think that would give you sort of a sense.

Just the other thing I guess is to say Jim McCarter, the Auditor General of Ontario, is always on record as saying, my committee only wants to hear performance audits. That's all they do, the 100 per cent performance audits. You look at the House of Commons and most of their time is also spent on performance audits. It's very unusual that they'll get on to issues regarding the financial statements. Obviously members are encouraged to look at the financial statements, and if the Auditor General finds something wrong with the financial statements, they might raise that. But generally it's performance

auditing that seems to really engage parliamentarians.

The Chair: — Just by way of follow-up, I know that our auditor takes specific programs and will review those in detail, if memory serves me correctly, doesn't necessarily refer to them as value for money. But are you in a position to review audited reports from across Canada and tell us that there's greater emphasis in other jurisdictions than there might be here in terms of value for money?

Mr. Dubrow: — Well I'd probably go back to the example of Ontario, where 100 per cent of the PAC's time is being spent on value-for-money auditing. So an example in Ontario would be that, unlike some of the Western provinces, the Auditor General of Ontario does not spend any resources on reviewing performance reports. And the reason is, they're a small office — they've got 100 people in the office in Ontario — and the demand is for performance audits. So really 100 per cent of their . . . not 100 per cent because they'll do some work on the financial statements, but their emphasis is really on performance audits. I'd say it's similar at the federal level as well.

The Chair: — Yes, Mr. Eastman.

Mr. Eastman: — There is a huge difference. But although we're doing a comparative between provincial jurisdictions, you know, there's huge historical differences here. You will find that in resource-based economies, you will find a little bit more on the systems auditing and a little bit more — maybe a bad word — the practicality on the financial side because the ebbs and flows in a resource economy are much greater impact than in other economies. So you will have some differences between the provincial jurisdictions just on that.

We have to remember that the word public accounts is financial statements as well. And we are the public accounts committee, so there is a tendency to forget that, you know, financial statements are still the fundamental part of life. Ontario, the provincial auditor while he does say that they do value for money, and these are the only issues reviewed by the public accounts committee. He contracts out the financial auditing parts. We do not want to leave the impression that there isn't a financial auditing done by Ontario. It's just contracted out to the large accounting firms. It's not done in-house, so I didn't want to leave that impression.

The other issue that Geoff did raise a little bit this morning is there's some differences in the mandate, even though most of the provincial auditors and auditor generals now are doing this, but moving into the schools, universities, colleges, and hospital sector and where you actually have a board structure in between the minister and the regulator and the same with Crown Corporations, etc. So there's slight differences in mandate.

Some jurisdictions — British Columbia and here as well — also have some of the Crown corporations going over to a Crown corporation committee. So it's not just a matter of the mandate just of the Auditor General or the Provincial Auditor; it's also a bit of the mandate of the structure of the legislature, etc. So there's a history comes into play in a few of these areas.

In Quebec, in fact, they don't have a public accounts

committee; it's a public administration committee. So they actually have hived off the debit and credit financial statement part to another committee entirely. So there is a fair disparity in here, and there is some logic in those disparities from a historical point of view.

Ms. Campbell: — If I may, Mr. Chairman, from the federal perspective, the OAG [Office of the Auditor General] Canada spends about 45 per cent of its resources on financial auditing of the federal departments and all of the Crowns. And the oversight work of course for the Crowns is dealt with by the audit committees of the boards. So the public accounts committee in Canada only spends about 5 per cent of its time on the actual public accounts of Canada.

Occasionally it will review a collection of governance issues related to Crown corporations when the Auditor General provides a performance chapter, and it may look that topics covered by the federal Auditor General are more in-depth reviews or more exciting performance audits, but it's the nature.

They're dealing with security issues. They're dealing with environmental issues that are of importance to Canadians and the overall cost overruns on some programs are of such a magnitude that they do catch attention. So there's a lot of good work being done in various provincial audit offices as well, but they just sometimes don't catch the public's attention at large. There's still a lot of interesting work by PACs as well.

The Chair: — I've got Mr. Chisholm next. Can I just do one follow-up question on the so-called MUSH sector — municipal, university, schools, hospitals, and the role of the Public Accounts Committee, and for that matter, the Provincial Auditor. We've had now in Saskatchewan I would say some representatives from that sector or some aspects of that sector that are reviewed by the Provincial Auditor, specifically in the area of health where now the health boards are appointed and therefore they're held to be part of provincial administration. It's not an independent board, whereas school boards have their own elected officials, their own auditors; municipalities the same. Universities, I gather, are responsible to this committee and to the auditor because they're part of the Department of Education.

What role can the committee play in stipulating who appears before the committee? It seems to me that even though we've had issues that pertain to specific health districts, it's been the deputy minister of Health and his officials that have always answered the questions with respect to those specific districts. Do the other public accounts committees stipulate who should appear as witnesses or is that an issue that's left up to the deputy ministers to determine?

Mr. Dubrow: — As is so often the case in Canada, it tends to be an issue of emerging practice rather than, sort of, clear stipulation. I'll give you an example: Alberta added in to their rules of procedure about a year and a half ago the right of the PAC to call the SUCH sector [schools, universities, colleges and hospitals] or MUSH sector, and they do call them fairly vigorously. They will call agencies. They will call school boards, university, colleges. They'll call the head of the agency and they'll have a fairly general discussion — which I think is one of the shortcomings of their practice — but they'll have a

fairly general discussion about how things are going.

Ontario also calls many . . . the PAC will call health boards, school boards before it. Usually if the Auditor General finds that something is happening in which perhaps the Ministry of Education is pushing hard in a particular area, but the school boards are not co-operating or the universities or colleges are not co-operating, and often the PAC will call the deputy minister of Education and say, how can I help you to get the school boards onside, or how can I help you to get the health boards or agencies onside. And then they'll actually, you know, the deputy minister might say, well you know, if you call them as witnesses and explain to them the importance of a particular issue or express concern about something, that might heighten the issue. And so it does tend to get the attention of some boards. Does that answer your question?

The Chair: — Yes, yes. Mr. Chisholm.

Mr. Chisholm: — Thank you, Mr. Chair. I have just a question. In fact I'd like to address it to Fred, if I could. Just in your experience, when we were talking about the relative mandate that the Provincial Auditor has in our province, and in your experience in dealing with your counterparts, if you could change the mandate to be perhaps — I'm not suggesting more effective but more widespread — I just wonder at your comments on other jurisdictions that you've seen who have just a little different mandate than you have from our government, and just your feelings on that.

Mr. Wendel: — So the mandate for our office was debated at length in 2001 when the Act was changed to change the appointment of Provincial Auditor and to decide whether or not we were going to get the mandate to follow the dollar, say, into the school boards or to do, if you like, this value-for-money auditing, specifically saying we look to the economy, efficiency, effectiveness.

At that time the discussion went to, no, if we want you to go to one of these other areas, the committee could request that we go into a school board. And then there'd be a vote on that and a decision would be taken. Then we would then have the authority and the ability to go to, say a school board or to a community-based organization.

There was an investigation we did for the Métis Addictions Council of Saskatchewan. That was at the request of the committee saying . . . or a minister, I believe, in that case. Another time it's at the request of a committee. And then that authority would be there to go and investigate those agencies.

As to the value-for-money mandate, I think the discussion went, it should evolve over time, and at some point the committee or the House might decide to specifically change the legislation.

So it was quite a discussion. There was a special committee set up to study the Act. They brought in, I forget, the Minister of Finance, established another group to look at that. And they appeared before this committee and there was quite a hearing on it.

[10:45]

Mr. Chisholm: — Thank you. If I can ask another question. This is actually just a comment to Geoff, that we do have a back door on this level, that we can sneak you out after the meeting and get you directly to the airport in case you're concerned about those thousands of people that are watching TV this morning.

The whole issue that you brought up about some jurisdictions experimenting if you like with this research position, I'd just like your comments on maybe some of the experiences over the last few years of areas that have actually gone this route and how they're . . . The other thing I'd specifically like to have you address is, you mentioned that the researcher is an independent position, and how is that actually put together? So that, I would assume if they're an employee of the government . . . No? Okay. Then there's a lead. Go ahead.

Mr. Dubrow: — Well let's start with that. In all cases, the researchers are employed by the legislature. They have to be because they have to be a resource to the legislature. There are different models for how the researchers are employed. The sort of prevalent model in the larger — I mean larger in terms of number of seats — larger legislatures, the House of Commons, Ontario, Quebec is a Library of Parliament model which is a bit more complex than you're likely to need if you're just looking for a researcher.

But what they generally do is they hire a number of researchers, and then those researchers are farmed out to the committees. So you know, two researchers will be assigned to the transport committee, two researchers public accounts committee, etc. In BC [British Columbia], it's the Clerk of Committees who actually hires the researcher and assigns them to committee. Manitoba has just hired a researcher for their PAC and Alberta hired a researcher for their PAC about two years ago.

So in all cases, they are non-partisan and they are there to serve the legislature. And obviously, to be frank, it's recommended that they not be accountable to the committee directly because — I'm sure this never happens in Saskatchewan — but often legislative staff can sort of be used as political footballs, kicked around a little bit, so maybe pushed a little too far in terms of serving partisan interest. And so they're usually employed by the legislature, not by the committee per se, and I think that's an important distinction to make.

In terms of what they do, I alluded to some issues earlier. Just to maybe go back over them . . . Well let me give you a tangible example. Nova Scotia's public accounts committee does not issue recommendations. And if you ask the Chair — and I'm sure she's on record as saying this — why does your committee not issue recommendations, she says well we don't have anybody to write the report, the committee's report.

So that's one thing that I mean, in terms of boosting the capacity of the committee, having a researcher able to write the committee's report for them is very important. Having a researcher who's able to take the report of the provincial auditor, maybe summarize it, look at some key findings, those are generally the kinds of things that a researcher would be hired to do — again, not a partisan person, not from one of what I like to call in good fun the spin bureaus, that is the communications bureaus of the various parties, wherever they

may be and whichever jurisdiction they may be.

Mr. Chisholm: — Just a further question to that. So what in effect is the relationship between the provincial auditor and the researcher?

Mr. Dubrow: — There would not be a relationship per se. I mean I think it could, depending on the jurisdiction, they could be in communication with each other. There are examples of jurisdictions where the . . . I don't know if there is in Canada — I'm not sure if Michael or Antonine, you're aware of them — where there is an example of whether someone from the auditor general's office is loaned to the legislature as a staffer. I know that is the case in some Australian jurisdictions where someone, perhaps even in the UK [United Kingdom], where the researcher is actually somebody from the auditor's office. But I don't think there's really necessarily a formal established relationship. But clearly they're working towards the same goals, and so it would make sense for them to be in some kind of communication.

Ms. Campbell: — If I may, Mr. Chairman, at the federal level with the House of Commons PAC, the research staff arranges to meet with the staff of the Auditor General's office to receive clarification about the contents of the report and the key messages, and it helps them develop briefing notes for the committee and some key questions that the members might want to consider raising. But it is very much an independent relationship between the research staff and the audit staff.

There have been a couple of occasions where the Office of the Auditor General has seconded staff to the Library of Parliament, and they were assigned to the PAC. But when that secondment occurred, they worked only for the Library of Parliament and not for the Office of the Auditor General because it is important to maintain independence, not only from all political parties around the table but from the audit office as well.

Mr. Chisholm: — I note from a practical point of view a couple of things that have come up in the last couple of years since I've been here is that there will be recommendations from the auditor accepted by Public Accounts Committee. And then when you're looking at did that actually happen or not, well we don't have an answer to that question because we haven't done . . . you know, that particular ministry or department hasn't come up for audit again. Obviously, we don't audit every ministry every year. And that would be an area where I could see where a researcher could keep the committee abreast as to some of the progress or lack of during those interim periods when we're waiting for our opinion from our auditor.

Mr. Dubrow: — Just to add to that. Not only that, but the PAC can be a vehicle to help push in a nice way to ensure that changes are taking place.

The fact that the legislature is watching, if you want to put it that way, does tend to be an incentive for departments to say oh wow, you know, we've just been sent a letter asking what our status is. Okay, we haven't had a chance to act on this in the last few months; we'd better get to it. And so sometimes when the legislature focuses attention on things, departments tend to react and say, well we've got to get something moving. So the

legislature can be, or the PAC can be, a positive force in that respect by having the researcher.

And again, the House of Commons in Ontario are starting to do this kind of practice where they're sending letters to the departments saying, look we realize you've just been audited. We want to know what your status report is. We want an update. Or you know, a year down the road saying, you know tell us how it's going. You know you appeared before us last year; tell us how it's going.

And not surprisingly, in Ontario those that answer in a very obfuscated way face the threat of being called before the PAC. So the less clear the answer, perhaps the more likelihood that a department gets called back. Right?

Mr. Chisholm: — One more. The actual role of the researcher in some of the public accounts committees, what is that? Are they asked to speak, do they present a report prior to and are not allowed to speak during public accounts committees? Just what is their function in the normal course of a public accounts meeting in some of the different . . .

Mr. Dubrow: — Do you want to talk about the federal House of Commons' role of the researcher, and then I can answer generally?

Ms. Campbell: — Yes, I'd be happy to. In the federal House of Commons, the PAC staff will prepare briefing notes. They will not appear as witnesses. They may in some cases do an in camera briefing for committee members prior to the public hearing to, you know, talk about the issues in a very open way, and suggest lines of inquiry for members. Following the hearing, they will of course draft the committee report, but it is a draft. And then the members themselves provide their perspective on it. Occasionally the researchers, who sit at the end of the table where the Chair is sitting, may suggest lines of questioning to the Chair or Vice-Chair, who are also seated near the front, but they don't speak on the record.

Mr. Dubrow: — I think that's a great answer. The researchers tend to be fairly low-key in that respect. They're there to serve the committee. They're there to serve the interest of the committee but not to sort of supplant the role of the committee, not to talk at meetings, but rather to be there to support the work of the committee in the background. So I'd agree with Antonine's answer on that.

Mr. Chisholm: — Thank you very much.

The Chair: — Mr. Michelson.

Mr. Michelson: — Just to follow up, you'd mentioned there's a couple of jurisdictions that have gone in to the . . . with research, you know, hired a researcher. Can that be a full-time job then? Or is there something else that they do as well?

Mr. Dubrow: — That's a good question. I'm under the impression that the — and I need to check this — but I'm under the impression that the research support in Alberta is not a dedicated PAC person. Similarly, I don't believe that even the House of Commons researchers that are assigned to the PAC are full time. I think they're part time on the committee.

So it tends to be . . . because obviously the work is seasonal, it depends on . . . they may very well be serving other committees as well. I think the threat would be to have them stretched so thin that then they're not able to really serve the interest of the committee when it's required.

The Chair: — If I could . . . just on that point. You know, committee members do have researchers available to them through the Legislative Library, that if there's issues that you're concerned about and want information on, they're in a position to provide that. But obviously the Legislative Library does not have a person that's dedicated here simply to deal with the issues of the committee. But you know that capacity's available. And I gather in Ottawa, too, the researchers come from the parliamentary library.

Ms. Campbell: — And if I may clarify, at the federal level the Library of Parliament does assign, on a permanent basis, two committee research staff to each of the standing committees, but they also have other duties to reply to members' questions on various research topics. And more often than not in the summer they might be researching a particular topic and produce a paper of some sort. So there is not normally full-time work year-round for a committee.

Mr. Eastman: — This is a bit of a minor point, but their title is researcher for the public accounts committee. So their primary focus is that way. So everybody knows that 20 to 50 per cent of the job is something else, but just having that title means your committee would have first dibs, if you wish, on it. I know it's a small point, but . . .

Mr. Dubrow: — Just further to that, if you have a legislative library already, and you've got researchers in that library, I guess the one model of proceeding would be to . . . Of course, I'm not aware of what the resources are like in that library, but sort of the next logical scenario would be to have someone from the research library assigned to the committee when it meets. So they're, as part of the meetings, assigned to draft the report, recognizing that those resources might not be there, but that's just a scenario. And then of course available for a certain amount of time to assist with other related duties — that would sort of be a financial model.

Ms. Campbell: — If I could add another point — and I should have mentioned this earlier — but the research staff are a good source of advice as well, especially to the steering committee, in reviewing the overall report of the provincial auditor in this case and identifying what the priority areas might be, and also identifying who the key witnesses might be to help the committee further its inquiry. So that if you were to get into matters beyond what's in the auditor's report, then that person could help you define the inquiry and how you might proceed.

The Chair: — Mr. Harrison.

Mr. Harrison: — Yes, thank you, Mr. Chair. And thank you to our witnesses for a very interesting presentation. Just by way of preface, I sat on the federal public accounts committee during the 38th parliament and during the sponsorship scandal. And it was quite a partisan gong show.

There's many differences between how this committee operates

and how the federal public accounts committee operates, I know. One of the differences, I know most public accounts committee in Canada don't have ministers as witnesses during the proceedings. We do here. I guess my question would be whether you see value in not having ministers as witnesses in terms of improving public administration in the province.

Mr. Dubrow: — Yes, absolutely. The recommended practice is that ministers don't appear as witnesses before public accounts committees. If you sort of look at the . . . And by the way I think when we met earlier I said, I know, I know I recognize you from somewhere. So now I know where — Ottawa.

[11:00]

The recommended practice is that unless there's a very special exception, ministers do not appear before public accounts committees. In sort of the larger scheme of things, one would envision a minister appearing before a legislative committee that was dealing with the issue for which he or she was responsible. So the Minister of Transport might appear before the transport committee, and that would be the place for the minister obviously to argue about what a great job his department has done and for the government side to congratulate the minister and the opposition side to attack the minister for doing a lousy job and saying that they would do a much better job if they were in power.

And that's exactly the reason why it's recommended that ministers not appear before committee unless there's a particular exception because once they do, discussions tend to become much more partisan.

Mr. Harrison: — Yes. No, and that's absolutely my experience in having dealt with kind of both sides of things. How is it structured in terms of . . . Is that in the rules of the committee? Or how is it actually structured whereby ministers are excluded from being witnesses before the committee?

Mr. Dubrow: — Generally I tend to find that it's not the rules that really matter but more the practice. So I believe that many committees do allow in their rules and procedures ministers to appear. It's just by way of practice that they don't. And it tends to be, as you know, the sort of Canadian way, right? We're not too worried about what it says in writing. We just do what we're comfortable with and we move iteratively.

Mr. Harrison: — Right.

The Chair: — There are instances where a minister will appear before the committee. If there is legislation that affects the Provincial Auditor or somehow affects, I guess, the function or would affect the function of the committee, then the minister who is the sponsoring minister will appear before the committee to answer questions. But that's the only case I can think of where ministers have appeared before the committee.

But again, you know, our purview or our responsibility is to look at not what the government wants to do but how it's done it and whether they're doing it in, you know, based on what they said they would. And then it's up to the administrators to carry that out, and our job is to ask them how that's going. Mr. Nilson.

Mr. Nilson: — Thank you for the presentation. This is interesting to talk about emerging practice and trying to figure out, well, why is it emerging? So my questions are going to relate to that. And I think it happens both at a provincial level and at a national level, and probably at the national level is leading some of the ideas that you have here, would be my perception. And I guess what I would say is that, as Mr. Savoie so clearly points out, more and more power is put into the Prime Minister's office and less into the House of Commons. Then the parliamentarians have been trying to figure out ways to get some balance to that.

And I guess my question is, is that your perception as well? Or can you maybe talk a bit about the policy reasons or the practical reasons that changes around who has control of information is becoming an issue for an emerging public accounts committee.

Mr. Dubrow: — Not dealing specifically at the federal level, but in general I think legislatures are generally . . . The smaller the jurisdiction, the more the legislature is viewed as the purview of the government. And I'm not suggesting that's the case here or elsewhere.

But the smaller the jurisdiction, the government will sort of say, well we've got to convene the legislature for X number of days. We've got to get our budget passed. And you know, essentially, we'll call the legislature. We've got a majority. It'll do our bidding for us. Yes, there'll be some debate. There'll be some question period. We'll try to limit embarrassment as much as possible, and we'll get out of session and get on with the real business.

I think that, you know, our Westminster system really doesn't give the auditor general any power. So when the auditor general finds issues of maladministration of government, the auditor general has no power of course to sanction government directly. And so the only way the auditor general can really act is to report to the legislature through the public accounts committee — or in some other cases, other committees, but generally through the public accounts committee — and have the public accounts committee act on the reports of the auditor by issuing recommendations, following up, holding the department's feet to the fire.

I think what you tend to see is in jurisdictions where the PAC never meets — and there are some — it's very frustrating for the auditor. You know, they spend a lot of time, hundreds and hundreds of person-hours and resources investigating issues and reporting, and the report gets very little play in the media and the legislature ignores it. And there are cases like that. And so I think the importance of the legislature playing its role in that partnership is very important.

There are other models like, you know, the French model, the Cour des comptes model, where the legislature is sort of a postal box and they get a copy of the Cour des comptes report on an annual basis.

But this is really a partnership, and I think that's why, over and over again, I think the emphasis is always on trying to enhance the legislative capacity. I don't know if that . . .

Mr. Nilson: — That's one part of it.

Mr. Dubrow: — Okay.

Mr. Nilson: — Maybe hear from the federal side.

Ms. Campbell: — I don't claim expertise in this area at all. When we refer to emerging best practices, I would say that at the federal level the public accounts committee had been functioning very well up until about 2004, and then partisanship came to play. And of course minority governments as well, from 2006 on, that made it much less functional.

But generally the roles and responsibilities and practices as discussed here earlier do lead to an effective mechanism to hold the government to account. And whether or not the government — and government meaning big government — is withholding information or not, the public accounts committee can still have access through most of the means available to it.

So it's incumbent on each and every PAC in all legislatures to try to aspire at least to function more along these lines. I don't know if that answers you well enough.

Mr. Nilson: — But that begs the question if it was operating well say 15 years ago . . .

Ms. Campbell: — But even up to '04 or '05 . . .

Mr. Nilson: — Yes. And up to 2004 federally. What was it that changed as far the sharing of the information? Because when I hear talk about, well let's get up an independent researcher or a separate researcher, let's end up with some other powers some other places, what that strikes me as is very much a situation where there isn't a common purpose in the government so that therefore information isn't shared. And it's very much, I guess, using the balance of power kind of questions that we get out of the States to try to get at where the ability to solve things comes from.

And I guess my own sense is that in a lot of ways, our Prime Minister's office, our premiers' offices have changed over the last 20 or 30 years in a way that has then forced a reaction from the legislatures to try to respond to this. And so I'm wondering if that's what we're seeing here, and I'm not saying it's bad. I mean it's a change, and it's probably a positive change for the public in having more than one place where you get information from the civil service.

Mr. Eastman: — Actually the question is quite a fundamental question you ask. And it . . . [inaudible] . . . affects the whole of Canadian society, whether that's the provincial or federal. It doesn't make a tinker's damn difference.

The issue is that really 20 years ago we were not dealing with such a public forum on accountability, on accountability interactions. We didn't have everything televised and communicated so quickly. So we are all struggling with the roles of the auditors, the legislators of the civil service in this new world which we live in and, to be honest, where government is now known to be so involved in different aspects of society.

I mean 40 years ago, you know, people accepted things a little bit more readily, and now we're challenging, which makes the politicians' role much more difficult and dynamic. So yes, we are challenging and yes, there are ebbs and flows in where the power base is. But I think that the issue is that the . . . And to be honest some of it does come from the sponsorship scandal, but the role of the Auditor General is now known.

In fact in Ontario in grade 10, they have a civics test, and they have a multiple choice test. And 56 per cent of the students knew who the Auditor General of Canada was, but only 36 per cent of the students in grade 10 knew who the Premier was. So there is a statement — maybe totally negatively, Fred — there's a statement that people understand the role of the, the function of a provincial or Auditor General. And they understand now what a public accounts committee is to a much larger extent. So I do believe we're challenging the roles, and I don't think we've come up with a great answer.

I also think that emerging practice is a nice way of saying that the Westminster system is very adaptable and allows for augmentations, modifications, etc. So I'm not particularly worried, but I don't think we have the answers to everything at this point either.

Mr. Dubrow: — Can I just throw in a couple of comments on that just in direct response to your question. I'd say two things. I'd say first of all that, you know, when you look at the development of public accounts committees, the process is generally cyclical, not linear, in the sense that if you put in resources to public accounts, you're not necessarily going to get a linear effect out of that. It's really going to vary based on a number of factors. So for example obviously the closer you get to election year, the more the PAC's going to . . . can tend to hunker down. The first six months obviously committees are just being struck, members are new, they're not really sure what the unique role of the PAC is, if we have a new government that's sort of hostile to the idea of too much oversight, the kinds of members you have on the committee. In some jurisdictions they call being on the PAC purgatory. Well one jurisdiction calls being on the PAC purgatory, whereas another jurisdiction, it's a first choice.

So all those issues I think tend to make . . . So for example if you do an orientation for a PAC, great, well you've done the orientation. Then you find out that half the members left because there was a shuffle or something changed. So there's a constant influx of resources needed. It's not sort of a linear thing where you just do the training and then you go off and . . . So that would be the first point.

The second point is, I think generally is an observation. You sort of have two kinds of accountability. You have horizontal accountability and vertical accountability. Vertical is the government going to the people for an election seeking another mandate. Horizontal accountability is more of this kind of financial control and oversight. Generally I find what tends to happen is that PACs tend to operate well until there's an issue that affects the government's next shot at vertical accountability. In other words, if an issue is contentious — like the sponsorship scandal — the process falls apart. And the reason it falls apart is because the government realizes that there's an issue on the table that could boil over, and of course

the opposition smells blood and sees an opportunity to replace the government. And that's when the PAC process falls apart.

Not to be that harsh in judgment on the federal PAC, but certainly the sponsorship scandal and the issue of sponsorship would have been the kind of issue that would have derailed sort of a less partisan approach. I think the PAC was fairly well known in Ottawa for being non-partisan, or being less partisan, until that issue kind of blew up. So those are two comments I'd make on that.

The Chair: — I'd just maybe ask one more question, and that's to do with performance, and early on you mentioned performance. Although it's our job not necessarily to deal — well it's not necessarily, it's not to deal — with the appropriateness of government programs but to look at the economy and efficiency of how those programs are delivered. And there certainly is a role for other members of the Legislative Assembly in other committees to, through their review of estimates for departments, to ask ministers about, well, this program, is it working or is it not working?

Or also in legislation, is this legislation going to do what you think it will, and is this the right legislation?

[11:15]

Is there a role for the public accounts committee to profile the issue of performance and whether or not citizens are getting what they should be getting as opposed to government programs that, you know, are not really appropriate and there might be better programs; the objectives that are defined don't really result in any improvement in society. Is there a role for the public accounts committee generally in raising those questions?

Mr. Dubrow: — That's a very important issue, particularly in light of the importance that the legislative auditors in the four Western provinces, including the Provincial Auditor of Saskatchewan, give to the issue of performance reports and the attention that they give to performance reports.

There's only really two provinces in Canada, that is Quebec and Alberta — or from the vantage point of where we sit now, Alberta and Quebec — that really spend a lot of time looking at performance reports. My personal view is that it's a distraction from the committee's mandate. And I'll tell you why I feel that way, and then I'll tell you why there is potentially some opportunity. But generally I see it as a distraction. The PAC is generally viewed as the committee that, as the oversight committee of the legislature, needs to get its information from an independent source. And that would be the auditor.

Other committees, it's really the role of other committees — where other committees do exist; not all legislatures have other committees — but generally where other committees exist, it's really the role of other committees to discuss the success and failure of government policy. And as soon as the issue of success and failure of government policy enters the PAC, things will tend to go off the rails.

So here's a perfect example, just again make up a fictitious example: if the auditor general found in a report that there was a

problem with a highway system. Let's say that there was a safety issue; there was a lack of systems involved in reviewing highway safety. And again these are completely fictitious examples. If the opposition started to use the opportunity to say, you know, clearly the government's policy of shifting resources to agriculture away from transport has been a mistake and, you know, we're going to seek in the next . . . Now you're into partisan ground. Now you're into policy issues. And the minute you're into that kind of thing, the constructive process of the PAC gets derailed.

And so generally the recommended practice is that the PAC spend more time focusing . . . First of all, it spends the bulk of its energy focused on the independent auditors' reports and particularly . . . I realize there is no value-for-money mandate here, but often that's a matter of looking at performance audits and looking whether the government has achieved its objectives with regards to economy, efficiency, and effectiveness.

Having said that, I think the place where PACs can be involved in issues related to performance reporting would be looking at the general state of performance reporting in the province, right? So if PACs said, well you know it's been X number of years; we want to sort of get a sense of how things are going with regards to performance reporting. How transparent is the government's reporting regime? How realistic are their targets? Are they providing stretch targets? All that kind of thing. That would be an opportunity to go in and look at performance reporting as a governance issue. So not to go into a particular department and start pulling out performance information, but rather to look at it as a governance issue from a deeper perspective. And I think that's probably where the potential for a PAC needs to be involved.

There are examples of PACs being involved in issues of performance reporting at that level, at the larger governance level. Particularly one opportunity is where there are reports from the auditor general or the legislative auditor providing analysis. For example, the Provincial Auditor in Saskatchewan, Mr. Wendel, you provide, you use CCAF's nine principles for performance reporting and you provide an annual report — am I right? — about whether the government's reports are meeting those criteria. Is that correct?

Mr. Wendel: — We do some work in that area. That's correct. We do bring forward a report. This committee has discussed the broad governance branches as to try and prove each year objectives are clear. You've got some targets and you're getting reasonable reports back.

Mr. Dubrow: — Because what you tend to find particularly in the Western provinces — and I'm not ascribing this to any one legislative auditor — but generally is that in the West the legislative auditors, that is the officer of the legislature, is spending a fair amount of resources looking at issues of performance reporting. That is, they have a particular set of criteria, and they're using those criteria to measure whether or not the government performance reports are fulfilling that criteria.

So for example, you know, are they comparing projected results with actual results, right? Or are they saying one year they're going to do this, and then if it doesn't work out they just kind of

drop that? Or are they saying the next year, oh no we didn't do this; we didn't get to it. Or our target was 90 per cent but we only achieved 70 per cent. So the legislative auditor is spending a lot of time on that.

Generally I can say with a great deal of certainty that there's a sort of a feeling of soul-searching among the Western legislative auditors, sort of saying, well we're not sure if this is really helping. We've been doing this for about five, six years now; we're not necessarily seeing a whole lot of improvement in the way the government is writing its reports. We're spending our resources and taxpayers' resources doing this. The legislature is not really taking it up. That is the PACs are not really sort of saying, hey you know, the legislative auditor has found that there has not been an improvement. Let's call the, you know, the treasury board secretary and find out why there hasn't been an improvement.

So there really hasn't been a lot of interest in this issue on the part of PACs of legislatures. And one argument would be that's part of the reason why there hasn't been an improvement. That is that the legislative auditor is sort of clapping with one hand. They write the report. They say, you know, there's not an improvement in performance reports, but there's no follow-up from the PAC. So there is an opportunity and there are precedents. And federally, in the House of Commons, the PAC has looked — Mr. Harrison, I don't know if you did this when you were a member of the PAC — but the PAC has looked at the Auditor General's assessments of performance reports and called in some witnesses.

The BC PAC has sort of an historic involvement in performance reporting. They were involved in writing the eight principles of performance reporting, endorsing them jointly with the government and the Auditor General of BC. Whether or not they'll get back to that subject or not again, I think still remains to be seen. So that's a long answer to a short question.

The Chair: — Mr. Nilson.

Mr. Nilson: — Just a follow-up to that comment. I appreciate that. You seem to be saying that maybe that's not quite as effective a use of resources to spend time on that performance assessment from PAC or from an auditor's perspective. Can you maybe go back to the basics and say, well what is it that the PAC and the auditor should be spending time on? And are we in a situation where some of the fundamental things that we've always done aren't being done the way we should be?

Mr. Dubrow: — Obviously I would have to tread very carefully in my comments. It wouldn't be for me to impose upon whether the legislative auditor is wasting his time or not in undertaking certain tasks. In fact I don't think I have a very hard opinion about that. I would say that's really up to the legislature; it's really up to the PAC. And, as I mentioned, in Ontario, Jim McCarter, the Auditor General, will say very bluntly, he'll say, my PAC doesn't want me involved on reviewing performance reports; they want value-for-money or performance audits.

And that would be a discussion I would suggest that your PAC at some point, if that was an issue, might want to have, and sort of looking at, okay here's the suite of what we have our

legislative auditor involved in and here's our viewpoints on what we would like have him involved in. I mean that would be a fairly . . . And I asked Mr. Wendel at the break whether I was causing any trouble here, and he said . . . Well my impression is, I'm hopefully not causing any trouble. But I think that's the kind of discussion that PACs would want to be having is, you know, where are our resources going? There are PACs that do present, or provincial auditors that do present an annual report before the legislature or before the PAC, and that would be an opportunity to have that kind of discussion.

I think what I was alluding to is that in the Western provinces the legislative auditors are spending time and resources on performance reports, and I think there's a certain level of frustration saying, well we haven't seen any improvement in the report, so why are we doing this? We're spending taxpayers' money and we're not seeing any sort of mitigated improvement. And so they themselves are kind of questioning whether it's worthwhile to do it.

Mr. Nilson: — Just to follow up on that, well assuming that we're the audit committee of this big corporation called the province of Saskatchewan — and I think that's an accurate description — and we're in a situation where we know that there are all kinds of tests coming from the economy. And so what's the kind of advice that you might give to an audit committee of a private company that all of a sudden is missing a whole bunch of revenue, or they're doing things that maybe aren't going to go serve the public? So how would you retool or what kind of advice would you give for retooling the agenda of an audit committee?

And let's do it in the abstract so you don't have to get caught up in anything that's happening right here. But I think it's the kind of question that audit committees in every corporation worldwide are asking today, and so I think it's one we should ask.

Mr. Dubrow: — Do you want to take a shot at that, Antonine?

Ms. Campbell: — Oh give me the tough questions. I'd want to know how the analysis of risks to the government is being conducted and what the assessment of those risks are and how the audit effort is placed in those areas. I'm sure Fred is doing that.

Mr. Nilson: — Yes, and I would just say that we've got a couple of very perfect examples of that. One of them is the province of British Columbia and the Olympics. And I mean clearly the auditor there was on record of raising quite a number of questions about risks, but I guess the question for us would be: in Saskatchewan do we have similar kinds of things? And so I appreciate that.

Mr. Wendel: — Just another statement on performance reporting — and it goes back to what Antonine just said — the importance of these reports is to set out clearly your objectives and all the risks that you were just talking about to achieving those objectives. And then there could be some kind of an informed debate as to where are we going and how are we going to get there and what are all the problems to get there. And that's the important part of those reports.

Mr. Dubrow: — Now that I've tried to duck the question, just to get back to it, I think the advice is always focused on dealing with the red flags. And one of the things that I think certainly elected officials face in jurisdictions — and frankly, this is part of the, sort of, 21st century — is information overload. Right? As members of the PAC, of the Legislative Assembly's oversight committee, main concern generally should be on where are things going off the rails.

And I sort of look at this as a pyramid. Where the pyramid is inverted — so you've got the, sort of, you've got the base — it means that members are just being showered with information. And that's the problem with performance reports. You've got a shower of information, right? This tends not to focus them very much. And in terms of bringing about corrective action and focusing on a particular problem, it tends not to accomplish very much.

When the pyramid is in its sort of proper positioning, and you've got the triangle at the top — I did not do very well in geometry, as you can probably tell — but when that's the case, that means that you've got, sort of, some information which the auditor general is red flagging for the committee. He or she is sort of the guardian of public spending, going in with the methodology, looking at how the government is spending money, looking at the financial statements, in some cases looking at systems and value for money, right? And then coming back to the committee and saying, you're very busy, members of the legislature. You're only here for two hours at a time, once or twice a week. I've just got to tell you what the big problems are. You know, we found that \$2 million was wasted on such-and-such a program. We found that there's not a safety system in place for transport. So those are the kinds of things that I would suggest that members want to spend time on, is focusing on the red flags.

Not surprisingly, members of legislatures are not big detail people. They don't like massive details, huge reports. Again, if anybody reads huge reports like that, I'll buy them a beer. But my perception generally is that members like, you know, tell me what the most critical information is. Let's get something done here, right? And so again, the more the auditor general can red flag key issues of concern, issues that maybe again, you know, with regards to maladministration, that allows the committee to really get its teeth into something and deal with key issues regarding misspending in the province or maladministration or whatever it might be.

[11:30]

Mr. Nilson: — I just comment that that goes right to the heart of your comment about non-partisanship on the committee because when those things are revealed, it clearly doesn't become a partisan issue really. It becomes an issue of making sure that the system is operating properly.

Mr. Dubrow: — Yes. In essence the question, the way of looking at that, is that, you know, a government's been elected; it has a mandate. The civil service is carrying out that mandate, but there might be things that are happening along the way in which money is being wasted. And as the audit committee of the legislature, it's your job to find those with the help of the legislative auditor and then try to make sure they don't happen

again.

Mr. Eastman: — A couple of points to add on. First off the auditor general through these quote “red flags” is raising where he or she thinks the risks are. And so that’s the part of an audit committee, would be to pay attention to where the auditor is seeing red flags and the recommendation to implement the appropriate structures or systems.

The other issue of course — and it’s becoming more complicated and that’s why there will be changes in the focuses of public accounts committee — is this whole issue of governance, where in virtually all the economies through the Crown corporations, the school boards, the universities, you have tremendous amount of government money administered through other governance structures, and so this is . . .

The next thing that’s coming up that’s going to affect everybody though because everything is so interrelated now, mandates and anything we move forward, there’s going to be more — I don’t know if this is a proper word for it so please correct me — but a type of co-operative audit where you will actually have some reviews conducted by the provincial auditor and the federal auditor together because the mandates cross a little. And the reports may be just Fred’s mandate and the federal mandate, but they’ll have to be read together. You actually could go where you actually have municipal, provincial, and federal together because you’re talking about herbicides. Where you can put them is the municipal. Transportation is the provincial. Health part of it is the federal. So you’re going to have this. Also the environment. So that’s coming up that’s going to . . .

The other issue that is going to be one is, how can you remain innovative and allow for appropriate risk taking but still have appropriate control at the end? So this is another issue that auditors, in fact, the life of the auditors are going to become more and more difficult — and therefore the life of the public accounts committee is going to become more and more difficult — because things are moving too fast. And it’s not just within Canada. You know, we’re part of the continent of the US [United States] and then part of the world, so this whole issue is more and more complicated as we go on. And how are we going to look at the risks and the governance structures within that? Just a couple of points.

Mr. Nilson: — And I just add on to that, that one of the issues continuing to lurk in the world life of accountants is liability for audits and how you deal with that. And as we know from some of our large private firms that they’ve had some really major issues there. I guess we’re self-insured, if I can put it that way, for federal and provincial auditors in that that’s how it works, and I think that’s appropriate. But it does raise an interesting question about this assessment of risks and who ultimately pays. And I think ultimately it’s how democracy works. You change who you have providing the leadership in government. And that’s why your comment about vertical versus horizontal was actually quite helpful and it recognizes the many, many roles that the public accounts committee plays — most of the time very quietly and co-operatively.

Mr. Dubrow: — Don’t fly too close to the sun, as they say.

The Chair: — Mr. Bradshaw.

Mr. Bradshaw: — I guess, and this is backing up just a little bit going back to the researcher end of it, I personally, myself I think it’s something that the committee should maybe — not today but somewhere along the line — maybe we should discuss this. I think it could be something that could be very helpful to the committee actually. At least very helpful to me. I’m not exactly the sharpest knife in the drawer so, you know, you could have, if we had . . . [inaudible interjection] . . . What’s that? Warren says, do you need a seconder? But anyway, I think it’s something that maybe we should look at as a committee.

The Chair: — No, I appreciate your comment. And for all of us, given all of our responsibilities, to have someone that can help us focus on the major red flags or issues that should be concerning us is potentially helpful to all of us. If there’s no further questions, I don’t see . . .

Mr. Dubrow: — Mr. Chairman, can I just throw out one comment. Just a quick comment on that just to sort of provoke things one step further on the issue of the researcher. I’ve sort of been going through the list in my head and making a note, and I thought it might be interesting to share with you.

Something like half the jurisdictions in Canada, 14 of them have researcher support. With Manitoba adding on a researcher to its public accounts committee, Saskatchewan would be the only of the four Western provinces without a researcher on the Public Accounts Committee. But furthermore, Saskatchewan . . . How many seats do you have? Seventy?

Mr. Chisholm: — Fifty-eight.

Mr. Dubrow: — Fifty-eight? Okay. Because generally I would say the only remaining legislatures without research support would be those with 55 seats or less, so some of the smaller. You know, Nova Scotia, Newfoundland, and I could be wrong, maybe they’ve hired legislatures, PEI [Prince Edward Island], the territories. So really of the larger legislatures, they’ve all got research support. And of the public accounts committees that meet regularly, I’d say it would be the exception at this point. So I just thought it would be interesting in terms of positioning things to strengthen your argument.

The Chair: — Mr. Michelson.

Mr. Michelson: — Is there more that we could be doing to report to the public on the actions of the committee? Is there other jurisdictions that do more to get this out into the public domain?

Mr. Dubrow: — Frankly, in sort of the three years that I was appearing before PACs, this was an issue that was always of great interest to the committee. I haven’t seen any progress made on it. And so I don’t mean to sound trite, but Saskatchewan could easily be the first jurisdiction in this particular area that’s working on that. That’s where the enthusiasm is because members have to be re-elected and they want to show that they’re achieving results. I haven’t seen a whole lot of, so far a whole lot of action.

There are legislatures that will, you know, put their reports up on the web, will issue press releases. So there are some small actions that are being taken. But I've been going around with this idea of the sort of, you know, the independent researcher trying to summarize what the PAC has done. And that's not an issue that's been picked up yet, but it's certainly garnered a lot of interest.

Ms. Campbell: — If I may, Mr. Chair. For a time the PAC federally would issue a press release when it issued a report that identified the key issues that it had dealt with and some of the key recommendations, and occasionally the piece would be picked up and reported on in the papers, so it's a good way of, you know, attracting attention to the good work being done by the PAC.

Mr. Dubrow: — Yes, it's an excellent way of doing things.

Ms. Campbell: — It resonates with the public.

Mr. Dubrow: — Yes. I think the only, the challenge is getting beyond . . . You know, you get researchers who are dealing with technical reports and they're thinking in a technical way, and the challenge is breaking it down to the level that the public is going to understand. Not because the public is not intelligent, but because they're not dealing with these technical issues on a regular basis, and so I think that's the challenge.

The press releases are great. It's a great opportunity, you know, putting the reports up on the web. But until PACs actually have somebody taking the information and breaking it down to a level where the public will understand what they've done, I think that's where things will start to resonate.

Mr. Eastman: — Norm Sterling, who is the Chair of the public accounts committee for Ontario, and he will quite bluntly tell you that this has not achieved the success that he would like. But in his household and on his website he does state what the public accounts committee role is and he does state the reviews that will be undertaken in the next period, whether that's three months or six months down the road, and he does put out a few questions that he is going to ask. And he asks for feedback, you know, from the public of, you know, to add questions. And he does state that he will ask these questions and get back to them. But then again, I would state that he also says that this is an experiment that he believes has legs but hasn't achieved the instantaneous results that he had hoped for. So somebody has to, you know, everything starts with a few steps and, you know, a few failures as well, so there is a movement there.

Mr. Michelson: — Just with your history, Geoff, I think having your face on the television will create public appeal in itself.

Mr. Dubrow: — Are you asking me to run?

Mr. Michelson: — That's all the comments I've got other than, you know, to thank you very much for the information you've provided. I think it's been very informative, very interesting, and we'll certainly keep in touch with you. Thank you.

Mr. Eastman: — Thank you very much.

The Chair: — Mr. Eastman.

Mr. Eastman: — Mr. Chair, we did bring a little thing, what we call the box set for you, which talks about parliamentary oversight committees and relationships. This is the big report that gives you all the history. I would give that to somebody else. But we have these ones — and if you excuse the derogatory comment — politicians, the critical trouble you have is time. So these are designed to be a quick read and for a quick review you have one on assessing the impact and effectiveness. You have one, a guide to witnesses, and you have a guidance to reporting of follow-up — many of the issues that you have spoken about today.

Now knowing that politicians are incredibly busy, this was the executive summary. These are the executive executive summaries. So if you could actually just look at these ones, you get the ideas and you will have gone through many of them today. This is a suggested framework for core powers. I would say you're very strong on those already. And this is one on enabling of effectiveness. So if you don't have time to read this, you'll at least have this. Because the main issue with politicians is not commitment, it is time. And so this is why we have tried to give this. We will give one to the Clerk as well to have. So just to explain what that little thing we call the box set is. And if you need to keep anything, it's just those two. Thank you.

The Chair: — On behalf of the committee I want to thank you very much for taking time out of your schedules to visit with us here today. You've made the not inconsiderable trek from Ottawa to Regina to do that and we very much appreciate your attendance here, and to help the committee to learn more about its job and how we can better serve the people of Saskatchewan and the members of the Legislative Assembly. So I want to thank you very much for that.

Mr. Eastman: — Thank you very much. Truly our pleasure, and once again our thanks to you and Warren and Fred. A true pleasure on our part. We will be having a short paper, if you wish, on attributes of an effective public accounts committee at the September meeting of the auditor generals and public accounts committees. So we're very much involved with this, and this is an incredibly beneficial discussion that allows us to move on on our thinking as well. So thank you very much indeed.

The Chair: — Thank you. We stand recessed until 1:30.

[The committee recessed for a period of time.]

[13:30]

Business and Financial Plan of the Provincial Auditor

The Chair: — Good afternoon. The business before the Public Accounts Committee is consideration of the business and financial plan of the Provincial Auditor. That plan was previously submitted to the committee and then tabled at the committee's request. And in light of that request, the Provincial Auditor has now provided an additional report.

And at this point I would go to the Provincial Auditor and ask him to introduce his officials and then to provide any comments in addition to the report that he has provided us.

Mr. Wendel: — Thank you, Mr. Chair. On my right is Brian Atkinson, the assistant provincial auditor; my left, Angèle Borys, principal, support services; and behind me is Heather Tomlin, database administrator, keeps our books.

And as to comments, I did make opening comments when the business and financial plan was presented, so I didn't think I needed to go through that again, and I provided you with a report to try to take into account the information that I was given at the last meeting. And I made a recommendation that I continue to think that the money that we asked for in the first place when we made our original plan, the first appropriation for \$6.985 million, was still reasonable to carry out the plan. I also did look at the contingency appropriation because I was asked to do that. And I'm of the view that the most we've ever used of that appropriation in seven or eight years that we've had it is about \$275,000.

So I think you could probably approve a \$275,000 contingency appropriation with little risk to the independence of my office to carry out additional work if I need to, and also little risk to the government that I don't have to bring forward a special report should I hit an issue that needs detailed investigation before I've actually done enough work to make, you know, a full report. And also it protects the committee that I am able to do my job, so I think the committee could do that without a great deal of concern. And also I can make a request for a special warrant should I fall short, if that contingency appropriation is not sufficient.

So those would be the end of my remarks. I'd be prepared to answer any questions committee members may have.

The Chair: — Thank you very much. Questions. Mr. Michelson.

Mr. Michelson: — Yes, Mr. Chair, thank you for the report. I think obviously there was some due diligence put into it as far as some further thought. I think from my standpoint, I didn't feel that the issue of re-looking at this to going back and looking for anywhere we could cut or look for efficiencies, I didn't get that feeling from your report and that may be fair. Maybe there was things that you just couldn't. But in reading that, I didn't feel that there was a real good look at it.

I direct you to — and I can appreciate where you're coming from — but on page 2, it says "I do not seek . . . [any] adversarial relationship with government agencies or . . . [committees]." Just by saying that I felt there was some resistance because we weren't looking for any blame, any understanding of that we had to find something. I think as the government, and we do this with every ministry, to every department, to go in and say, lookit, where are the efficiencies? Can we constantly keep looking for efficiencies? And that's mandate that we can have.

We are handling the public's money and I think that's part of our mandate to look at that in a positive way, to say is there places that can be looked at and efficiencies made?

And the auditor's department is really no different in that respect. We do appreciate what you have done or what you are doing. I think it's very professional. I think it's very good in all

the reports you do. But I think that's still part of what we want to do, is make sure that each department is looking for efficiencies that they can bring to the government and say, lookit, I'm taking care of people's money.

One of the things I wanted to ask, the international financial reporting standards . . . There was \$176,000 for that. How do you come to that figure? It seems to be a lot just to go to the international system. Again, being on the ground level, I don't totally understand it, but I suspect you came up with that figure with some study and some looking into it.

Mr. Wendel: — It would be an estimate of how much we think that we have to spend at each government agency that has to move to international financial reporting standards. And so there might be \$10,000, say, for SaskTel or 15,000 for SaskPower to do the beginning work that has to happen during 2009 up to March 31, 2010. And there'll be continuing work with that because that goes all the way into 2011 — this transition. But there's a great deal of work that has to happen beginning in the 2009 year, and it'll continue.

And I tried to put some estimate of what's happening across government. So I looked to see what Crown Investments Corporation was doing for their Crown corporations because they've got the biggest problems. And the only Crown corporation that actually had finished the budget to know where they're at was Investment Saskatchewan, which isn't that large a corporation. And they were estimating that their auditor alone would need \$286,000 to get this conversion done, in addition to what they're getting now, okay.

And I did talk to the officials at CIC [Crown Investments Corporation of Saskatchewan]. And it's very hard to get a firm number on this because all the Crowns aren't done all their detailed numbers. But I can only make my request at this time based on the best information I've got, and there isn't a lot out there — what the rest of them have. But CIC seemed to think they were going to have three and a half million dollars added to their audit fees for those Crown corporations. And then there's still the ones in the Treasury Board sector.

So we've just gone through and said, okay, it looks like we'll have to begin to look at which items in their assets and liabilities are going to be affected by this international financial reporting standards, see what they're doing in the way of new systems to capture the information, and then look at the draft reports during this 2009-2010 report to get ready for when they actually have to make those reports. So that's where our estimates are coming from.

Mr. Michelson: — Is this \$167,000, is that for computer programs or is that a time management issue?

Mr. Wendel: — That would be our auditors going out to the organizations, seeing what they're doing, seeing what new systems they're setting up, looking at draft reports based on the new accounting rules, comparing to what's happening with the old accounting rules because you still have to do that work — so that's just additional work that has to happen.

Mr. Michelson: — You talked about — just to follow up a little bit — you talked in appendix C, but appendix C as set out

in your report really doesn't address efficiencies. So we thought that that was a bit of a misleading mention. Michael, did you have any comments on that?

Mr. Chisholm: — Well just on that particular item, we quoted out of that. It said, we "... did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes." Now is that something that is normal — that that particular aspect doesn't get particular concern not every year, I'm sure. Is that kind of correct?

Mr. Wendel: — Yes, Mr. Chair. Maybe I can just put this in context, and that might help you understand what we do. There was a lot of debate this morning about economy, efficiency, effectiveness. Well we don't do that. And if you go to the back of these big reports that we put out, you will find that very same opinion for each government agency. That's what this report is based on. So I'm just trying to find the appendix, where that is, but you'll find it's an identical thing. So the appointed auditor has the same mandate that I've got to audit my office. So I just want you to understand that.

So what we do on page 3-2, appendix 3-2 and 3-1, is the report we form on every ministry and every government agency each year. And it's the same report that the auditor gives to you. Now I don't take this report and stick it in each chapter because it would just add all kinds of paper to it, okay.

And that's when you read the beginning where it says we found the financial statements are reliable, the systems and processes are adequate to safeguard and control public money. What that means on the safeguarding is that report. And if there's any issues, it would be in that detailed report. So what we do, rather than do this, is point out the deficiencies just to focus the committee's work. But that's just a standard opinion and . . .

Mr. Chisholm: — Yes, and that's good. I guess that's just something that somebody questioned . . .

Mr. Wendel: — Yes. And that's why . . . Because I think some of the comments from our last meeting was, well we audit efficiencies. But that's what somebody said, that we audit efficiency, we at least subjected the ministries to that. Well, no. The ministries are subjected to the same thing I am, okay. And there is some element of efficiency to it, but nothing like that they do at the Auditor General of Canada or those places that have a very specific mandate to go and do that and make an opinion as to whether or not they've been efficient. We deal with process.

Mr. Chisholm: — Thank you.

Mr. Michelson: — You did allude . . . I'm sorry, Mr. Chair. You did allude to having the Auditor General of Canada review the practices and that. That may be a little overkill at this point. We kind of felt that if there was a study done every time we asked a question to look for efficiencies — just wouldn't make sense. So I don't think we want to go down that road; if you wanted to, we wouldn't be prepared as a government to finance that. So just at this point, I don't think it's necessarily unless there's other routes you want to go.

Mr. Wendel: — Just to say that I'm open, if people want to look at the efficiency of my office, I'm open to that, okay. Because sometimes I do a job a certain way — we think we are efficient. But maybe somebody with another set of glasses comes in and looks and said, well you could do this better or you could do that better — no. The appointed auditor should do some of that, okay, the one that audits here, but there could be more done of course. And I really just want it offered if the committee needed some assurance from me, that I'm open to that. I'm open to it. And if the committee doesn't want to me to proceed, that's fine too. I'm happy with that.

Mr. Michelson: — I appreciate your comments in that regard.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — Yes. I had just one comment that I thought was good this morning when Geoff was talking about actually giving fairly high regards to our Public Accounts Committee in relationship to the other jurisdictions. And to me that very much relates to yourself and the number of years that you have been participating and helping develop this system. I just wanted to pass that on, that that's one of the reasons why our public accounts system is perceived to work and be among the top in the country. And I'd just like to pass that on from my own perspective.

[13:45]

Mr. Wendel: — Thank you very much for that comment. And I'll pass that on to our staff.

Mr. Chisholm: — Great.

The Chair: — Mr. Nilson.

Mr. Nilson: — I guess I appreciate the extra information that's provided, but my sense is that the original plan that you set forward is appropriate. And I think the suggestion around reducing the contingency doesn't make a lot of sense in that you're just using the same model you've used for many years which is 1 per cent of the salary, kind of cost that's there, or the expense of the whole office. So my sense would be that I would make a motion that we approve the financial plan as originally presented.

The Chair: — Actually we have a series of motions that we would need . . . But before we do that, can I just ask . . . reference page 6 of your report. And midway down you point out that the government recently hired a private sector auditor to audit Saskatchewan Gaming Corporation for the period ended December 31, 2008 for a budgeted pay of \$165,000, and our budget last year to audit Saskatchewan Gaming Corporation directly was \$95,000. So it seems to me the government is expending an additional \$70,000. Would the government have been aware of those additional costs, like when it makes those decisions?

Mr. Wendel: — I'm not sure what information the government would have before them. I think it was a policy decision on their part. All the CIC Crowns have private sector auditors. Saskatchewan Gaming Corporation became a CIC Crown, and I expect that was the basis of their decision.

The Chair: — Okay, good.

Mr. Wendel: — The thing we point out in our report, any time you have two auditors, it costs more money, okay. It reduces my budget, but overall I still have to be there. They don't substitute for me. I use their work when I can. I try and work with them very closely so we don't overlap too much, but it always costs more. But that's a policy decision. If they want to have private sector audits, then they should answer for that.

Mr. Michelson: — Mr. Chair, in keeping with that line of thought, you do the auditing for the Regina Health District?

Mr. Wendel: — That's correct.

Mr. Michelson: — Would that work the same way then — like, every other health district has their own auditors?

Mr. Wendel: — That's correct.

Mr. Michelson: — Is there an efficiency there that we should be looking at?

Mr. Wendel: — There certainly is. But again that's a policy decision. I think in some of those communities they want to have the local auditor doing the work, and if that's a policy decision of the government to do that, then I'm not going to quarrel with that. So no, I mean that's . . . They get to make those decisions.

Mr. Michelson: — Thank you.

The Chair: — Okay. Mr. Nilson, sorry, you wanted to make a motion.

Mr. Nilson: — Yes. I make a motion that we approve the plan as presented originally, and that that's the plan that goes forward. Want me to sign it?

The Chair: — There is a series of motions that are required of us.

Mr. Nilson: — Okay. I'll go with the three motions. The first one is:

That the 2009-10 estimates of the Office of the Provincial Auditor, vote 28, subvote (PA01), Provincial Auditor, be approved as submitted in the amount of \$6,805.

And I move that, yes.

The Chair: — Six million or 6,000?

Some Hon. Members: — Six million.

Mr. Nilson: — 6,805,000.

The Chair: — Okay. You said 6,000, not million.

Mr. Michelson: — Mr. Chair, the number that I've got . . .

The Chair: — Okay. That's been moved by Mr. Nilson. Any questions or any comments?

Mr. Michelson: — The question I'm asking is that in the report it says six million, nine hundred and eighty-five . . . 6.985 million. What am I missing here?

The Chair: — Mr. Wendel.

Mr. Wendel: — Mr. Chair, if you could turn to page 74 in the original business plan, Mr. Michelson, and it has to do with the statutory appropriation. My salary doesn't have to be voted. I'm one of the few people that gets paid regardless if they appropriate any money and . . . Anyway it's \$180,000. It shows there, Provincial Auditor's salary, statutory. And that's the reason for the difference. It's just, that's the way they like to lay it out in the Estimates.

Mr. Michelson: — You also mentioned that the contingency of \$275,000 may be workable for your office.

Mr. Wendel: — If that's what the committee wants. And all I did was point out the . . .

Mr. Michelson: — That's the next motion. Okay. Yes.

The Chair: — Any further discussion? Ready for the question? Are we agreed?

Some Hon. Members: — Agreed.

The Chair: — That's agreed. Mr. Nilson.

Mr. Nilson: — Okay. I'd be pleased to make the next motion:

That the 2009-10 estimates of the Office of the Provincial Auditor, vote 28, subvote (PA02), unforeseen expenses, be approved as submitted in the amount of \$463,000.

So moved.

The Chair: — Okay. The motion then, by Mr. Nilson is:

That the 2009-2010 estimates of the Office of the Provincial Auditor, vote 28, subvote (PA02), unforeseen expenses, be approved as submitted in the amount of \$463,000.

Any discussion?

Mr. Michelson: — May I ask, Mr. Chair, how much of that was used last year?

Mr. Wendel: — It's in the book here. I'll look it up: 151,000, Mr. Chair.

Mr. Michelson: — 151,000. And the remainder goes back into general revenue?

Mr. Wendel: — That's correct. And the same with the other appropriation, the main appropriation. If we don't spend it, it goes back.

Mr. Michelson: — Mr. Chair, as this has been the practice in the past, I think we may want to look at it as we go forward next year. But we would approve this as presented at this point.

The Chair: — The motion is that we approve this amount of \$463,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's agreed and carried. Mr. Nilson.

Mr. Nilson: — So then the final motion in this series is, I move:

That the estimates as approved be forwarded to the Speaker as Chair of the Board of Internal Economy pursuant to section 10.1(4) of *The Provincial Auditor Act*.

The Chair: — So the motion by Mr. Nilson is:

That the estimates as approved be forwarded to the Speaker as Chair of the Board of Internal Economy pursuant to section 10.1(4) of *The Provincial Auditor Act*.

Any discussion? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And that's carried. That should conclude our consideration of this, our consideration of the business and financial plan of the Provincial Auditor. Any further comments? No? If not, thank you very much, Mr. Wendel, for appearing before us. Any comments?

Mr. Wendel: — I want to thank the committee for their support again. And I'm sorry if my tone came out as being confrontational. That wasn't my intention; I don't operate that way. So I just wanted to put it in context that when I say I'm going have to reduce staff and not do audits, it's not because I want to be confrontational. It's just that's the facts and . . .

Mr. Michelson: — No, I think everybody understands your character on this. When you work with words alone, they are interpreted and . . .

Mr. Wendel: — Yes, and I'm sorry. And thank you for . . .

Mr. Chisholm: — Mr. Chair, I have to apologize for being late. My guy that cuts my hair took longer than he normally does just so you know that.

The Chair: — So noted on the record. That concludes our business. If we can have a motion to adjourn moved by Mr. Michelson. Is that agreed? It's agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Okay. And we stand adjourned to the call of the Chair.

[The committee adjourned at 13:57.]