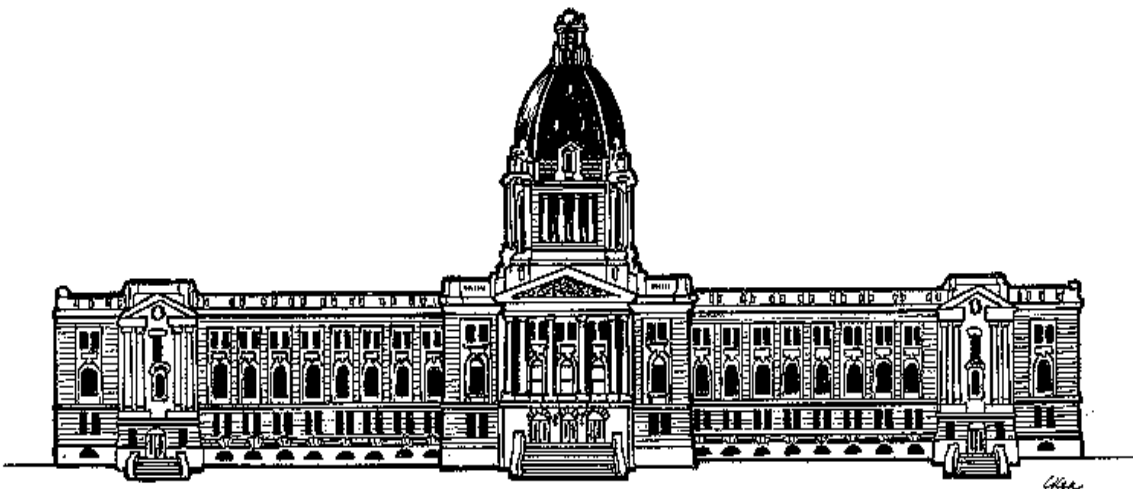




# **STANDING COMMITTEE ON PUBLIC ACCOUNTS**

## **Hansard Verbatim Report**

**No. 29 – January 20, 2011**



**Legislative Assembly of Saskatchewan**

**Twenty-sixth Legislature**

## STANDING COMMITTEE ON PUBLIC ACCOUNTS

Mr. Trent Wotherspoon, Chair  
Regina Rosemont

Mr. Glen Hart, Deputy Chair  
Last Mountain-Touchwood

Ms. Pat Atkinson  
Saskatoon Nutana

Mr. Dan D'Autremont  
Cannington

Mr. Rod Gantefoer  
Melfort

Mr. Warren Michelson  
Moose Jaw North

Mr. Lyle Stewart  
Thunder Creek

[The committee met at 09:33.]

**The Chair:** — Good morning. We'll reconvene the Standing Committee on Public Accounts. Welcome to committee members here this morning: Vice-Chair, Mr. Hart; Mr. D'Autremont, Ms. Eagles, Mr. Michelson, Ms. Atkinson. Welcoming our officials from the Provincial Auditor's office, Ms. Ferguson and officials here today. Welcoming Mr. Paton and Ms. Borland from the comptroller's office. And today we have various chapters we're going to be considering from the 2010 volume 2 report, the volume 1 report, and we have one other report we'll be considering as it relates to Government Services. That's the 2009 volume 3 report.

We'll move ahead here briefly with Saskatchewan Watershed Authority, focusing on the 2010 Provincial Auditor's report volume 2, specifically chapter 19. At this point in time, I'd like to welcome officials here from the Watershed Authority and I would invite their president to make a brief introduction of their officials. Then I'll turn it over to the auditor's office to make their presentation. Subsequent to that, your responses.

#### Saskatchewan Watershed Authority

**Mr. Dybvig:** — Thank you, Mr. Chairman. Good morning, everyone. I'm Wayne Dybvig, the acting president of the Watershed Authority, and with me today is Bob Carles, the vice-president of corporate services, and also Cam Baker, chief of staff to Minister Duncan's office. Minister Duncan could not be with us today. We've reviewed the recommendations and are certainly prepared to answer any questions about our progress in meeting them.

**The Chair:** — Thank you very much. I'll turn it over to our auditor's office.

**Ms. Ferguson:** — I'll just briefly introduce who I have with me today. I've got Kelly Deis, who'll be making the presentation, and behind him is Mark Anderson and Kim Lowe. Thank you very much, Kelly.

**Mr. Deis:** — Good morning, Chair, members, and officials. We're going to cover chapter 19 in our 2010 report volume 2.

Chapter 19 of the Saskatchewan Watershed Authority, or the authority, begins on page 293 of our report. The chapter describes the results of Deloitte's and our audit of the authority for the year ended March 31st, 2010. We concluded the authority has adequate controls to safeguard public resources, except for the matters reported in the chapter. The authority complied with authorities, and the authority's financial statements are reliable.

On page 296 we recommend that the authority implement and test a business continuity plan. Without an adequate business continuity plan, the authority is at risk of not being able to deliver its programs and services in a timely manner.

On page 297 we recommend that the authority have an adequate information technology services agreement with the Saskatchewan Water Corporation. Without a service agreement, there is a risk that the authority's and Saskatchewan Water

Corporation's needs may not be met.

On pages 297 to 300 we provide an update on three recommendations we made in our 2005 assessment of the authority's processes to ensure its four largest dams are safe. Those dams are the Gardiner, Qu'Appelle River, Rafferty, and Alameda. Your committee considered those recommendations in the past and agreed with them. We found that the authority, at September 2010, has met one of the recommendations but still has work to do to meet the other two recommendations.

On pages 300 to 305, we report the authority did not have adequate processes for the 12-month period ended September 30th, 2010, to identify risks to the water supply, including surface and ground water.

Water is of fundamental importance. Saskatchewan requires adequate supplies of water for drinking, sanitation, agriculture, industry, recreation, and preservation of the environment including fish and wildlife habitats. Saskatchewan's water supply faces significant risks. Changes in population water use, both within Saskatchewan and by our neighbours, places stresses on the supply of water. The variability of the water supply and changes in weather and climate pose additional risks. To help ensure the quality and availability of the water supply, the authority needs to identify and manage the many risks that exist to Saskatchewan's water supply.

This audit focuses on risk identification because it's a necessary precondition to effective water management. To lead management of the province's water supplies or resources, the authority must identify risks to the water resources. The authority does not have adequate processes to identify risks to the water supply. The consequences could include deterioration in the availability and the quality of water for all of its varied uses. Inadequate supplies of good quality water would pose significant harm to the quality of life, to our economic interests, and to the environment.

The first two recommendations on page 302 are about establishing a risk identification framework. The first focuses on the board. The second focuses on management. Recommendation no. 3 requires the authority's board approve a policy for identifying risk to the water supply. Recommendation no. 4 requires the authority implement a written plan for identifying risk to the water supply.

An approved policy and documented plan would assist in a more consistent approach to risk identification.

The next two recommendations on page 304 are related to gathering information on risk to the water supply. Recommendation 5 requires the authority document its processes to collect information about the water supply. Recommendation 6 requires that the authority systematically evaluate information about the water supply to identify risks.

The authority's processes to collect and analyze sufficient and reliable information about the water supplies to identify risks are evolving. Without adequate processes to collect and evaluate information about the water supply, the authority may not appropriately understand the risks to the water supply.

The last two recommendations on pages 304 and 305 are about documenting risk to the water supply. Recommendation no. 7 requires that the authority consistently document identified causes of risk to the water supply.

Recommendation no. 8 requires that the authority adequately communicate to the public risks about the water supply, including likelihood and impacts of these risks. Without understanding causes of risk and adequately communicating to the public risks about the water supply, the authority and the public will not know if the authority manages the right risks.

That includes my overview of this chapter.

**The Chair:** — Thank you very much. I'll turn it over to the Watershed Authority. And maybe to assist this committee and those that are watching from home, if you can focus specifically on whether your goal is to comply with the recommendation and then what actions are in place to comply. And in some circumstances, compliance may now be in place. Please state that as well.

**Mr. Dybvig:** — Right. Thank you, Mr. Chairman. Dealing with the recommendations in the order in which they were reviewed, starting with the recommendation on the need for a business continuity plan, we've continued to work on the development of this plan, have made progress on it, and certainly accept the recommendations of the auditor in this regard. I'd ask Bob Carles to make further comments.

**Mr. Carles:** — With regards to business continuity, the authority is taking this recommendation seriously. We have initiated this summer a risk and vulnerability assessment. We have a draft with regards to the risk. The vulnerability with regards to the business continuity plan is just the first phase of a four-phase business continuity plan. It will take significant resources, both time and dollars, to complete. But we have initiated, and we'll probably have a draft on our risk and vulnerability completed in 2011. But again that's the first phase of a four-phase project.

The other phases would be basically a strategy that we would undertake; the third phase is the documentation; and the fourth phase is to test. And again we will be undertaking all these phases over the next little while, but again you see there is significant resources required to address this recommendation from the auditor.

**The Chair:** — Do you have any timeline that you could share with us at this point in time for each of those phases and of course compliance, conclusion of the phases?

**Mr. Carles:** — Again I think we'd have the first phase completed in 2011, I would say probably by this summer. The next phase again, probably six months down the road. And as far as testing and maintenance of the plan, we're probably two years out.

**Mr. Dybvig:** — Okay. With respect to the second recommendation regarding the need for a contract with SaskWater covering IT [information technology] services, we accept that recommendation and are working on developing a contract with SaskWater. We've provided them a signed

contract which they are currently reviewing to provide back to us.

As to the dam safety review, one of the recommendations requests that we complete independent, comprehensive dam safety reviews. We have, I believe, complied with this recommendation. We have completed reviews at all of the major dams. We have now completed two reviews and we will continue now to complete them every five years.

[09:45]

With respect to the need for up-to-date and tested emergency preparedness plans, again we are preparing these plans for our major dams — Gardiner, Qu'Appelle, Rafferty, and Alameda — and we have the Gardiner dam one in draft and we'll have that one finalized this year. We've completed the base work for the three other ones, at least for Alameda and Rafferty and the Qu'Appelle dams. The base work involves the development of dam break analyses showing what areas would be impacted should the dams fail. That work has been completed and now we are developing the contact list and response that would be required in the event these areas were impacted. And we're hoping to have these completed by the fall of 2011.

The other recommendation relating to dam safety is the completion of manuals, again for our four dams, and we've made some significant progress in this regard. We have about 32 manuals that would document the operation, maintenance, and technical surveillance of these structures. And we have completed, I believe, 11 of these. We have about 14 in progress and seven that we haven't got to yet, but we expect to have them all completed within the next four years.

With respect to the recommendation regarding water supply, risks to water supply, we acknowledge and accept the recommendations of the auditor, the six recommendations relating to our need for a policy and implementation of certain measures within our organization about how to address these risks. And we have initiated that work and we will have a policy that we will take to our board, probably this spring, that will lay out and get approval for our approach to water supply risk assessment. And we will continue to work on the other recommendations related to the water supply.

I believe that covers the recommendations.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — Yes. First of all, welcome to the officials from SaskWater, Watershed Authority, and also to the Provincial Auditor. This is a what-if question, but if one of the dams were to break, which dam would have the most significant implications in terms of population?

**Mr. Dybvig:** — The most significant dam we have is Gardiner dam, which holds back Lake Diefenbaker. Situated downstream of course is the city of Saskatoon. If Gardiner dam was to fail, there would be very significant consequences to the city of Saskatoon. Large portions of the city would be impacted within two days of a dam break, and there would be very significant flooding throughout most of the city as a consequence.

**Ms. Atkinson:** — And when you put together a risk assessment and a plan and manuals and whatnot, do you put together the worst-case scenario and who does what, in terms of notifying people? Because I suspect there are other people between the city of Saskatoon and Gardiner dam that would be in the path of this huge volume of water. And I'm just wondering, is all of that in place in terms of emergency preparedness, that certain people are to notify certain people and sort of deal with it?

**Mr. Dybvig:** — Yes. I think in terms of an overall dam safety program, we have a plan in place that deals with a range of floods. So everything from a flood that we've even experienced in recent years, in 2005, in releasing flood waters through Gardiner dam, up until the most major impact would either be a failure of the dam because of major flood inflows and overtopping of the dam, which is one risk, or we could have dam failure because of the geotechnical failure of the dam itself, which . . . catastrophic failure. And for each of those, then there's a gradation of flood situations sort of in between that. And for each of those, there would be a different response in terms of who we notify and what the result and the follow-up would be.

But we have a call chain established where we would contact local government and local government then would contact other individuals. And certainly our role would be an initial one, which would probably fall primarily then to the emergency services organization within the province. And they would follow from there.

So on a dam break situation with Gardiner dam, we've had discussions for a number of years with the emergency measures organizations. We've also talked to local governments about this in developing this plan, so certainly there is a developed, an awareness out there about the need for response. And in our finalization of the emergency response plan, this is where we'll pin down the detail in terms of who needs to be called and what the chain of communications are.

**Ms. Atkinson:** — Thank you, Mr. Chair. Now recently we've witnessed in the media various failures of dams. And I'm just wondering . . . And it wasn't necessarily geotechnical, I don't believe. I think it was related to weather conditions and huge volumes of water. So I'm wondering, given that this seems to be the new reality, what would be the most likely cause of a failure at each of our four dams?

**Mr. Dybvig:** — I think our four major dams, we would classify them as fairly modern dams. So in modern dam development, the spillways, which are really your safeguard in terms of preventing a dam from being overtopped, have been designed, these four dams have been designed for what we call the probable maximum flood. So an approach is used where we develop absolutely the worst possible weather conditions that we could envision realistically occurring, centred over the watershed, to produce the maximum amount of run-off. What if that volume of water occurred? These dams are designed to receive that amount of water and handle it with a spillway.

So the probability of those . . . And you start to deal with very unrealistic probabilities, but they run in the order of 1 in 10,000 year kinds of probabilities. They're very rare. So there's a very good level of very low risk associated with that. So the most

probable cause would be failure of the dam itself due to geotechnical weaknesses within the structures. That would probably be the most likely source.

**Ms. Atkinson:** — Thank you, Mr. Chair.

**The Chair:** — Just on the recommendations, specifically no. 3 which builds the identifying risks and having that approved as a policy, so that's critical to occur. Just so I understand here, that's critical to occur prior to much of the work beyond that, the written plan and establishing processes to document. Is that correct?

**Mr. Dybvig:** — Yes. And that's what we are intent on doing, having before our board this spring.

**The Chair:** — Right. So it's going to be important to have that, I guess, occur here this spring as you've suggested. Is it fair to say then that the rest of the recommendations for the most part, the written plan and the documentation, is that work . . . although you're committed to complying with them, that work will occur subsequent to that policy being approved?

**Mr. Dybvig:** — Yes.

**The Chair:** — So just looking to committee members, when certainly there's more, certainly we have more discussion and questions, but certainly I would welcome a motion. I think on the first three we maybe heard progress. On 4 through the others, as I've heard, I think we could at best concur in them. Mr. D'Autremont.

**Mr. D'Autremont:** — I have a question for the auditor on recommendation no. 8. I'm wondering what the auditor means by the term, adequately communicate. Who makes the determination whether the communication has been adequate?

**Mr. Deis:** — It would be the corporation itself. With their senior management, the board would make that determination. And they would do it in the general sense of looking around within the government and other similar . . . and seeing what others are doing and make those determinations.

**Mr. D'Autremont:** — I don't know if we can change the wording of the recommendations. But I just felt that if the word adequately was not there, but that the Watershed Authority communicate to the public, then the corporation could make the determination as to what's the appropriate communication form. By putting a qualifier in there, it seems like somebody else then is judging whether that's adequate or not. And I think, you know, in a subsequent review by the auditor they could make that determination. But by putting it in there earlier, it seems like they have to refer to somebody else, is this adequate?

**Mr. Deis:** — It is not for them to decide that, but leave it to your committee.

**The Chair:** — I recognize what you're saying as far as with the qualifier there too. Now the risk I suspect in saying simply "communicate," this is where we're putting expectations as a committee and as members onto a corporation. If we simply say "communicate," I mean there's lots of ways to communicate.

But I think the goal is to adequately or fully or wholly communicate plans to the public and be aware of those risks.

**Mr. D'Autremont:** — That's true, but we would judge it after the fact. Did they communicate adequately? But by putting that in there, it seems to me that they have to approach somebody else than the Provincial Auditor, are we communicating adequately? Are we meeting the quality of the recommendation? In a subsequent review once they've communicated, then the auditor would then judge whether they have done so adequately. And it may be semantics, but it just seems like there's an unnecessary qualifier in there.

**Mr. Deis:** — Can I make one further comment? Like at the bottom of page 304 and the top of page 305, we do talk about the communication they're doing now. And basically that is not sufficient, you know, which leads to the qualifier, the word adequate. So right at the bottom we're saying they have communicated some stuff in annual reports and such, however these reports clearly set out those risks and do not provide adequate detail so the public can understand. So right now they are communicating. We're saying it's not adequate, so therefore the recommendation.

**Ms. Ferguson:** — We always struggle as an audit office to use those words improve or manage because like it's such a continuum, too. I think what you're raising today is something that we've often discussed internally. You're absolutely right. What will happen is that management will determine, you know, what's adequate. We will come back and have a look when we follow up the recommendations and make the assessment.

So I think it is up to the committee's call as to whether or not they want to retain the word adequately or not. I think in substance, you know, it is what we've conveyed, is that management will in fact and the board will in fact make that initial determination. I would suggest probably more so the board will actually make the determination whether or not it's adequate, and we will do the assessment.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — I think it's pretty obvious that the public is paying attention to water, given what we're seeing on television, not only in our country, in our province, and across the globe. So water has some pretty significant risks associated with it.

And we had the Premier yesterday saying that there's going to be an effort by the province to try and deal with this water onslaught we may receive in the spring. So I think the Provincial Auditor makes an excellent point that because we have citizens that are paying attention to this, we need to as citizens, need to be informed of the risks. And we need to understand that there's someone that's in charge of this and is going to be assisting the public in an emergency.

So I think that the Provincial Auditor is making a sound recommendation that we need to have communicated to us what's happening in terms of water in the province and how we're prepared to deal with it. So how do we do that? I think that'll be up to the Watershed Authority to figure that out, but I

think the public is paying attention. And I think it's a sound recommendation.

[10:00]

**Mr. D'Autremont:** — I'm not arguing with the need for communication. When you put qualifiers in like this in an official document, someone someplace in the province of Saskatchewan, through whatever reasons is not aware of a potential risk and is somehow harmed by that, does that then put the province in the position of being held liable because one individual in the province failed to be informed?

**The Chair:** — I think you have a fair comment there, a fair concern, but I think that the other risk is that we as legislators set an awfully low bar of just being to communicate. Anyone around the table's expectation is that they adequately communicate with the public based on the risks that they're going to identify. And in the circumstance that you put forward where an individual is put at risk, I really believe that they're going to put forward a plan to their board. That's going to be judged by this committee and certainly by the auditor's office, and certainly if it's been deemed to be adequate and they've done their best and followed best practice to do so, then I think that they've taken care of their responsibility.

But I would hate to remove something that asks them to do their job in any way other than to do it completely. And even to just add the word improve, I think we'd like for them to aim so that they do it following best practice and identifying all the risks that exist. I think it's a fair recommendation. But it's an interesting discussion. I support leaving it in and dealing with the recommendation, but that's myself as an individual member. Mr. D'Autremont.

**Mr. D'Autremont:** — Because to me, "adequate" becomes judgmental by someone else and perhaps the courts, I think. And the word improve allows the Authority to say yes, we have improved our communication and demonstrate that, that they have. Whereas it doesn't mean that someone else is judging, in my example, whether that was adequate if one person was not informed. They did improve the communication, but some of the responsibility lies with the individuals as well to make themselves aware of the circumstances.

**The Chair:** — I do believe that would be reflected in an adequate communication plan.

**Ms. Atkinson:** — [Inaudible] . . . I mean the reality is that the auditor has made this recommendation. We can't change the auditor's recommendation. We can concur with it. We can . . . [inaudible interjection] . . . Well it's still the auditor's recommendation. It's up to PAC to decide whether we partially agree with it or whatever. This is going to be in the public record, right, so if you have some alternate language, Mr. D'Autremont.

**Mr. D'Autremont:** — Well I think the word improve their communication would satisfy me.

**The Chair:** — I know the difficulty. I actually have a problem with the word improve because it sets no benchmark. I mean, we can set improvement goals in all areas of the province, but

we don't know what we're shooting for.

We expect the Watershed Authority through their process to do, as they're identifying the risks, as they're identifying communities, and as they're identifying properties and individuals, for them to make these evaluations and to communicate and put forward a plan that's adequate to do so and to work with a board, to work with the auditor's office, and to work with us as legislators to ensure that's the case.

I think it allows us to aim for what we would try to achieve, which would be full proper communication. Does that mean that every individual in Saskatchewan will be aware of a plan? Likely not. I think that's incredibly difficult for any organization or corporation to communicate in that fashion. Mr. Paton.

**Mr. Paton:** — I'm kind of hesitant to enter into this discussion. I might offer the comment that I think that all of the recommendations that the auditor makes, your expectation as a committee would be that they adequately address them.

Maybe add something on this one specific one. I'm not sure if it's required. I think that if you read all of these, you could add the word adequate and it really wouldn't change the meaning that much. So Mr. D'Autremont's comment is that perhaps it isn't needed in this case as it isn't needed in any of the cases. I think that you expect the agents to respond in an appropriate fashion that meets the intent of the recommendation in all cases.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — When you read the text prior to the recommendation, it outlines that the current communications is not sufficient. So that tells the corporation that they need to be doing something different, that they need to change their practices, which is what I think the recommendation is trying to do as well but for the qualifier. So I would just simply remove the qualifier from it.

**The Chair:** — So we have a position on the table. The problem we get into on these . . .

**Mr. D'Autremont:** — When we get there, I'll move that.

**The Chair:** — Okay. The challenge that this, you know, is that we have qualifiers such as consistently. Well what is consistently? Certainly that's not laid out, you know, specifically. But we, you know, certainly can evaluate that. So you'll deal with that one separately when we move along.

I would welcome a motion otherwise to deal with the first three, I think, noting progress and . . . Go ahead, Mr. Hart.

**Mr. Hart:** — Thank you, Mr. Chair. I would move that the committee concurs with the auditor's recommendations 1, 2, and 3 and notes progress on those three recommendations.

**The Chair:** — Agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concurs with

recommendations 1, 2, and 3, chapter 19, Saskatchewan Watershed Authority and note progress. Mr. Hart.

**Mr. Hart:** — I would move, Mr. Chair, that the committee concurs with the auditor's recommendations 4 to 7. The authority has said that once they concur with recommendation no. 3 that they will move towards progress, but at this time they are unable to move forward on these 4 to 7 recommendations because they need to get their policy in place. So I would move that we simply concur with the auditor's recommendation on 4 to 7.

**The Chair:** — Sure. Mr. Hart's moved that we concur with recommendations 4, 5, 6, and 7. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concurs with recommendations 4, 5, 6, and 7 of the Saskatchewan Watershed Authority. Mr. D'Autremont.

**Mr. D'Autremont:** — I would move:

That the word adequately be removed from recommendation no. 8 and that it read:

We recommend that the Saskatchewan Watershed Authority communicate to the public risks about water supply, including likelihood and impact of those risks.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**Some Hon. Members:** — No.

**The Chair:** — It's moved, but not unanimously, that we agree with recommendation no. 8 with the change. Sorry, Mr. D'Autremont, your actual, the actual wording here is that we remove the word adequate and then concur with that recommendation. And that has been agreed by the committee but not unanimously for the record. Any further questions or comments?

At this point in time, I'd like to thank the Saskatchewan Watershed Authority acting president and vice-president for joining us here today, and officials. Thank you for coming before the committee. We'll take a brief recess, and we'll move along with Advanced Education, Employment and Labour. Thank you.

[The committee recessed for a period of time.]

#### **Advanced Education, Employment and Labour**

**The Chair:** — We'll reconvene at this point in time. And we will welcome ministry officials from Advanced Education, Employment and Labour, as well, Immigration, I believe, on one of the chapters here. Thank you for coming before us here today. Deputy Minister Isman, I might ask you to briefly introduce your officials, and then I'm going to turn it over to the Provincial Auditor's office to make their presentation. Your subsequent response will follow.

**Ms. Isman:** — Thank you very much, Mr. Chair. With me today is Karen Allen, to my right, the executive director of corporate services, and to my left is Dion McGrath, the executive director of public institutions and infrastructure.

**The Chair:** — Thank you very much. And for the public that's following this, what we're considering right now, both 2010 reports of the Provincial Auditor. One of them is volume 1. One is volume 2. And they're both chapter 2. And I'll turn it over to the Provincial Auditor's office.

**Ms. Ferguson:** — Thank you very much. I'd just like to introduce the officials I have with me. It's Ed Montgomery. He's the deputy responsible for this portfolio. Along with him is Bill Harasymchuk and Jane Knox. Thank you.

**Mr. Montgomery:** — Thank you, Judy. I plan to present chapter 2 of our 2010 volume 1 report and chapter 2 of our 2010 volume 2 report. I'll begin with our 2010 volume 1 report.

In 2006 we audited the adequacy of SIAST's [Saskatchewan Institute of Applied Science and Technology] human resource processes to build human capacity for current and future needs. We concluded that at January 31st, 2006, SIAST had adequate human resource processes to build human capacity, except for its processes to analyze and communicate workforce gaps and barriers and to evaluate progress towards current and future human capacity needs.

[10:15]

We made four recommendations to improve SIAST's human resource processes. We recommended that SIAST analyze competency gaps for its entire workforce and provide periodic updates to the board, that SIAST identify barriers to its current future human capacity and provide the board with a plan to address significant barriers, that SIAST regularly inform staff involved in the recruiting process about trends in workforce gaps across SIAST and effective strategies to overcome barriers to human capacity, and finally that SIAST's board work with management to identify the content and frequency of reports necessary to monitor human resource risks and evaluate progress towards its human capacity objectives.

We assessed SIAST's progress in meeting these recommendations in 2008 and again in 2010. I'm pleased to report that as at February 28th, 2010, SIAST had met the first three of our recommendations and has partially met the fourth recommendation.

In its strategic plan, the board identified the general content of the reports it wanted to monitor progress towards its human resource objectives. In addition SIAST is defining performance measures for its strategic objectives and expects to give the board reports using these measures in 2011.

I'll now move on to chapter 2 of our 2010 volume 2 report. In this chapter we report the results of our 2010 audits of the ministry and its special purpose funds. We also report on the audit of SIAST, three regional colleges, and the Saskatchewan Apprenticeship and Trade Certification Commission.

We make one new recommendation concerning the ministry.

We recommend the ministry follow its established procedures for removing user access to its computer systems and data. The ministry needs to limit access to its computer systems and data to authorized individuals or else it's exposed to the risk of loss of public money and inappropriate access to confidential information.

We also make one new recommendation concerning the Saskatchewan Apprenticeship and Trade Certification Commission. We recommend the commission establish rules and procedures to reconcile its accounting records to its cash amount recorded in MIDAS [multi-informational database application system] promptly. The reconciliation would provide a check on the accuracy and reliability of the commission's records. Also timely reconciliations help detect errors or misuse of public money quickly.

We also make a new recommendation regarding SIAST. We recommend that SIAST obtain approval of the Minister of Advanced Education, Employment and Immigration before making purchases of real property. SIAST's Act requires SIAST to obtain the approval of the minister before purchasing or disposing of any real property. In the year to June 30, 2010, SIAST purchased land for approximately 6.7 million without the minister's approval.

In addition we assessed SIAST's progress in improving its processes for risk management. In chapter 2 of our 2008 volume 1 report, we concluded the SIAST board did not have adequate processes for risk management as at June 30, 2008, and made two recommendations. We're pleased to report that SIAST, as at August 31, 2010, has made good progress towards meeting both of our recommendations. In addition SIAST continues to move forward in improving its risk management processes.

Finally, on pages 17 to 19 of our report, we report the ministry has made progress on meeting outstanding recommendations of this committee that had not yet been fully implemented as at March 31, 2010.

Thank you, Mr. Chair. That ends my opening comments.

**The Chair:** — Thank you very much. I'll turn it over to the ministry for their response. And specifically on the new recommendations, if you're able to focus your comments to your commitment to compliance and then specific actions that have taken place and whether or not in fact compliance has been achieved — those specifically for the new recommendations.

**Ms. Isman:** — Thank you very much, Mr. Chair. First of all let me just say that we very much appreciate the Provincial Auditor's recommendations. It's always an opportunity, I believe, for both the ministry as well as our stakeholders to take the opportunity to identify areas for improvement and to act on them. We share the commitment to the Provincial Auditor to strengthen services and approve efficiencies where possible.

We're pleased in the report that the Provincial Auditor has recognized that the ministry has in place adequate rules and procedures to safeguard public resources and that the ministry has complied with the authorities governing its activities related



to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

We continue to work within the ministry as well as with our partners to implement changes to address the areas noted by the Provincial Auditor and most specifically, as you've just asked, with regard to the new recommendations.

With regard to user access within the ministry, we have fully implemented this within the ministry and most specifically, although we did have procedures in place at the time, we have now sent correspondence out across the ministry with regard to what those procedures were to remind our staff. As well, we've asked every branch to designate one individual that would be responsible that we can then hold accountable to ensure that they take place.

With regard to the new recommendation with Saskatchewan Apprenticeship and Trade Certification Commission and the recommendation regarding establishing rules and procedures to reconcile its accounting records to its cash amount recorded in MIDAS, I'm pleased to report that the Apprenticeship and Trade Certification has established and is implementing those rules and procedures as recommended by the Provincial Auditor, and those have already been put in place.

With regard to the new recommendation on SIAST purchase of real property, we are working towards progress in this area, which has been partially completed with regard to board governance and the responsibilities of the board to ensure that they fulfill the obligations under their Act.

And I believe that that's all the new recommendations that were there. Thank you.

**The Chair:** — Thank you very much. I see a question. Ms. Atkinson.

**Ms. Atkinson:** — Tell me how this happened: the whole issue of SIAST purchasing property, no ministerial approval. Can you just outline to the committee how something like this happened.

**Ms. Isman:** — Yes, I certainly can. My sense is I think SIAST got ahead of themselves in the purchase of the property that was directly adjacent to the Kelsey Campus in Saskatoon. They described the opportunity as necessary to expand their land base to meet the skills and training requirements of the students going forward, to provide flexibility for their programs, and consistent with the recommendations in the Cornerstone report, I believe it was called, that was reported in 2007-08. They submitted a request for approval to purchase the properties in late 2009 to the ministry. We did our due diligence with regard to the purchase, and the minister subsequently denied approval for that purchase as set out in section 14(2). Through the audit process, the auditors deemed for accounting purposes that SIAST actually owned the property and notified the minister and the ministry as such in their letter of September 15th.

**Ms. Atkinson:** — So SIAST owns the property now?

**Ms. Isman:** — Title hasn't transferred with regard to SIAST for the property yet.

**Ms. Atkinson:** — So the minister's given approval now?

**Ms. Isman:** — What happened at that point in time, when the Provincial Auditor had deemed that, for accounting purposes, that they owned the property, we received a subsequent letter from SIAST at that point in time acknowledging the unintended contravention that had gone on and requested that the minister reconsider the purchase proposal at that point in time. At that time the minister asked and directed me to work with the Ministry of Justice to review the matter in terms of what had gone on, which we did. And following that review with Justice, it was determined that SIAST in actual fact had not complied with subsection 14(2) of the Act as the auditor had pointed out because they didn't have the minister's prior approval at the point in time of the acquisition.

Upon review the minister advised SIAST that he was not providing retroactive approval or condoning the acquisition without prior approval, but concluded that the intentions of the board were in the best interests of SIAST and students and that under the circumstances, it would be most beneficial then for SIAST to obtain title to the lands that had been paid for and directed SIAST to negotiate with the trustee to obtain title.

The minister also directed that SIAST work with the ministry prior to the settlement of that, regarding any outstanding expenses related to this transaction. And that due diligence we're currently working on right now.

The last couple of points that I just might note is that the approval to obtain title actually doesn't commit government regarding the future use of the property. We've been very specific with SIAST that that will be done and considered though discussions with the Ministry of Government Services, our ministry, and SIAST. And as well, noted in my earlier response, that the SIAST board governance committee was directed to develop an action plan that would enhance the board's knowledge and skill regarding board governance and practices and accountability. That plan's been received by the ministry and approved. So that's the current status.

**Ms. Atkinson:** — So tell me why the property was then put back on the market for sale. And who owned this land or this property?

**Ms. Isman:** — I believe the one piece of property was owned by a company called Centurion Properties, and the other piece of property directly adjacent to it was a company called Audis Canada Ltd. out of Winnipeg.

**Ms. Atkinson:** — So can you tell me why there were for sale signs on the property when it was quite obvious that the whole . . . According the auditor and Justice department, this property had been sold to SIAST.

**Ms. Isman:** — And I believe that is . . . I don't know why there's for sale signs or if there were.

**Ms. Atkinson:** — No. It's not now, not now, but after this report came out. It was interesting. This report comes out, and then all of a sudden the for sale signs go back up. And then there is no need to put the for sale signs up because the property had been sold, whether the minister liked it or not, to SIAST.

**Ms. Isman:** — For accounting purposes . . . And yes, SIAST has paid for the property, but the title hasn't transferred yet. But I'm not aware of the sale signs and that situation.

**Ms. Atkinson:** — Okay. So now let's talk about board governance over at SIAST. Does the ministry still work with, on board governance, community colleges, SIAST? You know, is there still a process for training people how to be governors of these kinds of multi-million dollar institutions?

**Ms. Isman:** — Yes, we do. We do have what we refer to as a governance leadership series that we're actively engaged in with the whole post-secondary sector and have had numerous sessions over the past year and a half that I've been in the ministry.

**Ms. Atkinson:** — Well this is something that was implemented many years ago in terms of governance. Did anything happen to this board? Are they all still the same people over at SIAST, the appointees to the board?

**Ms. Isman:** — Yes, the membership of the board hasn't changed.

**Ms. Atkinson:** — Do people from SIAST who are on the board, like the Chair and others, do they actually attend these sessions?

**Ms. Isman:** — So my officials are advising me yes, not knowing exactly who was in the rooms at any given point in time.

**Ms. Atkinson:** — Right. Well I just wanted to make an observation. We need to ensure that when people are sitting on these boards that they have the skill sets to go with governance. There's been some pretty significant work done in the post-secondary sector in the past on governance. And ultimately, you know, the board and the minister are responsible.

And it's, I think, indeed very surprising that . . . While I recognize that Kelsey Campus is basically landlocked and there needs to something done in order to deal with the whole issue of training young people and educating young people in the province, there are procedures that one needs to go through. And at the minimum, I hold the board responsible and the minister responsible for this. And it's, you know, what basically happened is the board put the minister in a position where there was nothing he could do but approve it. Nothing. And I think that's unacceptable, and I also think there needs to be consequences for a board that does that. And the Chair has some responsibility in my view. I just wanted to put that on the public record.

And I wouldn't want to be that minister because this, to me, is unacceptable. And that board needs to have its knuckles rapped, and there needs to be consequences for that board. So I'll be interested to see if OCs [order in council] are lifted or there are some changes. But if I were the minister, I'd be making some changes.

[10:30]

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — Thank you. On the same issue, I actually don't disagree with Ms. Atkinson on this. I know I would not be very happy had I been the minister in this circumstance.

I do have a question for the officials. The recommendation from the auditor is that Saskatchewan Institute of Applied Science and Technology obtain approval of the Minister of Advanced Education, Employment and Immigration before making purchases of real property. Now if I understand what you had said previously, is that you're making progress on this. To me it's a black and white issue: either you have obtained the approval or you haven't attained the approval. And I don't see how you could have progress. You either are in compliance or you're not in compliance. So what's the situation at SIAST? Are they in compliance or not in compliance?

**Ms. Isman:** — Thank you for that clarification. And I would say that because of some of the other processes I outlined, that's probably the progress. But they are in compliance because they have received ministerial approval and have been directed for the title to be transferred. So they are in compliance there.

And as well, with regard to the direction to establish a board governance review improvement plan, they have established that, submitted it to the minister, and it has been approved. So I would add to my comments and say that they are in compliance.

**The Chair:** — Mr. Hart.

**Mr. Hart:** — Thank you, Mr. Chair. I would move that the committee concurs with the auditor's recommendation no. 1 and notes compliance.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 1 and note compliance. It's for chapter 2, Advanced Education, Employment and Labour. Mr. Hart.

**Mr. Hart:** — And further I would move, Mr. Chair, that the committee concurs with recommendation no. 2 and notes compliance.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 2 and note compliance. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I would also move, with regards with recommendation no. 3, that the committee concurs with the auditor's recommendation and notes compliance.

**Ms. Atkinson:** — Mr. Chair.

**The Chair:** — A question, Ms. Atkinson, a comment.

**Ms. Atkinson:** — I don't support noting compliance because

the minister was put in a position where he had no alternative but to agree to this. So what this recommendation is saying, in the future, that in order for SIAST to obtain real property they need to have the minister's approval. I think what we do is we concur with that recommendation. We don't note compliance because we don't know if in the future they're going to comply with this. I suspect they will if their knuckles have been properly rapped, but I'm not sure that they have been properly rapped at the moment. So I think what we need to do is just concur with this recommendation, and we'll see what they do in the future.

**The Chair:** — Mr. Hart.

**Mr. Hart:** — Mr. Chair, I wonder if I could ask the officials for further clarification. I believe you had said that there was correspondence between the ministry and from the minister's office to the board dealing with this issue. Is that correct? And if so, what was, in general terms, what was the nature of the . . . Basically what I'm asking is, did they get a letter from the minister saying that this isn't going to happen again and they need to follow section 14(2) of the SIAST Act?

**Ms. Isman:** — I guess in short I would say yes, that that would be the tenor of the letter that went from the minister to the board Chair. What I described earlier into the record is basically what the letter said, so directing them to take title of the property and all of those things. So in general terms, yes. And in the detail, I think I've already identified what the detail was.

**Mr. Hart:** — So then, Ms. Atkinson, would that satisfy compliance in your opinion? No.

**Ms. Atkinson:** — No. This is the recommendation:

We recommend Saskatchewan Institute of Applied Science and Technology obtain approval of the Minister of Advanced Education, Employment and Immigration before making purchases of real property.

To me, we concur with that, and we'll see what they do in the future.

**Mr. Hart:** — Mr. Chair, I would withdraw my motion that I have put forward, and I would make a new motion that simply that this committee concurs with the auditor's recommendation with regards to recommendation no. 3.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 3 of the Provincial Auditor's 2010 volume 1 report, chapter 2, Advanced Education, Employment and Labour. Further questions or comments?

There's many outstanding recommendations and we had an update of progress on many of those. In fact there was a lot of progress, and in fact in some cases compliance with those recommendations. I think as a general statement this committee values that tracking, that follow-up, and the further progress towards compliance on all of those recommendations that have

been concurred in by this committee. I don't know if there's specific questions at this point in time by committee members, but certainly at this point in time I'd like to thank ministry officials, Deputy Minister Isman and officials for coming before us here today, providing us the information that's been requested. And thank you very much.

We'll have a brief recess and we will reconvene with Government Services.

[The committee recessed for a period of time.]

### Government Services

**The Chair:** — We will reconvene at this point in time the Standing Committee on Public Accounts. I will note that we have a substitution at the table as it relates to committee members. Mr. Elhard has substituted for Mr. Michelson. Welcome to the committee, Mr. Elhard. Thank you for your attendance.

We would welcome at this point in time Government Services Deputy Minister Dedman and officials. What I might invite you to do, Mr. Dedman, is to introduce your officials, and then I'll turn it over to the auditor's office for their presentation and then your subsequent response.

**Mr. Dedman:** — On my left, Debbie Koshman, the assistant deputy minister of corporate support services; on my right, Shelley Reddekopp, the director of financial services; and behind me, Helen Huber who is the executive director of facility management; and Greg Lusk who is the executive director of commercial services.

**The Chair:** — Thank you very much. I'll turn it over the Provincial Auditor's office. And just for those that are following this from home or via the Internet, we're considering today the 2009 Provincial Auditor report volume 3, chapter 9 and the 2010 Provincial Auditor report volume 2, chapter 10, both relating to Government Services. I'll turn it over.

**Mr. Deis:** — Good morning, Chair, members, and officials. We're going to cover two chapters today. I'll start with our most recent chapter, which is chapter 10 in our 2010 report volume 2.

Chapter 10 of the Ministry of Government Services begins on page 121 of our report. The chapter describes the results of our audit of the ministry for the year ended March 31st, 2010. We concluded the ministry had adequate controls to safeguard public resources and complied with authorities except for the matters reported in the chapter.

I will speak briefly to those matters, and we make four new recommendations. I'll start on page 125 where there are two related recommendations. The first recommendation requires the ministry approve construction contracts in accordance with its signing authority delegation. The second recommendation requires that the ministry review and approve invoices prior to paying suppliers in accordance with *The Financial Administration Act, 1993*.

Weaknesses in these areas increase the risk that the ministry

may enter into unfavourable contracts and pay suppliers incorrect amounts. Also paying suppliers prior to approving invoices for payment is not in accordance with *The Financial Administration Act, 1993*.

The next two recommendations on pages 125 and 126 require better information technology processes. Recommendation no. 3 requires the ministry sign an adequate agreement on disaster recovery and security with the Information Technology Office. Without an adequate agreement, the ministry systems and data may not be adequately available when required.

Recommendation 4 requires the ministry adequately monitor the security of its information technology systems and data. The ministry was not adequately aware of risks to its systems and data, including risk to inappropriate access.

[10:45]

On pages 126 and 128, we provide an update on two previously reported recommendations. Your committee has considered these matters in the past and agreed with those recommendations.

On page 127, we continue to recommend that the ministry establish and use policies to monitor its fuel expenses made with its credit cards to ensure fuel purchases are for government purposes. During the year, the ministry discovered \$12,000 in fraudulent use of fuel credit cards. During the previous year, the ministry discovered \$37,000 in fraudulent use of fuel credit cards.

On page 128, we continue to recommend that the ministry have a complete business continuity plan. Your committee considered this matter in the past and agreed with our recommendation.

On pages 128 and 129, we provide an update on three recommendations we made in our 2007 assessment of the ministry's processes to maintain its vehicle fleet in a safe condition and in an economical manner. Your committee considered those recommendations in the past and agreed with them. We found that the ministry, at September 30th, 2010, still has work to do to meet our recommendations.

Also on page 130, we report that the ministry has not fully implemented the 2005 recommendation about providing the public with additional information about the extent to which the use of its key infrastructure — that is, facilities, vehicles, and aircraft — achieved its operational and financial plans and explained sufficient differences between actual and planned results.

For chapter 9 of our 2009 report volume 3, the ministry has either met our recommendations or the recommendations are continued in the 2010 report which I just covered. And that concludes my comments.

**The Chair:** — Thank you. I would turn it over to Deputy Minister Dedman and his officials to respond.

**Mr. Dedman:** — Thank you. First of all, I'd like to thank the Provincial Auditor and the staff of his office for the comments

that were provided on our ministry. My comments will refer to both of the chapters we are here to discuss today, as there are some common issues. And I'll begin with chapter 10.

The Provincial Auditor recommended that Government Services sign contracts in accordance with its signing authority delegation, and we agree with that recommendation. With respect to the specific instances referred to in the auditor's report, the employees involved were advised of the errors and the potential impact. And the ministry continues to provide staff with a list of delegated authorities and with financial management training as a means to raise awareness of the legislative and ministry requirements regarding the payment process and the need to comply with internal controls.

Another recommendation noted was that the ministry should review and approve invoices prior to paying suppliers in accordance with *The Financial Administration Act, 1993*. The ministry agrees with the observations and has made structural changes to reduce the risk of payments being made before being properly reviewed and approved. Specifically, the access to the financial system to enter and validate payments will now be done centrally versus in the regional offices.

The Provincial Auditor recommended that Government Services sign an adequate agreement on disaster recovery and security with the Information Technology Office. The ministry agrees with the observations and is in discussions with the Information Technology Office to develop an agreement that will adequately address the disaster recovery and security practices.

Another recommendation noted was that the ministry should adequately monitor the security of its information technology systems and data. We agree with this recommendation. The ministry is working with the ITO [Information Technology Office] to revise the current agreement to address the roles and responsibilities for security policies and procedures between the parties. Ongoing communication regarding security risk to systems and data occurs through the information technology management committee.

The Provincial Auditor continues to recommend the Ministry of Government Services establish and use policies to monitor its fuel expenses made with its credit cards to ensure fuel purchases are for government purposes. The ministry has noted the observations and has put processes in place to improve monitoring of fuel expenses. The central vehicle agency has the capability to monitor individual fuel transaction levels and vehicle consumption in relation to fleet or industry averages. Fuel purchases are being monitored with information from the CVA [central vehicle agency] billing system. In addition and more importantly, a new fleet management system and a new fleet credit card are being implemented to provide enhanced information more easily. This will also allow for better and more timely monitoring.

The Provincial Auditor continued to recommend the need for the ministry to have a complete business continuity plan. Government Services has now completed business continuity plans for its critical business functions, and all of the plans have also been tested.

The Provincial Auditor also completed a follow-up audit on the ministry's processes to maintain its vehicle fleet. The Provincial Auditor continues to recommend the Ministry of Government Services establish processes to ensure its vehicle fleet meets the safety standards of *The Traffic Safety Act*. The ministry has taken steps to become compliant with this recommendation. All CVA vehicles must be inspected on a semi-annual basis. An electronic database has been created to track information on these inspections, including reminders of when the vehicle is due for another inspection.

To support the inspection process, Government Services has developed an escalation process that provides notification to more senior officials within a client ministry when an inspection is delinquent. This process has been successfully implemented as a test within Government Services and will be soon be rolled down to our clients.

Another recommendation noted was that the ministry should keep reliable maintenance and repair records for its vehicles. We agree with this recommendation. In September 2008, CVA implemented an electronic repair authorization process and transferred the responsibility for coding to employees with technical expertise.

And as noted previously, CVA is implementing a new fleet management system. The system will provide more timely and accurate vehicle information and flag unusual repair patterns. The Provincial Auditor continue to recommend the need for senior management to receive reports to verify that vehicles are maintained in a safe condition and in an economical manner.

The electronic database created to track vehicle inspections is being used to provide summary information regarding inspections that are due, completed, and overdue. As well, the new fleet management system will provide enhanced reporting with respect to vehicle safety and the cost-effectiveness of repairs.

Finally there are two other items from the 2009 volume 3 report, chapter 9, that have not addressed. The first item is the Provincial Auditor's recommendation that the ministry sign a service level agreement with the Information Technology Office for information technology services. We agree with this recommendation and have fully complied. In March 2008, Government Services entered into a partnership arrangement with the ITO for the provision of information technology services. As noted earlier, this agreement will be revised to ensure that the disaster recovery and security practices are adequate.

Lastly the Provincial Auditor continued to recommend that the Ministry of Government Services have an information technology strategic plan. We agree with this recommendation. A plan was drafted for review by the internal IT management committee and was approved by the ministry executive committee in 2010. The ministry is currently developing a strategic plan which has a greater focus on the ministry's long-term needs and includes information management. The revised plan is expected to be complete by March 31st, 2011. We'd be pleased to answer any questions that the committee might have on it.

**The Chair:** — Thank you, deputy minister. I'll turn it over to committee members for questions or comments. Ms. Atkinson.

**Ms. Atkinson:** — I want to talk about the contracts on page 124 and 125. Can you give the committee a list of those contracts that did not have proper approval prior to payment?

**Mr. Dedman:** — Yes, I think we can provide that list.

**Ms. Atkinson:** — And if you could read them into the record please, and the amounts, that would be helpful.

**Mr. Dedman:** — Sure. December 2008, a contract with Quorex Construction regarding the Meadow Lake Provincial Court. In early 2009, a contract with CCR Construction for a project at Shaunavon. In December 2008, a contract with CCR Construction on the Weyburn Court House elevator. In May 2009, a contract with Gabriel Construction on a project related to the Weyburn Court House heating system. In December 2007, a contract with Fasttrack Management Group on the Ontario Avenue building. That's a SIAST building.

November 2008, a contract with Friggstad Downing Henry Architects on the Saskatoon Queen's Bench Court House project associated with the area of family law. In August 2009, a contract with Kim Constructors for work at the Sturdy Stone Building in Saskatoon. On April 2009, a contract with Carmont Construction on an addition to the Calder Centre, and November 2009, a contract with VCM Construction on work at the Kramer Building.

**Ms. Atkinson:** — And which two contracts were over \$10 million?

**Mr. Dedman:** — The contract with Quorex Construction on the Meadow Lake Provincial Court House and the contract with Fasttrack Management on the Ontario Avenue building in Saskatoon.

**Ms. Atkinson:** — Okay. Now has this been fixed?

**Mr. Dedman:** — Yes.

**Ms. Atkinson:** — Will there be any of this in the next Provincial Auditor's report?

**Mr. Dedman:** — No. What we've done . . . First I should say these contracts were properly tendered and that we did receive the services as were in the contracts. These contracts were signed by senior managers with signing authorities of \$1 million, but not at the level that they did sign these contracts. We've dealt with this subject with the managers involved, but we've reduced the number of people with signing authority on contracts to four from eight. So these individuals no longer have signing authority on construction contracts.

**Ms. Atkinson:** — So just for the committee's information, how many contractors would Government Services enter into agreements with? I'm thinking of construction contracts each year, on average. One million or over, how many would there be?

**Mr. Dedman:** — Probably in the 100 to 200 range.

**Ms. Atkinson:** — One hundred to 200. And in terms of 2000 and . . . I guess '09-10, but some of this goes back to 2008. Okay. There would, depending on how many . . . You wouldn't know how many there would have been for the year in review.

**Mr. Dedman:** — Likely be around that same number.

**Ms. Atkinson:** — About 100?

**Mr. Dedman:** — Yes.

**Ms. Atkinson:** — Okay. So this is like a 10 per cent . . . So now you have four people that are responsible for this?

**Mr. Dedman:** — Yes.

**Ms. Atkinson:** — And can you list their level of authority?

**Mr. Dedman:** — There's two project managers: a senior project manager that can sign up to \$1 million, one executive director that can sign up to \$5 million. And then as the deputy, I sign everything over that.

**Ms. Atkinson:** — Over 5 million?

**Mr. Dedman:** — Yes.

**Ms. Atkinson:** — So how many would you sign a year over \$5 million?

**Mr. Dedman:** — It could be up to 50.

**Ms. Atkinson:** — So about half of them would be signed by you each year?

**Mr. Dedman:** — Yes.

**Ms. Atkinson:** — Because they're over 5 million. Okay. Now I just want to ask this question. Has your tendering process changed, i.e., are you doing more design builds where you just enter into an agreement with the contractor to design and build it for a fixed cost or are you still tendering? Like have things changed over at Government Services?

**Mr. Dedman:** — No, I don't think things have changed in . . . Even if it was a design build, it still would be tendered as a design build.

**Ms. Atkinson:** — Are you going to more fixed-costs requests?

[11:00]

**Mr. Dedman:** — I guess I would say we would like to go to more fixed-cost kinds of contracts. In North America the owners have attempted to look at that. But generally, you know, the control of a fixed-cost is more difficult. So we contract. We have an amount in the contract that we agree to but, I guess, making sure that you control the extras so that you do . . . what you budget and what you go for matches is always the challenge.

**Ms. Atkinson:** — So then my other question has to do with this. So Government Services is responsible for tendering

construction projects in the province for government, and so there's tenders. Of these 100 or so that you would contract with every year, 50 of which you sign because they're over 5 million, how many of these construction projects go over budget and there are add-ons?

**Mr. Dedman:** — I think there's two parts to that. The first is over budget and when there are extras that weren't included. I think for most contracts there will be some extras that will be negotiated as the project nears completion or some changes that come in the project as it moves along.

With respect to being on budget, I think Government Services has done a reasonably good job of staying on budget, but again because we do projects from very small to very large, it does vary as to when you're on budget or not.

**Ms. Atkinson:** — So a quick question. Of the 50 or so that you sign every year of over 5 million, what would that represent in terms of a bundle of costs? One hundred million dollars worth of construction?

**Mr. Dedman:** — Well it varies a lot depending on what you're doing. So recently the provincial lab is a significant project that won't be repeated, or the addition at the Regina correction centre. So it depends on whether you have big projects or not, and that can vary from year to year with us.

**Ms. Atkinson:** — So in terms of the rigour of the process here, so do you have a 20 per cent cost overrun with add-ons? Do you have 30 per cent? Because it seems to me the cost of construction has risen fairly dramatically, and if I look at the, you know, public accounts, what things are costing . . . So I'm just curious. Like do we have cost overruns? Do we have add-ons? What's happening?

**Mr. Dedman:** — I think that from a cost point of view, it's true that costs have escalated a lot. But I think in the last year or so they're certainly increasing at a much slower rate than they . . .

**Ms. Atkinson:** — [Inaudible] . . . declining, are they not? Costs in the construction industry?

**Mr. Dedman:** — Well declining, I'm not quite sure that for the projects that we've started in the past and are being completed in the current time, that they're actually getting lower, but the increase is not what it was.

**Ms. Atkinson:** — So just for my understanding, Government Services does the Sask housing authority public housing, or not?

**Mr. Dedman:** — No.

**Ms. Atkinson:** — You don't do it. Okay, you don't. And why is that? Saskatchewan Housing Corporation, I'm sorry. Saskatchewan Housing Corporation. Do you not do any of the tenders on public housing projects where the government has most of the money in those projects?

**Mr. Dedman:** — We, as the purchasing agency, can manage contracts for ministries and Treasury Board Crowns. When it's the purchase of goods or services, we do that, particularly

goods. We do the purchasing of goods. Contracts, it's whether they ask us to do them or whether they do them on their own.

**Ms. Atkinson:** — Okay. Thank you, Mr. Chair. That's my questions for the time being. Just so I'm clear, you do not do Saskatchewan Housing Corporation unless you're asked.

**Mr. Dedman:** — That's true, yes. We don't do the work for sure.

**Ms. Atkinson:** — No, just the tendering.

**Mr. Dedman:** — The tendering is on their request, yes.

**Ms. Atkinson:** — And if they don't ask you, you don't do it.

**Mr. Dedman:** — Yes.

**Ms. Atkinson:** — So we're not at a stage yet where public money requires a tender through Government Services.

**Mr. Dedman:** — Of the purchasing agency.

**Ms. Atkinson:** — Yes, okay.

**Mr. Dedman:** — Yes.

**Ms. Atkinson:** — Okay, thanks.

**The Chair:** — Other questions from committee members? Mr. Hart.

**Mr. Hart:** — Yes. Thank you, Mr. Chair. Mr. Dedman, as far as the auditor's recommendation no. 1, I'm not quite clear whether you feel you were in complete compliance with the recommendation. I wonder if you can just comment as to where you feel you are with regards to this recommendation.

**Mr. Dedman:** — This is with respect to the contracts.

**Mr. Hart:** — Yes, with the approval of the contracts within the signing authority. I heard you say that you've reduced the number of people who can now approve contracts and that sort of thing, but I fully didn't understand exactly where you are with regards to this recommendation.

**Mr. Dedman:** — On construction contracts, we had some decentralization to the regions for that approval. We've brought that back and centrally managed that. So we have two senior project managers that can approve contracts, one in Saskatoon and one in Regina. We have, at the next level we have another senior manager that can approve. So the project managers can approve up to 1 million, the senior manager can approve up to 5 million, and then everything else is approved by the deputy.

**Mr. Hart:** — So then in your opinion, and it's to the best of the abilities of measures you can put in place, these type of approvals without the proper authorities won't happen again in the future.

**Mr. Dedman:** — That's correct.

**Mr. Hart:** — Good. Thank you for that.

**The Chair:** — Mr. Elhard.

**Mr. Elhard:** — Just further to the question my colleague asked, of the 12 contracts that you identified being sort of extraordinary in terms of requirements, was it only the level of a signing authority that is implicated here, or was there some other condition or situation associated with the decision that it was outside of scope?

**Mr. Dedman:** — No. Just the fact that the individuals involved failed to move it to the next level for signing. And the contracts were tendered. They were properly executed. There were no problems with the delivery of the projects.

**Mr. Elhard:** — Okay. Thank you.

**The Chair:** — Just on the recommendation no. 2, on the paying of invoices and following processes, is it your perspective now that you're in full compliance, your ministry's in full compliance on that recommendation?

**Mr. Dedman:** — Yes.

**The Chair:** — Mr. Hart.

**Mr. Hart:** — Yes, Mr. Chair. I would move that the committee concurs with the auditor's recommendation no. 1 and notes compliance.

**The Chair:** — All agreed? It's agreed that this committee concur with recommendation no. 1, chapter 10, Government Services, and note compliance. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I further move that with regards to auditor's recommendation no. 2 that the committee concurs with the recommendation and notes compliance.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 2 of the Provincial Auditor's report and note compliance. Continuing on, Mr. Hart.

**Mr. Hart:** — Yes, Mr. Chair. I would move that the committee concurs with auditor's recommendations 3 and 4 in this chapter and notes progress.

**The Chair:** — Okay. So all agreed? So it's agreed that this committee concur with recommendation no. 3 and 4 and note progress. And this is as it relates to chapter 10, Government Services from the volume 2, 2010 provincial report. I'll move over. Ms. Atkinson has a question.

**Ms. Atkinson:** — I have a couple of questions on vehicles. Can you tell me how you presently determine which companies Government Services will get vehicles from?

**Mr. Dedman:** — Historically the requirement tied to the ability to provide service around the province, and so traditionally the vehicles have been acquired from what used to be called the big

three: Chrysler, Ford, and General Motors. In the past year we haven't really purchased any vehicles, and so we were in the process of trying to consider when we do go to tender whether we should change that criteria because obviously in the past two years there's been some significant changes in the industry.

**Ms. Atkinson:** — Is it possible for outside dealers from outside of the province to . . .

**Mr. Dedman:** — It hasn't been possible in the past.

**Ms. Atkinson:** — Will it be possible now given that we have this New West Agreement?

**Mr. Dedman:** — I don't know how to answer that at the moment. We, again, because we didn't tender in this year and we are going to tender next year, that may be an issue that we have to deal with.

**Ms. Atkinson:** — Because I was just curious whether or not any, you know, individual or company outside of the province has ever been involved in providing vehicles through a Saskatchewan dealership.

**Mr. Dedman:** — Not that I'm aware of.

**Ms. Atkinson:** — Okay. And now I want to ask about the gas card. As you know, Federated Co-op through its retail co-ops has a pretty significant member payback for people who purchase gas. And I'm just wondering, do you monitor your fleet gas cards to make sure that people aren't putting the gas on their member card when they, you know, roll up to a co-op in the province of Saskatchewan of which they may be a member of.

**Mr. Dedman:** — I don't think we have a mechanism to do that.

**Ms. Atkinson:** — To do that? Okay. Now you're looking at a new gas card process.

**Mr. Dedman:** — Yes.

**Ms. Atkinson:** — Is there going to be a chip in it or technology that will show someone at Government Services the use of this card on this vehicle? Yes. That's what needs to happen.

**Mr. Dedman:** — It will tie the vehicle and the card together.

**Ms. Atkinson:** — So you'll look at usage and whether . . .

**Mr. Dedman:** — Yes.

**Ms. Atkinson:** — Good.

**Mr. Dedman:** — And one of the advantages of the new system and the new card is that the existing system, which is pretty close to 20 years old, there's a big time lag between when the transaction takes place and when the information appears in the central vehicle agency. So trying to connect problems is difficult. The new card will give us almost instantaneous information and will let us overlay things like the size of the tank relative to how much fuel was purchased, the number of purchases in a given day. Those kind of flags will be raised

almost instantaneously and will allow us to pursue things that look irregular on a much more prompt basis.

[11:15]

**Ms. Atkinson:** — So obviously Government Services has agreements with various producers, Husky Oil or Federated or whatever, when it comes to bulk, the purchase of gasoline for the fleet cars. Has Government Services said to the retail co-ops, lookit, when your employees see this card, the fleet card, no member number should be used on that card. Because here is the concern that, you know, someone is getting a four or five cent return per litre on their member card, in terms of equity, at public expense.

So I'm just wondering, have you . . . Has this ever been raised with Government Services? And have you raised it with the retail co-ops to make sure that their employees aren't punching in someone's member number when they're in using their fleet card?

**Mr. Dedman:** — I'm not aware that that's been raised, but is that not an issue for, in fairness, within the co-op?

**Ms. Atkinson:** — No it's not. I'll tell you why, why I think it's not. When you're a public employee or a cabinet minister or anyone that has access to a government vehicle, you get the card. And you get access to this vehicle at government expense, and so public money is going into your government vehicle so you can drive around the province and do your public service job. But if you're taking a fleet card, putting gasoline in your vehicle, and then saying to the co-op, please put this on my member card, I'm getting a rebate of four cents or five cents a litre personally. Okay? So that is the problem.

And I know over the years I've said to co-op employees at retail gas outlets, if you ever see someone come in with this card and try and put it on their member number, it's wrong. Because this is public money and public money should not benefit an individual through their member code. So I'm just asking if this is something that we need to consider?

**Mr. Dedman:** — Yes.

**Ms. Atkinson:** — There is some reference from the Provincial Auditor on \$12,000 in fraudulent use of fuel cards. But it could be much more substantive than that if those people who drive government vehicles who are members of a retail co-op, and gas up at the co-op, use their member number. It's substantial.

**Mr. Dedman:** — Yes. That's what I meant by fairness, in the sense that someone using a fleet card gets a share of the total rebate that they're not entitled to.

**Ms. Atkinson:** — Bingo. So I'm just wondering, have you raised this with retail co-ops that, you know, if your employees see this card, no member number.

**Mr. Dedman:** — Yes.

**Ms. Atkinson:** — Because it's wrong.

**Mr. Dedman:** — Yes.



**The Chair:** — Any other further questions or comments? Thank you for the time here this morning, and thank you as well for elaborating on some of the outstanding recommendations that exist in noting the progress and work and actions that are committed to there. Certainly it's important to note back to the public that certainly this committee as well as the auditor's office continue to track and follow up on those recommendations as well. So thank you for providing us the time and the information here this morning, Deputy Minister Dedman and your officials.

**Mr. Dedman:** — Thank you.

**The Chair:** — We'll have a brief recess and Environment is up next.

[The committee recessed for a period of time.]

### Environment

**The Chair:** — We'll reconvene at this point in time Standing Committee on Public Accounts. At this point in time, we'll turn our attention to Environment, specifically the 2010 Provincial Auditor's report volume 2, specifically chapter 7. I'd like to welcome Deputy Minister Quarshie and her officials here today.

Maybe before we hear the presentation from the auditor's report, I'll just get a brief introduction, Deputy Minister Quarshie, of your officials that are here today.

**Ms. Quarshie:** — Thank you, Mr. Chairman. We are delighted to be here today. With me today is Mark Wittrup, assistant deputy minister of environmental protection; Lin Gallagher, assistant deputy minister, resource management and compliance division; Donna Johnson, acting assistant deputy minister, environmental support division; Kevin Murphy, executive director, strategic planning and performance improvement; and Laurel Welsh, acting executive director of finance and administration; and Susan Loewen, director of finance and admin. Thank you very much, Mr. Chair.

**The Chair:** — Thank you very much. I'll turn it over to the Provincial Auditor's office to make their presentation, and then the ministry's response subsequent to that.

**Ms. Ferguson:** — I'd like to introduce Mike Heffernan who's going to be making the presentation, and he's got with him Rosemarie Volk who are responsible for the ministry's audit.

**Mr. Heffernan:** — Mr. Chair, committee members, and officials. For the year ended March 31st, 2010, the Ministry of Environment complied with authorities governing its activities and had adequate rules and procedures to safeguard public resources except for six areas. We have made recommendations in previous years for each of these areas. Also the 2010 financial statements of the Fish and Wildlife Fund were reliable.

The ministry has made some progress in addressing our past recommendations. It continues to need to fully determine its current and future human resource needs and develop strategies to address any gaps between its current and future workforce. The ministry must improve its supervision of staff to ensure

they follow the ministry's policies and procedures for bank reconciliations and payments to terminated employees.

As well it should establish adequate processes to secure its systems and data, including an adequate agreement with the Information Technology Office and a complete business continuity plan.

The table at the end of this chapter summarizes previous recommendations about processes to regulate contaminated sites and air quality. As noted in the table, we plan to follow up the status of these recommendations in 2011. That concludes my remarks.

**The Chair:** — Thank you very much. We'll turn it over to Deputy Minister Quarshie for her response.

**Ms. Quarshie:** — Thank you, Mr. Chairman. The Ministry of Environment welcomes the advice and values the work of the Provincial Auditor and his staff as a means of helping us to continually improve processes.

We committed to the principles of transparency and accountability to government. It is with these principles in mind that we implemented a results-based regulatory framework that supports environmental and resource management outcomes, which in turns supports government's goals and objectives.

We've made some progress on some of the recommendations, and we continue to work to address some of the outstanding ones. And some of these were done in partnership with the ITO and the PSC [Public Service Commission].

In the Provincial Auditor's 2010 report, the ministry had 9 of 15 financial and administrative recommendations removed. The ministry was found to comply with the authorities governing its activities relating to revenue management, segregation of duties, and financial reporting. The auditor also indicated that the ministry complies with the establishment of processes for changing lease rates, inventory controls, and monitoring agreements.

The internal audit function within the ministry is viewed as suitable, as it is the ministry's compliance reporting mechanism and is a multi-year plan for information technology as well. We committed to fully addressing all of the recommendations.

With respect to the recommendation to improve the ministry's human resource plan, the ministry and the PSC are working jointly together to develop a human resource plan over the next four years. This plan encompasses a comprehensive transition strategy that lays out the plan for change management and cultural change initiatives as the ministry adopts its results-based initiatives. There is also a learning and development strategy within the plan as well as a four-year workforce adjustment strategy.

Respecting the auditor's recommendation regarding control over bank accounts, the ministry has established rules to reconcile its bank accounts promptly. For example the minister currently reconciles 25 bank accounts monthly, resulting in about 300 bank reconciliations annually. The ministry notes that in 2009-10, bank accounts were not reconciled in a timely

fashion. In 2010-11 the ministry applied resources to improve the timeliness. The results have been positive. So for example the average days taken to reconcile and approve the main bank account in 2009-10 was 61 days; in 2010-11 we reduced it to 34 days.

With respect to the Provincial Auditor's recommendation regarding payroll guidance, the ministry's policies and procedures for preparing payroll, including the amount owing to terminated employees, are adequate. However we recognize that we need to continue to remind supervisors to ensure that they are diligent in advising the PSC upon termination of employees.

The ministry joined the employee resource centre in February 2010, and plans to follow the managers' checklists that has been developed on the ESC [employee service centre] website.

Regarding the Provincial Auditor's recommendation for adequate ITO service level agreement, the current agreement became effective April 1st, 2008 and addresses both disaster recovery and security management services to the full extent of ITO's capabilities. This agreement is consistent with other agreements signed by other ministries. And we continue to work with the ITO to communicate the ministry's requirements, and we are actively working to improve the capabilities through this action, including outsourcing some of the network and data management services.

Respecting the Provincial Auditor's recommendation on secure systems and data, the ministry will continue to work in concert with the ITO and other ministries to ensure that we have a consistent government-wide approach to this issue.

[11:30]

With respect to the Provincial Auditor's recommendation regarding a business continuity plan, the ministry has developed a draft plan which will be adopted this year. The business continuity planning committee has been established to facilitate the implementation of the plan. The plan incorporates linkages to the PSC's human resource policy framework and the ITO service delivery to ensure consistency across government. Furthermore both the plan and the associated planning committees are linked to the provincial emergency response process.

With respect to the four recommendations regarding contaminated sites, I'm not sure, I think the Provincial Auditor deferred that. So I think I'm not going to comment on those details, Mr. Chair, unless you want me to.

And also there were some recommendations regarding air quality, and I'm going to skip those comments unless you want me to get into those details.

So thank you very much for the opportunity to respond.

**The Chair:** — Well, thank you very much, and I know, to committee members, we don't have any specific new recommendations here, but we had many outstanding recommendations. And I want to thank the ministry and deputy minister for highlighting the work that's gone on to date to

comply with those recommendations. It's important to come into compliance and certainly, for the public that follows this, certainly this committee and the auditor's office does follow up and track and value that work. So we'll continue to follow it, but thank you for work to date as well.

Questions from committee members or comments from committee members? Not seeing any, I would like to thank Deputy Minister Quarshie for a detailed summary of the work to date. Thank you very much.

Thank you to officials who have come out here today. I know it's an incredibly cold day as well, and we wish you safe driving and a good day. And thank you very much.

**Ms. Quarshie:** — Thank you so much.

**The Chair:** — By the way, to communicate to the committee, it would appear that we'll take a brief recess. We'll reconvene with Energy and Resources at 12:30 is our hope. We're just making sure; that's pending availability. And we are bumping ahead the Ministry then of Liquor and Gaming to join us at 1 p.m. So we'll recess until 12:30.

[The committee recessed for a period of time.]

[12:30]

### Energy and Resources

**The Chair:** — We'll reconvene at this point in time with the Standing Committee on Public Accounts. We'll turn our attention this afternoon to Energy and Resources, specifically the Provincial Auditor's report volume 2 in 2010, that being chapter 6, Energy and Resources. At this point in time, I would like to welcome Deputy Minister Campbell and his officials for joining us here today. Maybe what I'll do is I'll ask Mr. Campbell to introduce his officials, then I'll turn it over to the auditor's office to make a presentation. And then subsequent to that, you'll have a chance to respond. Mr. Campbell.

**Mr. Campbell:** — Right. Thank you, Mr. Chair. On my left is Twyla MacDougall. She's our assistant deputy minister of corporate and financial services. And on my right is Steve Rymes who is our director of engineering services on the petroleum and natural gas side, and he's the acting assistant deputy minister of petroleum and natural gas for this week.

**The Chair:** — Thank you very much. I'll turn it over to the Provincial Auditor's office for their presentation.

**Ms. Ferguson:** — Thank you, Chair. I'd just like to introduce Mike Heffernan who's going to be making the presentation, and Glen Nyhus who is responsible for the audits of Energy and Resources.

**Mr. Heffernan:** — Mr. Chair, committee members, officials, for the year ended March 31st, 2010, the Ministry of Energy and Resources had adequate rules and procedures to safeguard public resources. It complied with authorities governing its activities, and the financial statements of its three funds are reliable. These funds are listed on page 68.

The ministry has implemented our 2003 recommendations on the adequacy of its procedures to accurately assess and collect all royalties and taxes due to the ministry. It has prepared an overall audit plan, including the estimated resources required to carry out the plan, and has improved its supervisory practices to ensure that all audits are approved and carried out as planned.

The ministry has also implemented our 2005 recommendations on the adequacy of its processes to identify strategic risks. It has implemented a systematic process for identifying and quantifying the specific risks that it faces by creating a risk assessment that assesses the likelihood and significance of risks to identify priorities. That concludes my remarks.

**The Chair:** — Thank you. I'll turn it over to Deputy Minister Campbell and the Ministry of Energy and Resources.

**Mr. Campbell:** — Right. Thank you. I'm certainly pleased to be here today to discuss the Provincial Auditor's 2010 report. We have a good working relationship with the Provincial Auditor and certainly value the auditor's opinions as it relates to our operations. We are pleased to see in the report that we have followed up on previous recommendations, and we've seen a lot of value in that ourselves, especially on the risk management side. I think that's a very useful set of processes we now have under way that we update on a regular basis. And I think that overall we're pleased with the report, and we look forward to any questions the committee may have.

**The Chair:** — We don't have really any new recommendations before us here today. We do have the outstanding recommendations that were mentioned, and certainly we value as a committee the work towards compliance that's occurred in receiving that report. But we may have questions or comments from committee members? Not seeing any, Mr. Campbell, we appreciate your time coming before us here today, on what's a incredibly cold day. And thank you to your officials as well, and we look forward to meeting again. Thank you.

We'll have a brief recess, and then we'll move forward with consideration of Liquor and Gaming Authority.

[The committee recessed for a period of time.]

### Liquor and Gaming Authority

**The Chair:** — We'll reconvene at this point the Standing Committee on Public Accounts. We'll focus our attention on the Liquor and Gaming Authority. We welcome Mr. Lacey, president and CEO [chief executive officer] of the Liquor and Gaming Authority and officials for joining us here today. Thank you very much. At this point in time before I turn it over to the auditor to make their presentation, what I'll ask is that Mr. Lacey introduce his officials here with him today.

**Mr. Lacey:** — Thank you, Mr. Chair. To my left is Rod Wiley, vice president and chief financial officer for SLGA [Saskatchewan Liquor and Gaming Authority]. To my right, Warren Fry, acting vice-president of gaming operations; and sitting to my right behind me, Fiona Cribb, vice-president of regulatory compliance division. And sitting directly behind me is my executive assistant, Michel Carpentier, who expressed an interest to, in person, see the workings of the committee. So

he's here today in that capacity. Thank you.

**The Chair:** — Well welcome, Mr. Carpentier. And just like you having interest here today, many people are riveted to their televisions and computers here today to observe our proceedings here today. I will turn it over to the Provincial Auditor's office, and we're going to focus specifically on the 2010 reports, both volume 2, and then there's two parts from chapter 15, part A and part B.

**Ms. Ferguson:** — I'd like to just quickly introduce Michelle Lindenbach who's going to be making the presentation and is responsible for the audit findings. Thank you.

**Ms. Lindenbach:** — Thanks, Judy. Good afternoon, Mr. Chair, committee members, and officials. In chapter 15A we report the results of our audits for the year ended March 31st, 2010 for the Saskatchewan Liquor and Gaming Authority. This chapter includes five new recommendations and provides an update on four previously reported recommendations.

For most of the previously reported recommendations, we have noted reasonable progress. The exception is our recommendation on Liquor and Gaming following its information technology policies and procedures to protect its computer systems and data, especially its customers' credit card information. We have made this recommendation since 2007 and more progress is needed. Liquor and Gaming stores sensitive information on its computer systems such as credit card information, and it is not adequately secured.

For the rest of my presentation, I will focus on the five new recommendations. These recommendations relate to three areas. The first area notes non-compliance by Liquor and Gaming in following its performance evaluation policy. Formal evaluations were not documented for 60 per cent of its managers.

The second area notes that Liquor and Gaming needs to manage its contractual costs related to the pension plan for certain employees of the Western Canada Lottery Corporation. Pension costs can be extremely volatile and need to be managed.

Liquor and Gaming is responsible for monitoring gaming regulatory activities so that gaming regulations are applied consistently throughout the province. The third area reports that Liquor and Gaming had adequate processes to monitor the Indigenous Gaming Regulators Inc. compliance with charitable gaming regulatory agreements except that it needs to make three improvements. We recommend that Liquor and Gaming needs processes for identifying key risks to charitable gaming, preparing timely written reports to senior management about compliance, and documenting new or revised actions required for consistent application of the regulations. And that concludes my remarks.

**The Chair:** — Thank you very much. Now what I'll maybe ask, if you're prepared to do, is to focus in on part B as well at this point in time. Or does that conclude . . . Or is it a separate presentation . . . [inaudible interjection] . . . Let's leave them separate and unique then. Mr. Lacey.

**Mr. Lacey:** — Thank you. I think I'll start by saying that SLGA accepts all of the Provincial Auditor's recommendations.

We appreciate the work done by the auditor and we've made progress in implementing all the recommendations raised in his report. And perhaps I'll focus on the five new ones and just provide the committee a quick update on where we're at with respect to those.

So recommendation no. 1, which is on page 243 of this report, we report that this recommendation has been fully addressed by SLGA. For the last fiscal year, 2009-10, all out-of-scope employees have had formal documented performance evaluations and planning and feedback evaluations done.

With respect to recommendation no. 2, which is on page 244 of the auditor's report, I think it best to characterize this one as in progress. We're continuing to work with Western Canada Lottery Corporation, WCLC, with respect to monitoring our exposure of pension costs under our contract with them. And when those contracts are up for renegotiation, we'll also use that as an opportunity to explore ways to further minimize our exposure.

Recommendation no. 3 on page 249, this is work-in-progress. We're currently working to formally document the key risks to charitable gaming related to the agreement with IGR, the Indigenous Gaming Regulators.

Recommendation no. 4, page 249, we have amended our internal processes to address this recommendation including a summary report to be provided to senior management with respect to staff's evaluation of IGR and our agreement with IGR. And we're currently using those processes the latter half of this fiscal year.

And then finally, with respect to recommendation no. 5 on page 251, we are currently working with IGR to improve our processes with respect to ensuring that the licensing agreement accurately reflects any amendments made to the agreement as agreed to by both IGR and SLGA.

And perhaps I will make one comment with respect to the previous recommendations that are in the report, where the Provincial Auditor's reporting progress I think with the one item they flag with respect to IT security, and would like to provide the committee an update around that piece.

We have just currently completed implementation of a new point-of-sale system in our retail liquor stores. And previously before the implementation of that system, customer credit card information would remain on our IT system, which I think was part of the risk, one of the significant risks the Provincial Auditor's office has been flagging. With the implementation of this new system, we don't keep any credit card information on our systems. So that banking transaction, information flows right from the PIN [personal identification number] pad at point-of-sale right to the bank and back to us. And the bank basically attaches a different identifier to it, so there's follow-up issues we have with that transaction. There's a different identifier that we can work with the bank on as opposed to the credit card information.

And with that, that'll conclude my comments. And my officials and I would welcome any questions the committee may have.

[12:45]

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — So in terms of recommendation no. 1 — welcome to Barry and all of his officials — can we safely say that performance evaluations were done but not necessarily a record kept?

**Mr. Lacey:** — My understanding is the year in which this recommendation relates, looking at the performance evaluations we had done in 2008-09, to be quite frank we were disappointed in the formal evaluation rate that the Provincial Auditor had observed. It would be fair to say that there would have been informal discussions with staff. Pay range movements do tie to performance evaluations, so there would have been obviously evaluations or ratings having to be given out in order to move the pay range, and those informal discussions would have occurred.

In that particular year it was a year of transition for us. We were moving to a new performance evaluation management system, and as well we had some changes to key individuals in our HR [human resources] division. So while unfortunate, you know, we did not have the formal evaluation rate that we would like to see. And being into the second year of that program, I am pleased to report that there was 100 per cent compliance rate with respect to formal evaluations.

**Ms. Atkinson:** — Okay, thank you. In terms of the contractual costs related to the pension plan, I guess I wanted to ask the auditor to explain that a little more in depth because I'm not quite clear on the background information in the recommendation. If you could give a little more information. Thanks.

**Mr. Nyhus:** — I'm Glen Nyhus, and I'll try and do my best. In regards to the contract with WCLC, Liquor and Gaming is responsible for all the costs of the services that WCLC provides in the province. And so as a result, because WCLC has a defined benefit plan, the costs of that plan are going to be borne by Liquor and Gaming. And at the moment, unless it's changed in the past few months, Liquor and Gaming wasn't getting sufficient information to monitor those costs or to influence those costs, you know, for the future years. So that's why we report it there.

**Ms. Atkinson:** — Okay, thank you. So to Liquor and Gaming, so this is the old defined benefit plan. How many employees would be over at WCLC that we need to be concerned about?

**Mr. Lacey:** — It would be in the range of 80 employees, give or take five.

**Ms. Atkinson:** — Okay. And so what is the total liability?

**Mr. Lacey:** — At the end of last fiscal, there was an unfunded liability of \$2 million, I'm told. I understand that has fluctuated over the years, and the previous year it was in a surplus position.

**Ms. Atkinson:** — Okay. So it's in a deficit position at the moment. So does Liquor and Gaming, given that Liquor and

Gaming had for the year under review in excess of \$400 million in, I guess we'd call it net income, are there arrangements made for Liquor and Gaming to use some of that net income to deal with your liability question or issues?

**Mr. Lacey:** — I will defer that question to Mr. Wiley.

**Ms. Atkinson:** — Sure.

**Mr. Wiley:** — Thank you for that question. We're not looking at this point at directly adding resources to cover the deficit. So that really, as you might be aware in looking at defined benefit plans, the amount that's in deficit or surplus at any time fluctuates around the market. And so although it is in a deficit as of last fiscal year, I believe I'm correct in saying the year before it was in a surplus.

So I think the one thing I would say is we agree with the Provincial Auditor with respect to the fact that that fund or that pension is funded by the Government of Saskatchewan, and needs to be managed by SLGA. But the level that the fund is at right now isn't a particular concern. I think the fact that we need to take steps to make sure that we are providing appropriate monitoring and taking steps as necessary is the key point. And we have agreed with the auditor that that is what we will be working toward.

**Ms. Atkinson:** — Well I heard Mr. Lacey say that this is a recommendation that's in progress in terms of Liquor and Gaming Authority. So tell me how it's in progress. How are you managing those contractual costs?

**Mr. Wiley:** — There's a couple of ways. First of all we do work directly with WCLC and have routine meetings at a management level. From a governance oversight perspective I'll just maybe give a little bit of background and that will help.

The Government of Saskatchewan is one of three provinces that sponsor WCLC. They are a non-profit body and, under the governance framework, each of the provinces has two representatives. So the Government of Saskatchewan appoints two representatives annually. That would be the primary contact where we would need to ensure that proper governance and oversight is occurring.

So I would point out that the pension plan that we're talking about doesn't just affect employees that work in Saskatchewan that are direct flow through to us, but affects all employees of the program. So ensuring that there's proper oversight over the whole pension is a responsibility of the board to ensure that management's doing that. So between those two things, the board oversight that we're looking to make sure we have proper contacts and communicate any information to the provincial government board reps, and then through regular meetings.

We also have a contractual arrangement with WCLC. At current that arrangement is carrying on on a month-to-month basis. The primary term is expanded. But it would also provide us with an opportunity to open up discussions with WCLC if we had additional concerns. I would point out though that WCLC is a non-profit. The dollars do in the end flow through. They wouldn't have a source other than government funding. So the governance, it would be what I would point to as the key way to

government to make sure that the costs are being managed on a ongoing basis.

**Ms. Atkinson:** — I'm trying to recall this. Is it officials from SLGA that sit on the board of the Western Canada Lottery Corporation.

**Mr. Lacey:** — The broader agreement with the Western Canada Lottery Corporation, which deals with the interprovincial lotteries, that's generally WCLC's primary focus. On the tri-province agreement, the lead agency on that's the Ministry of Tourism, Culture, Parks, Sport. I'm not sure if I got that in the right order. And I understand there's one government official from that ministry that sits on the board of WCLC, and then the other Saskatchewan representative I understand, it's my understanding is a member of Sask Sport.

So if I could just maybe follow up on Rod's comments. So the pension plan is a broader pension plan that covers all WCLC employees. Our contract with WCLC just relates to the VLT [video lottery terminal] program, the operation of the VLT program and the slot machines at the First Nations casinos. So our employees would be a subset of this broader pension plan. So the issues described here I think, while the Provincial Auditor is noting here that because we have that contractual obligation we should have some awareness of any risks or concerns around the pension plan, this is obviously a broader issue with respect to pension plan management that the broader governance of WCLC, you know, would be responsible for. And to some extent for us, it's a mitigating factor given we have two government representatives on that board.

**Ms. Atkinson:** — Okay. Well, but then what's changed? I mean, not to . . . Since the auditor made the recommendation, it doesn't seem to me anything. You say it's in progress, but I don't really see what's changed in terms of your behaviour or your approach.

**Mr. Lacey:** — My understanding, and the Provincial Auditor's office might have views around that, but part of what they flagged is with respect to is SLGA aware of changes being made to the plan? So any changes to the terms of the plan have an impact on the long-term surplus of the fund and future expenditures of SLGA as it relates to our contract with WCLC. So that would be one example.

Another example would be if there's changes in actuary assumptions with respect to forecasting out what those changes are. Provincial Auditor's view would be, and we agree with it, that we should have knowledge of what those actuary changes are. We may not be able to . . . My understanding what's occurring in the plan, it provides us an opportunity to make an assessment of whether or not we need to take action. And I think what the Provincial Auditor's flagging here is, previous to their recommendations we weren't doing a lot of work around that area.

So I think the significant step, first step for us to take here, is to become more aware and knowledgeable about the plan and changes being made to the plan. And having that information then can inform, if we have concerns, then to take necessary steps, as Rod has indicated, perhaps talking to our colleagues in the Ministry of Tourism, Culture, Parks, Sport with respect to,

we think there's an issue here. If we think there's an issue, that probably results in broader discussions. To date our view has been is there has not been concerns with respect to the administration of that plan. And I guess I just reiterate, I think the point the auditor's making is we need to ensure we know what's going on there so that we can take action if necessary.

**Ms. Atkinson:** — Thank you.

**The Chair:** — Further comments or questions? It was mentioned the renegotiation that will go on now with respect to partners on this. What's the timeline for that?

**Mr. Lacey:** — Well no timelines have been set around that piece. We're in a month-to-month. In part it was due to the fact that I understand the broader tripartite agreement between the three provinces hadn't been signed. I understand that was recently signed, or addressed, in the last year. So I would see in the upcoming year we'll begin discussions with WCLC. The current terms of the current contract are in place. Neither party has a lot of issues or concerns with that contract. But having said that, we do need to move forward with tying up a longer term commitment.

**The Chair:** — Specifically with recommendation no. 4, I noted progress being mentioned, and as well some reporting that's actually going on. So my question would be, from the perspective of Liquor and Gaming, recognizing what's been asked of the auditor, is compliance in place at this point in time for that specifically, senior management receiving “. . . timely, summarized, written reports of its quarterly and annual evaluations of the Indigenous Gaming Regulators' compliance”?

**Mr. Lacey:** — Sorry, Mr. Chair. We have the processes in place. The reason I was hesitant to say we were in full compliance is that this summary report hasn't hit my desk yet or our senior management team's desks. It will in the next month, and when it does I will be able to report full compliance.

**The Chair:** — I believe I heard for recommendation no. 1 that full compliance had occurred. I maybe would seek a motion of that nature.

**Mr. Hart:** — Thank you, Mr. Chair. I would move that with regards to recommendation no. 1, the committee concurs with the auditor's recommendation and notes compliance.

**The Chair:** — Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 1 of chapter 15A and note compliance. Mr. Hart.

[13:00]

**Mr. Hart:** — Mr. Chair, I would move that with regards to the auditor's recommendation no. 2 that we concur with the recommendation and note progress.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 2 and note progress. Mr. Hart.

**Mr. Hart:** — I would move recommendation no. 3 that the committee concurs with the auditor's recommendation and notes some progress.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's so moved that this committee concur with recommendation no. 3 and notes some progress. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I would move that with regards to recommendation no. 4 that the committee concurs with the recommendation and notes significant progress.

**The Chair:** — We may be getting back into Mr. D'Autremont's qualifying discussion here of adequate and some and . . . [inaudible interjection] . . . No, I'm fine with your . . . All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 4 and note significant progress. Mr. Hart.

**Mr. Hart:** — Mr. Chair, with regards to recommendation no. 4, the committee concurs with the auditor's recommendation and notes progress.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that . . .

**Mr. Hart:** — No. 5, sorry. No. 5.

**The Chair:** — So just to clarify, this is for recommendation no. 5. It's a motion of noting concurrence and progress. All in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 5 and note progress. Without any further questions or comments from committee members, I will turn it over to the Provincial Auditor's office to present their next presentation.

**Ms. Ferguson:** — While Rosemarie's setting up, I'll just introduce. It's Rosemarie Volk that will making the presentation, and she'll be assisted by Michelle.

**Ms. Volk:** — Good afternoon. In the latter half of this chapter, we report our results on the audit for the year ended March 31st, 2010 for the Saskatchewan Indian Gaming Authority. This chapter includes six new recommendations and provides an update on five previously reported recommendations. SIGA

[Saskatchewan Indian Gaming Authority Inc.] has met six of the recommendations made last year and has made reasonable progress on most of the remaining five previously reported points.

One exception is our recommendations on SIGA developing an information technology strategic plan and a complete disaster recovery plan to protect its computer systems and data. We have made these recommendations for several years and more progress is needed. SIGA places significant reliance on its computer systems to operate. Without adequate plans in place, an unplanned interruption of IT services may result in a loss of revenue.

The rest of my presentation will focus on the new recommendations. These recommendations relate to three areas.

First area relates to the need for guidance to employees. We make two new recommendations, both related to information technology.

First, we note that SIGA needs to segregate responsibilities of its IT staff so that one person cannot both develop and make IT system changes. Lack of segregation of duties between the development and implementation functions in an IT environment increases the risk of unauthorized and incorrect changes to systems and data resulting in errors in financial information.

Second, we recommend that SIGA perform regular reviews of its computer application user accounts, a regular review of checks that each employee's access is only granted to specific computer applications when it is needed to carry out their responsibilities.

The second area covers the need for training and supervision of employees. We make three recommendations. Although SIGA has established policies in each case, they are not enforcing them.

First, we recommend that SIGA follow its policies to control capital assets. SIGA requires a periodic count of capital assets which is then compared to the accounting records to make sure its accounting records are complete and accurate. SIGA staff have not counted the assets at all of their casinos, so SIGA cannot ensure that they have appropriately accounted for all of its capital assets.

Second, we recommend that SIGA follow its computer password-setting policy. SIGA has established a password-setting policy but does not enforce it for its financial system applications. Appropriate password settings help to reduce the risk of unauthorized users accessing financial data.

Finally, we recommend that SIGA follow its policies of timely review and approval of journal entries. We found that employees sometimes reviewed and approved journal entries several months after the adjustments to the accounting records had been made. Lack of timely review and approval of such adjustments increases the risk of loss of public money due to fraud or errors without timely detection.

The third area deals with non-compliance with the law. We

recommend that SIGA comply with the proceeds of crime and terrorist financing Act. Under this Act, SIGA's required to assess and conduct the risk of money laundering or terrorist financing offences at its casinos. It has not done so. SIGA needs to develop and maintain a compliance training program for its employees so that they can identify, document, and submit forms on potential money laundering or terrorist financing activities to the Financial Transactions and Reports Analysis Centre of Canada, also known as FINTRAC. That concludes my remarks.

**The Chair:** — Thank you very much. We'll turn it over to Mr. Lacey and Liquor and Gaming for their response, specifically focusing in on the new recommendations and the actions towards compliance, and if in fact compliance has been achieved.

**Mr. Lacey:** — Thank you, Mr. Chair. With respect to this section of the chapter, both SLGA and SIGA accept the Provincial Auditor's recommendations, and SLGA remains committed to working closely with SIGA in implementing the necessary changes.

With respect to recommendation no. 1 on page 260 relating to the segregation of responsibilities in their IT division, we report that SIGA has developed adequate processes for segregation of duties related to all of their in-house systems. However work is continuing with respect to addressing the auditor's recommendation with respect to the segregation of duties as it relates to their financial system, which is a off-the-shelf bought system, but progress is being made on that piece.

Recommendation no. 2 on page 260 relating to regularly reviewing user accounts. SIGA now has a review process in place where user account access is reviewed on a quarterly basis. And we consider that recommendation to be addressed.

Recommendation no. 3 relating to capital asset review on page 261 of the report, SLGA's working with SIGA to ensure there are adequate processes in place to track and monitor all capital assets. SIGA does have processes in place with respect to its IT assets. However they don't have effective processes in place with their other assets stream, including assets that have been fully depreciated. And we are currently working with SIGA as it reviews its policies in this area to become compliant with the recommendation.

Recommendation no. 4 on page 262 which relates to computer passwords, particularly with respect to SIGA's financial system. SIGA has addressed that recommendation and improved its password security over its financial system. So we consider that recommendation to be addressed.

Recommendation no. 5 on page 262 with respect to timely review and approval of journal entries pursuant to its policy. This was an issue for SIGA in the early part of the fiscal year under review of 2009-10. Since the early part of that year, they have been in compliance with their policy, so we consider that recommendation to be addressed.

And with respect to recommendation no. 6 around the proceeds of crime and terrorist financial Act. We report that SIGA's currently in the process to fully address this recommendation.

I should note that SIGA has and continues to report activity to FINTRAC as required under the Act. But specifically the actions it's taken to fully address the Provincial Auditor's recommendations, it has developed a program to train all employees regarding their obligations under the Act, including a refreshment program for employees, required of employees on an annual basis.

In addition they have completed a risk assessment as required by the Act, and this risk assessment is being incorporated into SIGA's broader enterprise risk management plan. And that concludes, I guess, my comments, Mr. Chair.

**The Chair:** — Thank you very much. Looking for questions. Ms. Atkinson.

**Ms. Atkinson:** — This isn't going to be really questions but just to comment. When you've had a front row seat to issues over a number of years such as I have and have watched the progress that has been made when it comes to Indian gaming in the province of Saskatchewan, I think, this is just my view, that the Provincial Auditor's report today is remarkable. And it really does speak to the work of SLGA, some long-time employees who have been here through the thick and thin of it all. And I just want to congratulate you on your ability to make this work.

And I also want to congratulate Saskatchewan Indian Gaming Authority for working very closely with SLGA and complying with the Provincial Auditor. And I think we're now in a position where we have a lot to be very proud of when it comes to Indian gaming in the province, and I think that speaks to the work that SLGA has done with SIGA. So I just wanted to put that on the public record: while there's six recommendations, huge progress has been made, and we should be thankful.

The only question that I have about this is the following. Or it's the recommendation from 2009, and I'm not sure where this is at. And it has to do with dispute resolution processes with key partners before starting major projects. And I don't believe we have any major projects in the province at the moment. But I'm just wondering, is this a realistic recommendation given how this seems to work? Just a question.

**Mr. Lacey:** — Good question. We agree with the Provincial Auditor's recommendation that it would be best practice with respect to large capital construction agreements having a dispute resolution clause in it. And this recommendation really came about with respect to the Provincial Auditor's review of some of the big capital projects that SIGA had done in the past at Dakota Dunes, in the Swift Current casino. So there hasn't really, I guess first off my first comment would be is there really hasn't been any large projects that probably this clause would directly relate to in the last couple of years.

So we agree with the Provincial Auditor's recommendation and continue to have discussions with SIGA about, you know, when there's large construction projects, this is best practice and work with them to encourage that type of a language to be included.

Many of SIGA's agreements are with its membership, with tribal councils, other First Nations. And within that culture there other processes and mechanisms with respect to dealing with

issues. You know, it's a very community-based dialogue with respect to working through issues. And to be quite frank, with those large construction projects there were no issues that weren't dealt with through the processes and the dialogue that SIGA had in place.

So while I'd make that overarching comment that that is kind of the environment in which SIGA operates and who many of its partners are, we continue to recognize and want to work towards best practice. So we accept the Provincial Auditor's recommendation and continue to have those discussions and dialogue with SIGA.

**Ms. Atkinson:** — Thanks.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — Thank you. I would like to echo Ms. Atkinson's comments about SLGA and SIGA. Having sat on PAC [Public Accounts Committee] for a number of years and been involved with SLGA and SIGA both, they have come a tremendous way from the initial stages. And I think a large part of that credit has to go to SLGA and to the SIGA board, in particular President Zane Hansen who has done a marvellous job as president of SIGA.

And certainly we're dealing with six recommendations, but in comparison to a number of years ago these recommendations are not as near as significant. There's still risks involved, but they're not nearly as significant as they were at the start of SIGA.

And, you know, I look at the IT questions there of passwords and that's been a recommendation we've seen on virtually every ministry that's come forward. So SIGA is certainly not being singled out in this manner, but all agencies I think are equally, need to be equally diligent in that matter. And so I too would like to congratulate SIGA, their board, President Zane Hansen, and SLGA for moving this file ahead so significantly.

[13:15]

**The Chair:** — A question from Ms. Atkinson.

**Ms. Atkinson:** — I just want to make this observation that it wasn't quite 20 years ago when all of this began. You know, there was a lot of risk involved in this from both politically and otherwise, and I just think that in terms of development, you know, development takes time. And when you're a minister or a government, you sometimes forget that, but public servants often understand this. And I think that, while it's true that we have a very capable CEO, I also think that this has been a developmental process that we've gotten to this point.

And I just think we really need to thank the patience of public servants in various ministries, I know, but certainly SLGA for the work, and it was very intense work when there was a lot of public scrutiny. And I just think that we should be all proud of what's been accomplished. And you should be proud, SLGA should be proud of what's been accomplished along with the people at SIGA.

**The Chair:** — Mr. Hart, I think we've got pretty good updates



of the progress as well that's occurred and some of the actions and in some cases compliance maybe. I would welcome some motions.

**Mr. Hart:** — Certainly. With regards to recommendation no. 1, I'd move that the committee concurs with the recommendation and notes progress.

**The Chair:** — Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 1 from Chapter 15B, Saskatchewan Indian and Gaming Authority, and note progress. Mr. Hart.

**Mr. Hart:** — With regards to recommendation no. 2 in the same chapter, I would move that the committee concurs with the auditor's recommendation and notes compliance.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 2 and note compliance. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I'd move, with regards to recommendation no. 3, that the committee concurs with the auditor's recommendation and notes progress.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 3 and note progress. Mr. Hart.

**Mr. Hart:** — Mr. Chair, with regards to recommendations no. 4 and 5 in this chapter. I would move that the committee concurs with the auditor's recommendation and notes compliance on both recommendations.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendations 4 and 5 of the Provincial Auditor's report volume 2, 2010 and note compliance. Mr. Hart.

**Mr. Hart:** — And finally, Mr. Chair, with regards to recommendation no. 6, I would move that the committee concurs with the auditor's recommendation and notes progress.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 6 and note progress. Well at this point in time, I think we'd simply like to thank officials for coming before us here today from the Liquor and Gaming Authority,

Mr. Lacey and officials. Thank you. Safe driving. It's an ugly day out there today.

At this point in time, just looking at our agenda, we're left with one item for consideration here today, and that's the consideration of the Provincial Auditor's selection process. And I believe Mr. Hart has a motion.

**Mr. Hart:** — Mr. Chair, I would move that the committee now go in camera.

**The Chair:** — Mr. Hart moves that the committee go in camera for the consideration or an update on the selection process of the Provincial Auditor.

**Mr. Hart:** — Yes.

**The Chair:** — All in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee go in camera for the selection process considerations.

[The committee continued in camera.]

**The Chair:** — At this point in time, with all the considerations for the day being completed, the business for the day being considered, I would welcome a motion of adjournment.

**Mr. D'Autremont:** — I would so move, Mr. Chair.

**The Chair:** — Moved by Mr. D'Autremont. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — So adjourned.

[The committee adjourned at 14:00.]