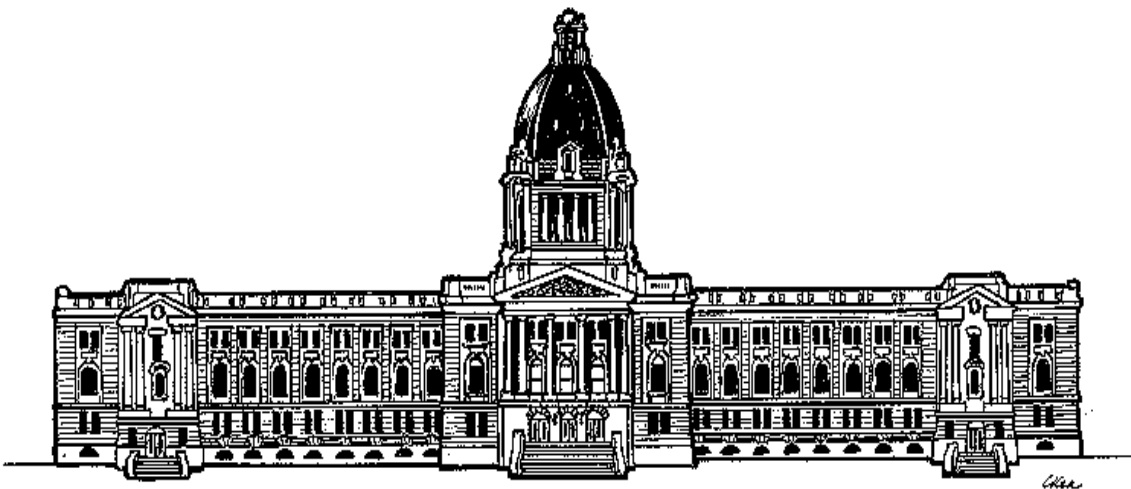




# **STANDING COMMITTEE ON PUBLIC ACCOUNTS**

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## 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 09:47.]

**The Chair:** — Good morning, committee members and guests. We will move ahead here this morning with the primary purpose for our agenda which is Corrections, Public Safety chapters from the Provincial Auditor and recommendations from those reports. That would be specifically volume 1 and volume 2, chapter 4 in both, of the 2010 Provincial Auditor's report. I would direct those that are tuning in from home to reference [www.auditor.sk.ca](http://www.auditor.sk.ca) to find copies of the reports that will be referenced and discussed here today.

At this point in time I would like to table a couple of documents: PAC 31/26, Virtus Group, correspondence outlining the terms of engagement to audit the Office of the Provincial Auditor dated March 24th, 2011; and PAC 32/36, Ministry of Finance, reporting of public losses for the period from January 1st, 2011 to March 31, 2011, dated April 29th, 2011. So those two documents are deemed referred.

At this point in time I'd like to welcome committee members: Vice-Chair Mr. Hart, Mr. D'Autremont, Mr. Stewart, Mr. Gantefoer, Mr. Michelson, and Ms. Atkinson. And at this point in time, I would like to welcome our . . . I guess, the first meeting for our new Provincial Auditor in the province of Saskatchewan. I'd like to welcome Ms. Lysyk, and I would at this point in time, I would ask her to introduce the officials that are here with her today.

**Ms. Lysyk:** — Good morning, Chair, Vice-Chair, and the Public Accounts Committee, and officials. I'm pleased to appear before this committee for the first time in my new role as your Provincial Auditor, and I look forward to working with you and the officials here today.

I have with me here today Kelly Deis. Kelly is the audit principal with the office who led the work in the chapters being discussed today. Kim Lowe, our liaison with this committee. And Jane Knox, our audit principal with the office who was involved in the work on the chapters being discussed today as well.

**The Chair:** — At this point in time, I'd like to welcome our Provincial Comptroller, Mr. Paton, here as well, and I believe joined by Ms. Taylor here today.

**Mr. Paton:** — That's correct.

**The Chair:** — Thank you for joining us. And maybe just before we get into business, if you don't mind, Mr. Hilton, we do have a quick time . . . This is the first time that we've met with both our new Provincial Auditor, but we also haven't had a chance to, I think, pay our respects to outgoing Acting Provincial Auditor Brian Atkinson who served the people of Saskatchewan for over 35 years in progressively senior roles within the Provincial Auditor's office. I think it's certainly . . . Certainly Mr. Atkinson has spent significant time around this table and has served the people of our province exceptionally well. Born and raised in Moose Jaw and a graduate of the College of Commerce at the University of Saskatchewan, Mr. Atkinson truly did dedicate himself to the office of the auditor and the important role it plays to the people of the province.

At this point in time, we've already discussed with all committee members, we would like to move a motion of our support, and I'll do so at this point. I so move:

That the Standing Committee on Public Accounts thank Mr. Brian Atkinson for his great service to the people of Saskatchewan, particularly through his senior leadership in the Provincial Auditor's office and for his service as Acting Provincial Auditor.

I so move. All in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — All agreed. Unanimously, we can note. So thank you to Mr. Atkinson.

### Corrections, Public Safety and Policing

**The Chair:** — At this point in time, I believe we're ready to have Deputy Minister Hilton introduce his officials here with Corrections, Public Safety and Policing, and then at that point in time what we'll do, Deputy Minister Hilton, is turn it over to the Provincial Auditor's office to make their report and then turn it back to your office for subsequent comments. Deputy Minister Hilton.

**Mr. Hilton:** — Thank you, Mr. Chair. First of all let me welcome the new Provincial Auditor to her new role. We had just an opportunity to talk on the phone for a few minutes yesterday and look forward to working with her.

On my right is Margaret Anderson who's the executive director of corporate services. And on my left is Jeff Markewich who's the director of financial planning services. And behind me is Marlys Tafelmeyer who is my executive director of my HR [human resources] team. Thank you.

**The Chair:** — Thank you, Deputy Minister Hilton. At this point in time, I'll turn it over to Provincial Auditor Lysyk and her office to make presentation with respect to this. I guess we would focus maybe on volume 1, first of all, from the 2010 Provincial Auditor's report as it relates to Corrections, Public Safety and Policing.

**Ms. Lysyk:** — Firstly I would like to thank the ministry for their openness and their co-operation during the work that was covered in these chapters. That is very much appreciated, and there were a lot of good words about the ministry said by the audit team in terms of co-operation, openness, and good discussions.

I'll start by providing an overview of chapter 4 in volume 1. Chapter 4 begins on pages 25 and continues to page 49. The chapter contains 11 recommendations and nine previous recommendations approved by PAC [Public Accounts Committee]. This chapter contains three sections.

Section one, which covers pages 28 to 33, reflects audit work performed that concluded that the ministry complied with authorities and that the ministry had adequate rules and procedures to safeguard public resources for the year ended

March 31st, 2009, with the exception of the following: the ministry holds about \$500,000 on behalf of adult inmates and young offenders in 37 bank accounts. The bank accounts were not reconciled on a timely basis, and recommendation 1 was made on page 29 to deal with this issue. The ministry is now reconciling bank accounts on a timely basis.

The ministry has a shared service agreement with the Ministry of Justice covering administration, system services, communications, and human resources. Recommendation no. 2 on page 30 recommended that the ministry comply with the terms of the shared services agreement to ensure the ministry's needs will be met.

Recommendation no. 3 on page 31 addresses the need for the ministry to supervise its employees to ensure that they follow the ministry's policies and procedures for paying amounts owed to employees. This issue was raised in volume 1 and was followed up again in volume 2 with similar results. The ministry overpaid approximately 190,000 of salary and vacation to employees as of September 30th, 2009, and 230,000 as of March 31st, 2010. As well one employee was overpaid by about 80,000. And in another case, an employee submitted incorrect time cards and was paid overtime for shifts not worked.

An update on four recommendations previously agreed to by PAC is then provided on pages 31 to 33. And you just want to note that the ministry has made progress on these recommendations that dealt with strengthening internal audit, protecting its information systems data, and completing and implementing a business continuity plan.

In Section 2 on pages 33 to 37, the office conducted a follow-up of recommendations from a 2008 report volume 1 audit on rehabilitation of sentenced adult inmates that were also previously agreed to by PAC. The ministry has made progress on all of the recommendations and completed action on one as at March 31st, 2010.

Now if we go to section 3 on pages 38 to 49, this provides the results of an audit of the process to manage correctional centres' labour cost related to absenteeism. This audit was focused on a management of absenteeism and related overtime at provincial correctional centres. The ministry is responsible for managing provincial correctional centres and related labour costs. The ministry has over 2,000 employees, including 925 corrections workers, who work in four correctional centres located in Saskatchewan.

The ministry's labour cost related to absenteeism increased substantially from 2004 to 2009. For the nine months ended December 31st, 2009, total labour costs for the correctional centres totalled 46.9 million, including overtime of 6.7 million or, in other words, 14 per cent of labour costs. The ministry's 2009-10 overtime budget was 2.8 million.

The office concluded that the ministry did not have adequate processes as of December 31st, 2009, to manage provincial correctional centres' labour costs related to absenteeism. In summary the ministry did not at that time adequately set expectations regarding labour costs, had weak processes to schedule employees for work, and did not adequately analyze factors that influenced labour costs or take action on known

problems.

Now in detail, the ministry did miss opportunities to communicate expectations, did not set thresholds to monitor sick leave in excess of hours worked, did not approve leaves of absences before leave was taken, and did not correctly record the hours worked by employees, and did not pay employees in all cases accurately. It gave managers very limited information about costs or patterns of absenteeism, sick leave, and overtime, and did not prompt and provide consistent action to address absenteeism and overtime costs. If the ministry does not adequately manage absenteeism and related labour costs, it faces the risk of excessive costs and undetected abuse of absenteeism.

In response to these audit findings, the report includes eight new recommendations to address those weaknesses. And they are contained on pages 41 to page 48, and the recommendations are numbered no. 4 to no. 11. Thank you.

**The Chair:** — Thank you very much, Provincial Auditor Lysyk. I'll turn it over to Deputy Minister Hilton. And in your comments, Mr. Hilton, if you're able to focus specifically on those recommendations and actions and plans from your ministry, that's appreciated. Thank you.

**Mr. Hilton:** — Certainly. Thank you, Mr. Chair. First of all, I should say that we appreciate working with the Provincial Auditor. It's a helpful way to identify for us areas where we need to improve. And I'll speak to the recommendations in the four separate audits which we find in the two separate chapters. I'll speak very briefly to these audits and then more specifically as we review each of the four individual audits with the recommendations before us today.

So overall the Provincial Auditor's report for the periods ended August 31, 2009, and also March 31, 2010, identify that the ministry had adequate rules and procedures to safeguard public resources and that it complied with its respective authorities save for a few findings. The audit findings noted that there was need for further work to ensure that the ministry's policies and procedures are followed for paying amounts owed to employees so that inaccurate salary payments do not occur. And I would observe that new training and support have been provided to supervisors to ensure that employee timecards are accurate and timely. And I would also observe that we have improved processes with the Workers' Compensation Board related to better and timelier information which is now assisting us to track claims to ensure that salary payments do not over occur as well.

[10:00]

The ministry continues to make progress on the Provincial Auditor's recommendations, including focusing the internal audit function on areas of greatest risk to the ministry through regular meetings of the internal audit committee, approval of internal audit plans, and the internal policy for the ministry. Plans for 2011 include recruitment of a director of audit and risk management and developing a ministry risk assessment model to provide the basis for future audit activities.

Continuing to work with the Information Technology Office to

ensure that an adequate agreement on disaster and security is in place for the ministry. Currently disaster recovery within our business continuity plan is a . . . [inaudible] . . . processes for all facilities. The business continuity plan continues to be updated and tailored to meet different threats. Last year it was the H1N1 pandemic risk, and this year, as you know, it's flooding. As well internally, the ministry has taken steps to improve security through better procedures to ensure that IT [information technology] and facility access is removed when employees leave the ministry.

With respect to policing services division, we are establishing adequate written policies for making payments to First Nations for policing services by adding a new clause to the standard community tripartite agreements. This clause formally gives notice of the legislative authority to withhold payments for reason. Although not specifically spelled out on the current contracts, remedies under common contract law include holding back payments as a legal response when terms have not been met, such as failing to submit required annual reports or when community support services are not in place.

**The Chair:** — Mr. Hilton, I apologize for intervening. I think we're going to deal with . . . This now speaks to volume 2. Maybe what we'll do, just because we do have 11 recommendations from volume 1 and that's what the scope of the auditor's presentation was, maybe we'll deal with those 11, if that's appropriate, and that report first. And then we'll deal with volume 2 after that. So maybe just focus your comments right now around volume 1, chapter 4. And thank you very much.

**Mr. Hilton:** — Okay. So let me then speak specifically on a range of issues that were identified under processes to manage labour costs related to absenteeism. And here I can say there's been a lot of work done. We have moved staff to out-of-scope management positions to focus on managing absenteeism, and we focus a lot on management training. We have started to utilize more our on-call staffing pool. We have implemented an attendance management policy which was sort of the foundation for the broader Public Service Commission attendance management policy. We have implemented a code of conduct and commitment to excellence for employees, which lays out in great detail the expectation that we put on all employees.

We have taken action to limit shift trading and set maximums of our shifts to 8 and 12 hours. Shift trading was creating real challenges for us, and we operate in a fairly complex HR environment. We have the collective bargaining agreement, and we have 76 local letters of understanding. And in some facilities, shift trading is allowed. It is allowed without the approval of management in some institutions, and this creates problems for us.

We have implemented wellness initiatives, including employee training and facilitating return to work programs. And we are undertaking a review by an independent consultant on progress and actions to date on all of the issues identified in the auditor's report related to absenteeism and labour costs.

Specifically to the rehabilitation of sentenced adult inmates, just a couple of observations. In 2008 the Provincial Auditor

undertook an audit of rehabilitation policies and practices and concluded that the ministry had adequate processes in place to rehabilitate adult inmates based on the ministry fully meeting 8 of its 11 audit criteria.

Provincial Auditor provided four recommendations, and I guess I would simply say that I'm pleased to note that the 2010 follow-up report indicates that the ministry has made progress on all four recommendations, with one being fully completed.

And lastly, Mr. Chair, I'll just advise the committee that we continue to partner with Saskatchewan universities and others to evaluate the effectiveness of our programs and to make improvements on the three remaining recommendations that are there.

I might also simply add that it was hugely ambitious for the Provincial Auditor to do an audit on our correctional practices and our rehabilitative policies. I think the bibliography that we provided the Provincial Auditor was probably about 3 inches thick. And we provided them assistance in identifying an outside clinical expert to help them. So with that, I'll take whatever questions the committee might have.

**The Chair:** — Thank you, Deputy Minister, for those comments. I would look to committee members for questions on this chapter. Ms. Atkinson.

**Ms. Atkinson:** — Mr. Chair, could I suggest that we go through each of the recommendations and as we go through, committee members might like to ask some questions.

**The Chair:** — Absolutely.

**Ms. Atkinson:** — Okay.

**The Chair:** — So maybe we'll focus our attention to the first recommendation which relates to the management of accounts, I believe, of offenders, and specifically the controls to reconcile those bank accounts in a timely manner. And I guess the question may be straightforward. The recommendation was that the ministry follow its rules and procedures as it relates to reconciliation of these trust bank balances and bank records. Mr. Hilton, could you confirm whether or not that's now occurring and fully complied in?

**Mr. Hilton:** — Yes. I can advise that in response to the Provincial Auditor, we have indicated that the ministry has fully implemented a bank reconciliation policy and procedure which includes the timely reconciliation of bank balances to the bank records, and we have also clarified the process with staff to ensure that there's consistency in the process.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — Mr. Hilton, what would you consider to be timely? The recommendation is on a timely basis. What's timely?

**Mr. Hilton:** — Monthly.

**Mr. D'Autremont:** — From my past experience with SLGA [Saskatchewan Liquor and Gaming Authority], monthly was

not very timely. And I'm not sure what work is involved in this, but if there is transfers going in and out on a fairly regular basis, I'm not sure if monthly is timely enough if there's opportunities for errors to occur in it.

**The Chair:** — And maybe I could look over to our Provincial Comptroller as well, Mr. D'Autremont, to offer a comment here.

**Mr. Paton:** — Mr. Chairman, I believe that the procedures that the ministry is following is consistent with all other bank accounts, and generally monthly is a standard that we follow. There's other accounts that go through large volumes that do it daily, but I think the type of account that we're talking about here, monthly is quite common.

**Mr. D'Autremont:** — These are accounts of individuals, and so it would be their daily expenditures if they were writing a cheque or whatever income they would have coming in.

**Mr. Paton:** — Yes. That's correct. I imagine they do additional work in regards to the trust account, but this is actually reconciling to the bank records. So I'm guessing that the bank statements probably come monthly, and that's what they're doing their post-reconciliation to.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — Mr. Hilton, is it fair to conclude that the ministry is now complying with this recommendation?

**Mr. Hilton:** — Yes.

**Ms. Atkinson:** — Okay. So I guess . . .

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

**The Chair:** — Moved by Mr. Hart. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 1 of chapter 4 of the Provincial Auditor's report 2010 volume 1 and note compliance. We'll move along to recommendation no. 2.

**Mr. Michelson:** — Mr. Chair, could I just ask a . . .

**The Chair:** — Sorry, Mr. Michelson. Go ahead.

**Mr. Michelson:** — I was wondering, is there extra staff that had to be hired to do the reconciliation?

**Mr. Hilton:** — No, it was a process improvement.

**Mr. Michelson:** — I see.

**Mr. Hilton:** — And central office became more involved.

**Mr. Michelson:** — Thank you. Good.

**The Chair:** — Moving along to recommendation 2 as it relates to compliance with the terms of the shared services agreement with the Ministry of Justice and Attorney General, I would seek questions from committee members. Ms. Atkinson.

**Ms. Atkinson:** — Now I understand that a formal review hadn't taken place since 2006 and that the ministry was going to undertake a process of updating the terms of the agreement. So my question is, has that occurred, and is the ministry now complying with the terms of the shared services agreement?

**Mr. Hilton:** — We've had meetings. We have not modernized the agreement. I should say that the shared services between CPSP [Corrections, Public Safety and Policing] and Justice, I mean they're just two floors down, and we work seamlessly with each other. And I know from a financial management and audit perspective, we should have something more formal and updated in place and regularly making sure we're complying, but in the overall scheme of priorities in a ministry like Corrections, Public Safety and Policing, I haven't pushed that to conclusion yet.

**Ms. Atkinson:** — Okay. So when the Provincial Auditor observes that the ministry told the Provincial Auditor that the ministry was in the process of updating the terms of the agreement, that hasn't occurred yet.

**Mr. Hilton:** — We continue to be in the process. We have not completed it.

**Ms. Atkinson:** — Oh, okay. You're in the process. Does that mean you're meeting?

**Mr. Hilton:** — Some meetings have taken place. It's not a top-of-mind issue for the deputy, but we need to get it done.

**The Chair:** — Mr. Hart.

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

**The Chair:** — All agreed, concur and some progress? That's being moved.

**Some Hon. Members:** — Agreed.

**The Chair:** — All agreed. It's agreed that this committee concur with recommendation no. 2 of chapter 4, Corrections, Public Safety and Policing, and note progress.

For those that are watching or observing these proceedings from home or otherwise, it's worthy to note that when we note progress as a committee that there is a tracking mechanism that we undertake. Well it's the Provincial Auditor's office undertakes, and as well we as a committee have the ability to continue to track that progress towards compliance.

Moving on to recommendation no. 3 as it relates to . . .

**Ms. Atkinson:** — A quick question. I note in the Provincial Auditor's information provided to the committee that not all employees were paid correctly during the year and that

approximately \$190,000 of salary and vacation was overpaid to employees as of September 30th, 2009. And in fact, one employee was overpaid 80,000. I'm wondering whether or not the ministry has been able to recover these overpayments?

**Mr. Hilton:** — I don't know the specifics in terms of these specific overpayments other than to say that I don't think we have. We continue to work on that. I'm familiar with some overpayment issues where there's clearly been inappropriate or fraudulent behaviour on the part of employees. In this particular case, I'm told that we're working on reclaiming the overpayments but to date we haven't successfully done that completely.

**Ms. Atkinson:** — Just for, you know, the committee's information, how would one employee be overpaid \$80,000? How would that have happened?

[10:15]

**Mr. Hilton:** — There's a practical example I can give you that I dealt with the other day. There was a lack of communication between the Workers' Compensation Board and CPSP. An employee was receiving workers' comp and getting paid sick leave as well. So as a result, the employee got significantly overpaid. And then when we discovered the mistake, we have to then go back to the employee and try to recover the overpayment. So that's the kind of thing that can happen.

**Ms. Atkinson:** — Okay. In the case of the one employee that was identified, maybe the auditor can help us here, how did that happen?

**Mr. Deis:** — The 80,000?

**Ms. Atkinson:** — Yes.

**Mr. Deis:** — Actually that'd be best to the ministry specifically. In terms of the one where they're talking about their fraudulent behaviour that . . .

**Ms. Atkinson:** — No, I'm not talking about the fraudulent behaviour. That's different. I'm talking about the one employee who was overpaid 80,000. Was that over a period of years or . . .

**Mr. Deis:** — That'd be again something you'd have to ask the ministry directly. I will speak to it briefly. They have a process that they should pay people accurately. Their process involved time cards. It involves supervisors independently reviewing those time cards. And it goes through an independent review process, you know, as those records are entered into the MIDAS [multi-informational database application system] systems and other checks. In this case, those processes weren't followed or they broke down.

**Ms. Atkinson:** — Okay, so in terms of those processes now and procedures, what type of, I guess, oversight has the ministry put in place to prevent this kind of overpayment from taking place?

**Mr. Hilton:** — The ministry has done a number of things. Most importantly it has clarified its expectations of employees and supervisors, and it is providing training, coaching to those

supervisors that have to be responsible for signing off on time cards. This is a bit of a cultural shift within the ministry. We have in-scope supervisors that have been working with their in-scope staff for years and years and years, and people need to start accepting whether they're in-scope or out-of-scope. They need to start accepting their responsibility for time card management.

I can say as well that — and this is just a bit of context — the interpretation binder for how one interprets payroll rules in Corrections, Public Safety and Policing is probably 2 to 3 inches thick because of all the different LOUs [letter of understanding] that we have, and therefore shift patterns are different.

And it's a huge task, and the Public Service Commission and CPSP spent — and Marlys can correct me if I'm wrong — probably spent a year over the last . . . We just finished a couple of months ago. We probably spent a year sending our payroll people around throughout the province to all our regions and institutions, having discussions about how the payroll rules and the collective bargaining agreement of these various LOUs will be interpreted. And so there's just been a whole ton of work done on this issue over the last 13 months.

**Ms. Atkinson:** — So if I could, I'll try, maybe I'll try to get at this question another way. Does anyone know how one employee got overpaid \$80,000? Was it different interpretation of the rules? Was it fraudulent behaviour? Do you have an understanding of how that happened?

**Mr. Hilton:** — There's sort of three ways it could happen. One is that the process broke down, and people were filling out their time cards incorrectly, and they were being signed off when they shouldn't have been. That's one way it's caused. Another way it's caused is the workers' compensation issue that I talked about a little earlier. And another way it's caused is for people to claim overtime hours that they never worked. And of course when those kinds of situations happen, you know, the ministry takes that pretty seriously and the deputy fires them.

**Ms. Atkinson:** — [Inaudible] . . . if I could, I'm having a hard time understanding. The auditor referred to one specific case. And I don't mean to be problematic here, but I don't understand. Just in this one specific case, how did this one employee get overpaid \$80,000? What happened in this one specific case?

**Mr. Hilton:** — Marlys is just reminding me that this particular example was a WCB [Workers' Compensation Board] case.

**Ms. Atkinson:** — Okay, then that's helpful. So it appears as though the person was paid from the ministry — their salary, sick leave, whatever — and also received money from workers' comp. Okay.

Well that creates quite a different visual for me than if someone was, you know, doing overtime that wasn't supposed to be done or if their supervisor was giving them hours that they shouldn't have been given. Okay, thank you.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — Thank you. I wonder if I could delve into the WCB issue as well. I don't understand how the process works. I gather that the individual could make the WCB claim that the ministry would not be aware of while they were also on approved sick leave.

**Mr. Hilton:** — The short answer is a lack of communication. A solution is better communication. It's a bit more complicated than that, but at the end of the day, that's really what the issue is.

I'm also advised that when the ministry was created, I guess, in 2004 and all these pieces of various ministries came together, it took a good long time for WCB and the government to realize where to send the notifications. So apparently, you know, Social Services were getting notifications from WCB on workers, employees that were with CPSP. But all that's history. The short answer is communication. And we have in place now an understanding or a process with WCB which should hopefully avoid that in the future.

**Mr. D'Autremont:** — So if an employee makes a WCB claim, does the ministry now receive a notification that that has been approved?

**Mr. Hilton:** — I'm led to believe it will, yes.

**Mr. D'Autremont:** — And will that be cross-referenced against the ministry's own payroll and sick leave approvals?

**Mr. Hilton:** — Yes.

**Mr. D'Autremont:** — So how often has this been happening?

**Mr. Hilton:** — Well I mean once is too often, but when you reflect on the overall budget and 2,400 employees that we have, it doesn't happen a lot.

**Mr. D'Autremont:** — Obviously once is too many.

**Mr. Hilton:** — Obviously.

**Mr. D'Autremont:** — Eighty thousand bucks.

**Mr. Hilton:** — Yes.

**Mr. D'Autremont:** — Yes. Well hopefully things are improving there. You mentioned that the LOU and other agreements are 2 to 3 inches thick, but wouldn't a supervisor in the institution be aware of what the LOU and the operating procedures are for that institution? If you move somebody in from outside, I can understand them not understanding, not knowing immediately. But a supervisor who's been working in the institution, I would think, should know and understand the LOUs for that institution, and what's acceptable and what isn't.

**Mr. Hilton:** — They should and most do. They should also understand how to interpret all the payroll rules. And that's where the training comes in, and that's where supervision comes in. Most do but, you know, audits, audits reveal those minority of instances where things don't flow like they're supposed to, and that's why they're useful.

**Mr. D'Autremont:** — And how many cases have there been or are under investigation for fraudulent payroll activities?

**Mr. Hilton:** — At the moment, I think I can say with confidence, none.

**Mr. D'Autremont:** — Has anyone been disciplined or dismissed because of it?

**Mr. Hilton:** — Yes. The ministry and I take a rather dim view of people fraudulently getting paid for work they haven't done.

**Mr. D'Autremont:** — And what kind of attendance management policy changes have been implemented up till now?

**Mr. Hilton:** — It's 10 pages long.

**Mr. D'Autremont:** — So there are a significant number of them then?

**Mr. Hilton:** — Yes.

**Mr. D'Autremont:** — Perhaps that's a document that this committee should have. I wonder if . . .

**Mr. Hilton:** — I can table them with the Chair.

**Mr. D'Autremont:** — Yes please. Of the \$190,000 in salary and vacation was that overpaid, how much has been recouped up till now?

**Mr. Hilton:** — To date?

**Mr. D'Autremont:** — Yes.

**Mr. Hilton:** — We'd have to go back into the payroll records and check.

**Ms. Atkinson:** — Mr. Chair?

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — This, I guess, this is a question to the auditor's office. When the auditor looked at this, the overpayments, was it just going back a year, or did they go back several years?

**Ms. Lysyk:** — So as part of the routine audit in looking at the ministry, this portion of the payroll was looked at in 2009 as well as 2010. And it will continue to be looked at in future audits as well just to ensure that the recommendation is followed up.

**Ms. Atkinson:** — Okay. So this audit just looked at a snapshot in time, really a one-year period. It didn't go back in time.

**Ms. Lysyk:** — That's correct. So that's why this point is mentioned both in volume 1 and in volume 2, and it's covering two different time frames.

**Ms. Atkinson:** — So just so I understand, so the \$190,000 overpayment, was that from April 1st of 2009 to the end of



September 2009?

**Ms. Lysyk:** — That's correct.

**Ms. Atkinson:** — Okay. So the \$80,000 overpayment took place within a six-month period.

**Ms. Lysyk:** — That would be correct.

**Ms. Atkinson:** — Okay.

**Ms. Lysyk:** — If I could, I should mention that what we're discussing also ties in once we go to recommendation no. 7, which really is a broader look at the issue of correct payment for hours actually worked.

**Ms. Atkinson:** — Okay, thank you.

**The Chair:** — Many of these recommendations really do tie back together in a way. My question would be, of the recommendations that are still under our consideration — 3 through 11 — is there a specific recommendation for which there has been no action taken by this ministry or no progress that should be noted?

**Mr. Hilton:** — In fairness to the committee, I think I can say that in my response to the Provincial Auditor, there's been action taken on all of these. You know, the Provincial Auditor has in the past and continues to raise in this chapter issues in relation to our relationship with the Information Technology Office and disaster recovery, and that's been an issue of interest to this committee in the past. We continue to work with the ITO [Information Technology Office] on this, and steps are being taken by the ITO.

**The Chair:** — As far as the recommendations, the new recommendations that are here today, 3 through 11, that relate to proper processes to ensure proper and appropriate payment and protection of tax dollars, it's noted by the deputy minister that there's been action taken, progress to be noted on each of those recommendations. And this is a broad statement or a broad question: when can this committee expect compliance with each of those recommendations? What sort of a timeline does the ministry have on this front?

[10:30]

**Mr. Hilton:** — I'm going to take my time because I want to be very clear about what recommendations specifically we're talking about. So with respect to the recommendations beginning on page 28, starting with timely bank reconciliations needed down to, I think, 47, factors driving excess labour costs not minimized, I think I can say that there is . . . Well I guess compliance will depend on the results of next year's audit, but I can report excellent progress on virtually all of those. And they've become a real priority of the ministry over the past 12 or 13 months.

**Ms. Atkinson:** — So in terms of no. 3, Mr. Vice-Chair, what would you like to suggest the committee do?

**Mr. Hart:** — Mr. Chair, I would move that the committee concurs with the recommendation and with that, we note

progress.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 3 from chapter 4, Corrections, Public Safety and Policing, and note progress. Moving along, a question from Ms. Atkinson?

**Ms. Atkinson:** — Yes, I do. Before we get to the next recommendation, and I believe there's some information that the auditor has provided us on adult inmate rehabilitation. And there were recommendations that were made in 2008, and PAC agreed with those recommendations in 2008.

I'm wondering if the ministry can give us a follow-up on all of those recommendations because it sounds from the comments from the auditor, there are some recommendations that this committee concurred with that have not yet been fully implemented, and I'm wondering if we can get an update.

**Mr. Hilton:** — I'll be happy to do that, Mr. Chair. So with respect to . . . I'll go through each of the recommendations. First one in 2008: "We recommend the Ministry of Corrections, Public Safety and Policing consistently comply with its policies to assess inmates' needs . . . and plan relevant programs." The ministry has increased its capacity to assess inmates rehabilitation in primary and secondary assessments — that would be things like sex offender assessments — by training and by more case management. The original audit indicated assessments were actually completed within two months of admission but not always within the 28 days specified in the policy. And the ministry will continue to improve assessment capacity and examine how the time to assessment completion can be improved.

With respect to the second recommendation, recommend that the ministry ". . . facilitate inmates' access to key programming related to their offence prior to their release into the community, particularly if the offence was related to assault or bodily harm." And I think the 2010 audit follow-up was positive in that regard so, you know, the recommendation's been completed. Programs will continue to be developed and offered to sentenced inmates within the ministry's capacity to do so.

With respect to recommendation no. 3, we recommend CPSP ". . . monitor the proportion of inmates accessing planned rehabilitation programs before . . . [their release] into the community and enhance access to rehabilitation if required." I guess the ministry has developed new software systems from a technical perspective to help it monitor the proportion of inmates accessing planned rehabilitation programs, but we haven't at this point fully implemented the system. And I think that we are in the process of acquiring it, and we're going to field test it in the near term.

With respect to recommendation no. 4 recommending CPSP ". . . monitor [inmate] re-offending rates in relation to rehabilitation programs to better evaluate its rehabilitation of inmates," the ministry adopts programs that have previously been demonstrated to reduce offending. We do that on an

evidence basis, and these programs are evaluated by ourselves, including my clinical team, and by our university partners.

A recent example of that would have been the one-year field study that we conducted on our, sort of, courage to change program, and we're currently working with all that data in partnership with the University of Saskatchewan. And I might say that the field of study that we did, the evaluation study we did with respect to that particular recommendation from the Provincial Auditor was the recipient of the Premier's Award for Excellence in the Public Service.

**Ms. Atkinson:** — Thanks. The one issue I'm wondering about, and I think it's a very important observation by the Provincial Auditor's office, is the ability to analyze inmates' access to programs while they are incarcerated. And the auditor gives a report or an example of this, where they talk about the number of inmates completing priority programs, then the number of inmates waiting to get into specific programs, and then the timeliness of inmate referrals to relevant community programs. Now I'm wondering with that example, which I think is sort of the nub of the issue in several ways, does the ministry now analyze that information and then adjusts their programs to meet that information?

**Mr. Hilton:** — Well the short answer is, your two-part question — do we analyze and do we have case management plans? — yes. Are we always in a position where we can implement them in terms of having the programs available for everybody given our counts and other limitations that we have? The answer would be no. But we offer a lot of programming and a lot of inmates go through it.

**Ms. Atkinson:** — And just one final question on this. I know that there's been lots of, you know, suggestions to Corrections that they put drug and alcohol programs into the facility, and some politicians have worked on that. And I'm wondering is that now part of the programming?

**Mr. Hilton:** — We have a dedicated addictions unit at the Regina Correctional Centre which inmates provincially can access. It's very busy, but that's the only dedicated unit we have. We do have substance abuse programs at all of our facilities, but it's not that kind of intensive programming that we partner with the Regina health authority to run for us at the Regina Correctional Centre.

**Ms. Atkinson:** — So that's not something that, say, is in Saskatoon or Prince Albert, that kind of dedicated unit?

**Mr. Hilton:** — No.

**Ms. Atkinson:** — Okay. And then my final question is: oftentimes when inmates are leaving the correctional facility, they try to get into drug and alcohol addiction programs or the "Slim" Thorp Centre in Lloydminster if you have a gaming addiction, and I'm wondering, is there a better process between the correctional facilities and those programs out in the community to assist those inmates because lots of them don't know how to do this.

**Mr. Hilton:** — Well one of the certifications we've instituted in the ministry is what we call community safety planning. And

you have to get trained in it, and you have to be certified in it, and then you need to train workers in it. So one of the objectives of the ministry is to have a community safety plan for everybody when they leave the facility. And that really speaks to what you're speaking to, making the right kind of connections into those resources that exist in the community, the right kind of supervision by my community workers. We also have certifications and relapse prevention training and so, you know, as well as risk assessment.

So it's a complicated question with not an easy answer, but great progress is being made there. And other jurisdictions are taking notice, and we're kind of leading the way in a lot of these areas.

**Ms. Atkinson:** — Thank you. I know that when the correctional workers went on strike and a number of people from other government departments, managers went in to assist, there were lots of learnings in that process. And that was my understanding, that Corrections, Public Safety and Policing learned a lot about what could be done if you have people who could do it. So okay, thanks.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — Thank you. As I read through all of these recommendations, it strikes me that they have one common theme in a lot of cases, and that's the lack of supervision, that the supervisors, would seem, are not adequately managing their roles within the institutions.

Something you mentioned in your comments struck me as an issue, and I'm wondering how broad — if it's an issue — how broad of an issue it is. You mentioned in-scope supervisors managing in-scope employees. And in all likelihood, they moved up in the ranks from a regular employee to a supervisor in a lot of cases and yet are still within the same scope within the union.

Is that part of the difficulty here, that there is a reluctance to correct or to discipline a fellow employee, that you've been working with for many years perhaps, now that you've moved into the management position? Is that part of what's creating the problem, that during the day you're the supervisor, and in the evening, you're the brother sitting in the union hall together?

**Mr. Hilton:** — Good question. No easy answer. I think over the last few years really starting with, you know, *The Road Ahead*, you know, the government's response to the escape at the Regina Correctional Centre, we've embarked on a journey around reforming how we do our business. Part of that has a lot to do with organizational culture, and part of the organizational culture was one that didn't embrace accountability and supervision. And that was complicated by the fact that, you know, at the time, 96 or 97 per cent of my employees were in-scope, and they're working in institutions which creates another kind of culture.

So what you've described is part of the challenge, and that needs to be addressed by making expectations clearer, by training, by accountability systems, by the code of conduct that we've developed now. That's part of who we are and what we

do. We've made some progress in expanding the number of out-of-scope managers, all in a way that's consistent with the government's collective bargaining agreement obligations. So yes, it doesn't make my job any easier, I guess is what I'm saying.

**Mr. D'Autremont:** — Well how long have these problems been going on? We have recommendations here from the 2008 report, so this would have been prior to that. We now have the reports in 2010 that related to 2009 year. So has this been an ongoing problem for a number of years that are now just coming to light? Or why are these coming forward now versus last year or the year before or the year before that?

**Mr. Hilton:** — Well one of the, I mean, I guess one of the things that we've done over the last three years is we've become a lot more open and a lot more transparent. And we, as a matter of policy, don't run away from our challenges. So we're discovering things, and things are revealing themselves now that would have never been brought to this committee's attention, frankly, in the past.

But I don't want to leave the impression that this is like such a sweeping problem in the ministry that, you know, overpayments and the lack of supervision are out of control. You know, like I mean, audits are audits. And the Provincial Auditor will go in, and they'll identify a situation. Let's not forget that there's — I don't know, I'll make up a number — tens of thousands of paycheques cut every year that are absolutely correct.

[10:45]

**Mr. D'Autremont:** — Well we're looking at 190,000 out of, what, \$24 million? So it's a small portion certainly. But we don't often in this committee get 11 recommendations in one chapter dealing with one set of particular issues either. So this is a bit of an anomaly for us in Public Accounts as well. And so it is obviously a very serious issue that needs to be dealt with, and thankfully it is coming forward to be dealt with. But I think the committee needs to see that there are real practical solutions being put forward to correct this as well.

**Mr. Hilton:** — And I'm actually quite . . . Well proud isn't a word I use very often. I'm pleased at all the efforts that we've done over the last 12 to 14 months, including with that attendance management policy that I've shared with you. And I'm also quite proud of the code of conduct that we've implemented as well. So we're making progress. Two times is too many, and we all seek perfection. But it's a complicated and tough business that I'm in.

**The Chair:** — The Provincial Auditor just has a comment.

**Ms. Lysyk:** — I just wanted to provide you as a committee with a little additional information that as part of the audit and part of the follow-up process, the ministries do provide sort of status letters indicating what they're doing and what, you know, how they're attacking different recommendations and that . . . And I just want to say that this ministry has provided the office with status letters on how they're addressing the recommendations, and did so in a timely manner. So we should say thank you for that because I think the attention they gave to providing the

responses was positive from our perspective.

**The Chair:** — Mr. D'Autremont.

**Mr. D'Autremont:** — On recommendation no. 4, it recommends that . . . communicate to employees guiding principles such as personal accountability and fiscal responsibility. What measures had the ministry taken to indicate to employees what their personal accountability is and what their personal fiscal responsibility is?

**Mr. Hilton:** — With respect to adult corrections as part of the road ahead, we have developed a commitment to excellence and a code of professional conduct that the summary, the front sheet is proudly displayed in my office and in the minister's office, and I'd be pleased to provide the committee with a copy of that as well.

**Mr. D'Autremont:** — Okay.

**Mr. Hilton:** — I was anticipating the question.

**Mr. D'Autremont:** — Yes. Could you describe that a little bit to us, to the committee, for the record?

**Mr. Hilton:** — It's a document, the first page of which is a summary which articulates what we expect of each and every employee in adult corrections. And it speaks to the nature of the profession, to the goals that we are attempting to achieve, and the values and accountabilities that we'll hold ourselves to. It then goes on in great detail in terms of the code of professional conduct to talk about expectations — be it conflict of interest, be it harassment, be it how we deal with offenders. It talks about the employer's responsibility and the employee's responsibility, and it's about nine pages long. And it's something that we go through with all of our new employees, and it's signed by the supervisor and the new employee. And it's been communicated throughout the ministry.

**Mr. D'Autremont:** — Thank you. I think perhaps, based on the recommendations, it needs to also be discussed with the current employees that have been there for . . .

**Mr. Hilton:** — Oh, it is. It is. It is. By new employees, I mean it's part of the induction training now.

**Mr. D'Autremont:** — Okay. What kind of an acceptance have you had of this from the employees, and what kind of consequences are there in place for those employees who do not wish to be involved in this kind of personal accountability and fiscal responsibility?

**Mr. Hilton:** — I think, based on my discussions with staff and my observations and my gut, I think this has been really well received by staff. I mean, a couple of my union colleagues at the senior level took a strong objection to the process I used to develop and implement this. But I even think my union colleagues would be agreeable to most of it.

In terms of the consequences, there is established discipline policies in place through the Public Service Commission. But really, you know, I'm a bit disappointed when, if things get to a point where one has to discipline, although I'm not afraid or shy

about doing it. But it's really about coaching as well, and it's about good management and about good supervision and sharing expectations with employees. And that's what this document hopefully does.

**Mr. D'Autremont:** — So would it be correct to say that you're looking to develop a change in the culture there that the other employees would hold an errant employee accountable for their actions so that they're meeting the norms of the group?

**Mr. Hilton:** — That would certainly be my hope, yes. And I think I can, I don't want to get too philosophical here, but I think I can say with some confidence that the culture is changing and has changed. I mean, you know, it's a project under way, but I think we've come some distance.

**Mr. D'Autremont:** — I know from my past work experience, I always find absenteeism at high rates to be strange. Where I worked, none of us ever wanted to take sick days or absent days because it forced one of our other employees to come in on their days off when they had plans. And yet when I look at these kind of absentee rates which, I think, have gone from 8.3 to 15-something — virtually doubled in seven or eight years — it strikes me as the employees have no concern for their fellow employees and whatever plans they may have had, that it's all about the individual and not about the group. I find that . . . I don't understand that personally. And so what are you doing along that line, other than monitoring it to try and reduce those absentee rates?

**Mr. Hilton:** — The whole attendance management policy, which I would have distributed earlier, speaks to that. I should say . . . I mean when you look at the numbers the way they're presented in the Provincial Auditor's report, they're shocking when you look at the increases over the last six or seven years.

Strangely enough, when you compare adult corrections in Saskatchewan with other jurisdictions, we're comparable in terms of the corrections field. I mean, corrections is a bit tougher environment to work than, you know, museums. But the other observation I guess I would make is that that trend is happening across the public service overall too, so that increase over the years is not unique to CPSP.

**The Chair:** — As Chair here and just recognizing the time, I know we had certain aspects laid out on our agenda here today, but I think there's no need to rush these sort of deliberations and considerations and questions, and I have certainly have no concern as Chair in simply having these considerations occur at another date in Public Accounts rather than to try to rush through considerations that are before us here today that are incredibly important dialogue.

I do believe we might be able to seek a motion on recommendation no. 4, and then we can deal with the next chapter and also the other recommendations at a date into the future. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I would move with regards to recommendation no. 4 that this 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. 4 of chapter 4, Corrections, Public Safety and Policing of volume 1 of the Provincial Auditor's 2010 report and note progress.

Before we seek a motion of adjournment, I might just finish with a comment that these are good discussions and there's many questions that remain. But we also see and we appreciate the ministry for being frank and bringing forward their information here today.

But we should also recognize the importance and thank the Provincial Auditor's office for their work on this file. When recommendations are brought forward — and this is more for the general public — those are sort of a new area that's been audited or finds an aspect that's problematic, and when we talk about the kinds of dollars that are in place here today and the kinds of challenges that have been provided as it relates to the culture of this ministry, I think these are important recommendations for the people of Saskatchewan. So thank you to the Provincial Auditor's staff as well.

At this point in time, thank you, Deputy Minister Hilton and your staff for coming before us here today. And we'll certainly follow up at a future Public Accounts date in the near future, and I would seek a motion of adjournment.

**Mr. Michelson:** — I so move.

**The Chair:** — Mr. Michelson. All in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's moved that this committee now adjourn.

[The committee adjourned at 10:56.]