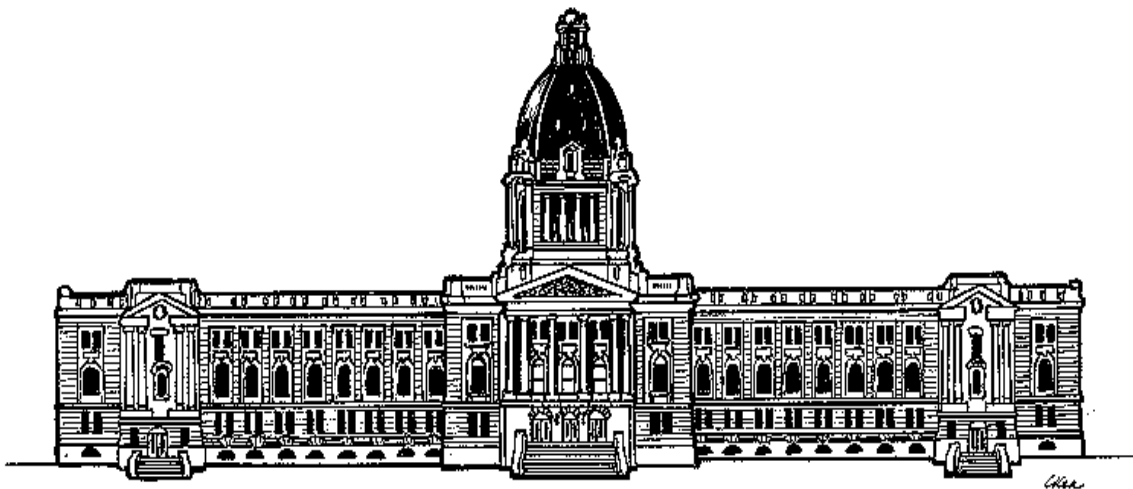




STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

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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 08:46.]

Municipal Affairs

The Chair: — Good morning. We'll begin our considerations here this morning on the Standing Committee on Public Accounts. Primary business here today laid out on an agenda before us. First considerations will be Municipal Affairs. All of those individuals that are tuning in at home, I would direct them to www.auditor.sk.ca to reference the materials that we are discussing here today, the reports that we're discussing here today.

I would welcome to our committee Vice-Chair Mr. Hart, Mr. D'Autremont, Mr. Stewart, Mr. Michelson, and Ms. Atkinson. I would as well welcome and thank for attending our Provincial Auditor, Ms. Bonnie Lysyk, and staff from her office. And at this point in time, I may ask Ms. Lysyk to briefly introduce her staff, and then we'll move around the table with brief introductions.

Ms. Lysyk: — Thank you. To my left is Carolyn O'Quinn. Carolyn is an audit principal with our office. To the rear is Kim Lowe. Kim is an audit principal with our office and liaison for this committee. And as well beside her is Jane Knox, and Jane is an audit principal with our office.

The Chair: — Thank you very much and thank you for attending. I'd like to welcome Mr. Terry Paton and Mr. Chris Bayda from the Provincial Comptroller's office, and our Provincial Comptroller himself for joining us here today. And Deputy Minister Isman and ministry officials from Municipal Affairs, thank you for joining us here this morning.

Deputy Minister Isman, I may ask you to briefly introduce your officials. Then I'll turn it over to the auditor's office to make their presentation.

Mr. Isman: — Thank you very much, Mr. Chair. With me, my colleagues today: to my immediate right is Wanda Lamberti, the executive director of our central management services. To my left is Kathy Rintoul, the acting executive director of our grants administration and financial management branch. Behind me and to my left is Mr. Kyle Toffan, director of grants administration; and behind me and to my right is Ms. Karlene McMillan, the acting director of financial services for our ministry.

The Chair: — Thank you very much and thank you to each of you for joining us here this morning. I'll turn it over to our Provincial Auditor's office to make presentation on this chapter, and then I'll invite a subsequent response from your ministry.

Ms. Lysyk: — Good morning, Mr. Chair, committee members, officials. In chapter 16 on pages 268 to 269, we set out the results of our annual financial audit of Municipal Affairs for the year ended March 31st, 2010. Municipal Affairs had adequate rules and procedures to safeguard public resources, and it complied with legislation and with its authorities.

On pages 268 to 275, we also report the results of our performance audit to assess the adequacy during the 12 months

ended August 31st, 2010 of Municipal Affairs processes to monitor municipalities' compliance with environmental assessment provisions in federal-provincial infrastructure agreements. There are no recommendations in this chapter. And I will now pass things over to Carolyn to present the remainder of the chapter.

Ms. O'Quinn: — Thank you, Bonnie. The Ministry of Municipal Affairs along with the federal government assists municipalities with funding for their infrastructure. Projects to build or upgrade municipal infrastructure can create risks to the environment. Municipal Affairs is responsible to monitor whether municipalities comply with the environmental assessment provisions contained in the federal-provincial infrastructure agreements.

In exhibit 1 on page 270, we set out what our audit criteria was. In order to have adequate processes, we expected the Ministry of Municipal Affairs to establish an appropriate framework to monitor compliance, to evaluate compliance, and to take actions to improve its compliance. We found that the Ministry of Municipal Affairs had adequate processes in all of these areas. That concludes our presentation.

The Chair: — Thank you very much. I'll turn it over to the ministry for a response, and we may have questions from committee members following that.

Mr. Isman: — Thank you very much, Mr. Chair. Well I'm certainly pleased to be here today and have the opportunity to talk about this chapter concerning Municipal Affairs. The chapter sets out the results of the audit of Municipal Affairs for the year ending March 31 of 2010, and it includes the results of the audit of Municipal Affairs processes to monitor municipal compliance with environmental assessment provisions in federal-provincial cost-shared infrastructure agreements. The auditor concluded for the year ending March 31, 2010, that Municipal Affairs had adequate rules and procedures to safeguard public resources and complied with authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The objective of the audit of the federal infrastructure agreement was to assess the adequacy during the 12 months ended August 31 of 2010 of the ministry's processes to monitor municipal compliance with environmental assessment provisions in federal-provincial infrastructure agreements. It covered the following infrastructure agreements: the Municipal Rural Infrastructure Fund, which we refer to as MRIF; the Provincial-Territorial Base Fund, which we refer to as PT Base; the Building Canada Fund — communities component, which we've referred to as BCF-CC. The agreement on transfer of federal gas tax revenue is more commonly known as gas tax, and the infrastructure stimulus fund or ISF.

We work diligently to administer these complex agreements, and we're pleased that the auditor concluded the ministry had adequate processes to monitor municipal compliance with environmental assessment provisions in the federal-provincial infrastructure agreements.

It would be my pleasure for myself and my colleagues to now answer any questions that you may have.

The Chair: — Thank you very much. Any questions, comments from committee members? Seeing none, with no new recommendations that are before us here today, we appreciate Municipal Affairs coming before this committee here this morning. Thank you, Deputy Minister Isman, and your officials. At this point in time we'll move along with our considerations. Up next, Public Service Commission. Thank you.

Public Service Commission

The Chair: — Moving along this morning within the Standing Committee on Public Accounts, we're going to now move our attention to the Public Service Commission. We're joined by Deputy Minister Wincherauk and officials. Deputy minister, I would invite you to briefly introduce your officials before I turn it over to the auditor's office to make a brief presentation.

Mr. Wincherauk: — All right. Okay, so great. I'd like to introduce you to my team. With me is Karen Aulie, assistant chair of human resources, client services, and support division. Behind me is Don Zerr, assistant chair and corporate human resources management and employee relations; Shelley Whitehead, special advisor; Raman Visvanathan, executive director of employee service centre; and Mike Pestill, director of corporate services.

And before we get into this, I would just like to welcome the new Provincial Auditor. Bonnie, welcome to Saskatchewan and it's always great to have somebody coming west. So welcome. And I know we've chatted on the phone and actually we will be having a meeting and you'll be meeting with my team next week and looking forward to it.

The Chair: — And, Deputy Minister Wincherauk, we've also verified that our Provincial Auditor no longer cheers for the Blue Bombers. I will invite presentation from our auditor's office on respective chapters. We're going to deal with these one at a time. So we'll deal with the volume 1 first, and then we'll have subsequent response and questions from members. Then we'll move on to the second volume. I'll turn it over to Ms. Lysyk.

[09:00]

Ms. Lysyk: — Joining me today are three people that were involved in this audit. To my left is Carolyn O'Quinn. Carolyn is an audit principal in the office. We have Jane Knox. Jane is an audit principal in the office, and as well Tara Clemett, and Tara is an audit principal in our office.

Chapter 9 of the 2010 volume 1 report is included on pages 107 to 114. This chapter contains the results of our annual security audit that assessed whether the Public Service Commission had adequate central controls to protect the confidentiality, integrity, and availability of transactions on the MIDAS [multi-informational database application system] HR [human resources] payroll system. For the 12-month period ending December 31st, 2009, we concluded that it did except for the areas where we make three new recommendations. Carolyn will

present these recommendations.

Ms. O'Quinn: — Thank you, Bonnie. First we found that the service level agreements between PSC [Public Service Commission] and the ministries for payroll and administration services do not clearly set out who is responsible for which key payroll activities such as who is responsible for approving payroll payments. On page 112, we recommended that PSC amend its service level agreements with the ministries to clearly assign key responsibilities for payroll activities. We do note that in our 2011 volume 1 report, which was tabled last week, PSC has made progress towards implementing this recommendation, but we noted in that report that more work still remains.

The second area, we found that PSC did not maintain a complete and up-to-date record of payroll overpayments and had not yet developed a collection policy. Payroll overpayments can occur when an employee goes on leave or is terminated. We also found that PSC did not monitor or did not notify ministries promptly of any overpayments so that ministries could properly record these in their accounting records. On page 113, we recommended that PSC implement processes over the recording and collection of those payroll overpayments. In our 2010 security audit, we found that PSC has now implemented this recommendation.

The third area, we found that PSC did not always document its review and approval of payroll. *The Financial Administration Act* requires payroll payments to be approved prior to payment. Approval includes review of payments for reasonability and investigation of any differences. On page 114, we recommended that PSC consistently document its review of the payroll reports and resolution of any matters arising from that review.

In our 2011 report volume 1 which was tabled last week, we note that this recommendation continues. That concludes our remarks on 2010 volume 1. Thanks.

The Chair: — Thank you for that. I'd invite a response from the ministry, and specifically focusing comments around I think recommendations 1 and 3. I believe it was noted that recommendation no. 2 has been fully complied. And I'll turn it over.

Mr. Wincherauk: — Well first of all, I very much value the relationship that we have with the Office of the Provincial Auditor and would like to thank them for the recommendations. And I believe we have made significant progress on both of these. We know that we have a ways to go on these and we'll continue to push these through our organization and with our client ministries over the next while. And with that I'll turn it over to Raman to sort of speak to some of the key things here.

Mr. Visvanathan: — Okay, thank you. First of all with respect to client service agreements, historically there have been two agreements — one for the HR service teams, one for the HR payroll administration. During the last fiscal year, '10-11, we worked to consolidate those agreements and refine them to reflect the core services that are provided by both areas of the ministry.

We have looked at the . . . in the establishment of a control

framework for the employee service centre. We have looked at the financial administration manual, which sets out the roles and responsibilities of ministries as well the Public Service Commission in terms of the central control framework. We have developed a table that articulates the role and responsibility of the ministry and the PSC for each of the control items noted in the financial administration manual. We haven't yet fully rolled that out to ministries.

We have shared the framework with representatives of the Provincial Auditor's office and they have graciously provided some input and feedback to us. We have shared the framework with the comptroller's office and look forward to rolling that out.

The rollout will include a discussion and presentation with the ministries, a presentation to their executive committees, and we will review what the ministry is expected to do, what the PSC will do, to ensure collectively all of the controls are in place and that we are clear on each of our roles and responsibilities.

The Chair: — Thank you very much for those comments. Questions from committee members at this point in time? Ms. Atkinson.

Ms. Atkinson: — So is it your view you've complied with recommendation no. 1?

Mr. Visvanathan: — Not fully. We haven't yet got the new client service agreements in place, nor had the full conversation with ministry so we're all clear on our respective roles and responsibilities.

Ms. Atkinson: — And when do you expect to have that done?

Mr. Visvanathan: — In the next month or two. We intend to schedule meetings with each of the ministry executive committees, and myself and Karen Aulie will go and make those presentations with a view to having all of the agreements in place in the next three months or so.

Ms. Atkinson: — Okay. And how long have you had a copy of the *Report of the Provincial Auditor* volume 1, 2010? You've known about this recommendation for how long?

Mr. Visvanathan: — Well since that report was released, approximately a year ago.

Ms. Atkinson: — And you're just making, setting up meetings now?

Mr. Visvanathan: — Well during the '10-11 fiscal year, last fiscal year, we worked to improve the client service agreement. The human resource service teams went through an extensive process to review their core services, and the core services are reflected in the client service agreements with the clarity of what the services are, what the role of the PSC is, what the role of the ministry is. So that was a background process that needed to sort of come to fruition so we could incorporate that work into the agreements.

Similarly with the employee service centre, we're a relatively young organization. As a full organization, we're about 15, 16

months old, so we have been working through the processes and validating what we will do, how our staff will do that, what we expect the ministry to do as well.

Ms. Atkinson: — Okay. Recommendation no. 2, that's implemented.

Mr. Visvanathan: — That is, yes. We have provided lists of overpayments. Well two things — first of all overpayment and recovery guidelines. We've developed that, rolled that out in December 2010, meeting with senior financial representatives of government, the financial management council, explaining to them what ministries' role is, what our role is. We've developed a document with an array of principles, established clarity of what the Public Service Commission does and within the employee service centre what our respective roles and responsibilities are when the ministry is involved, how collections are to be recorded. And so we have that document in place. And now on a quarterly basis, we distribute to each of the ministries a list of overpayment outstanding at the end of that quarter.

Ms. Atkinson: — And so if we look at the last fiscal year, I guess we'd have to go to the last quarter of the fiscal year, how many cases of outstanding overpayments were there?

Mr. Visvanathan: — Well I have a list here of about eight pages long, so there's probably 200 items, I would guess.

Ms. Atkinson: — Okay. And how much money does that represent?

Mr. Visvanathan: — I believe it's 800,000. The report I have does not have that total, but it's about 800,000 collectively across government.

Ms. Atkinson: — Okay. And the overpayments would be for payroll only.

Mr. Visvanathan: — That's correct.

Ms. Atkinson: — Okay. Okay. And what steps has, I guess, the government taken to collect on those 200 items or \$800,000 in overpayments to individuals in the public service?

Mr. Visvanathan: — Okay. It's kind of a phased approach. So when an overpayment is first realized, a front-line staff — we call them human resource payroll administrators — will contact the employee and say an error was made and we would like to recover that payment off the next paycheck. And often that's the case and it's recovered immediately. If the overpayment has occurred over multiple periods, then we enter into a discussion with them. Typically the repayment period is the same or shorter than the period in which the overpayments were made.

If it's a situation where there's financial hardship — perhaps the individual has already spent the money and it would be difficult to collect an amount off an ongoing paycheck over the same period of time — then we allow the employee to discuss the situation with their manager. Given that the manager has more of a relationship with the individual employee, they can assess the extent to which there's a hardship in place. And then we will negotiate a repayment plan, document that, and

then we will recover those payments.

If it's a former employee, if they're on indefinite leave or terminated, then our staff will send up to three letters with a 30-day interval in between asking for repayment. At that point we will turn it over to the ministries to take further collection action.

Ms. Atkinson: — And what would be the largest amount in the last quarter of those 200 items of overpayment for a single individual?

Mr. Visvanathan: — I don't think I have the information with me that would identify within that last quarter.

Ms. Atkinson: — Can you get it?

Mr. Visvanathan: — We could get that, yes.

Ms. Atkinson: — I'd be curious to know. Is there anyone with an overpayment of over \$50,000?

Mr. Visvanathan: — I believe there is one with \$70,000.

Ms. Atkinson: — A \$70,000 overpayment. And how did that happen?

Mr. Visvanathan: — Over a period of time it was not detected that an individual was off on leave and paycheques continued to be made, and so we caught that quite late in the game actually. So that's a historical one that we're working to collect, working with the ministry primarily and the service team to collect those funds back.

Ms. Atkinson: — Okay. And in terms of recommendation no. 3, do you believe you've complied with that, or you're close to complying? If you haven't complied, when will you comply?

Mr. Visvanathan: — Sorry. Could you repeat the first part of the question?

Ms. Atkinson: — Recommendation no. 3, where is that recommendation at from the public service's point of view?

Mr. Visvanathan: — Okay. Work-in-progress. Again the employee service centre is 15 months old as a complete organization. During the early years . . . In the early months, pardon me, we established control reports and a schedule in which those control reports were to be run. And roles and responsibilities, primarily team leads of each of the service teams that we have are to review them. There wasn't full consistency. We're not perfect yet but we think we've made significant progress. Certainly we have made it clear to our teams that this is important in terms of full implementation of the control framework and to ensure the integrity of the payroll system. So we're making good strides and continue to reinforce with our staff the importance of review of those reports thoroughly.

Some of the citations I think reflected the fact that perhaps a review of the report was done but it wasn't always documented. Some reports have a nil — nothing comes out on the paper — and so some staff were just simply discarding those or recycling

them. We now know that we have to actually document and initial to sort of have some audit evidence that in fact the review was conducted.

Ms. Atkinson: — Getting back to recommendation no. 2, so we know that a substantive overpayment was made as a result of someone on leave. What other reasons would people be overpaid?

Mr. Visvanathan: — There might have been a miscalculation in pay; somebody had a pay calculation for temporary assignment of higher duty. Perhaps there was some inaccuracy in the calculation. The majority though are where folks have used vacation leave, for example, maybe they go on definite leave and then move into an indefinite leave and then sort of sever their tie with government, and some of the vacation or sick leave has been used in excess of what was entitled. Right? At the beginning of the year, people get 15 days or X number of days for vacation. In fact they only earn that as they go and so sometimes during the year they may have consumed all of those leaves and then leave government and so there's an overpayment that we try to collect.

One other step that we have put in place is a series of checklists that we have for managers. So if somebody's leaving, there's a series of things that they should ensure are in place, and vacation leave or entitlement usage is one of those things. We've recently rolled out, through a lean initiative on time and labour, new electronic time cards, and we track the balances each month. And so managers have that information available to them as they review and approve time cards, and we hope that will help to prevent future overpayments.

Ms. Atkinson: — Thank you. Have you been able to identify whether or not, of the \$800,000 in overpayments for the last quarter, for example, whether that's primarily in a few ministries or is across the public service?

Mr. Visvanathan: — It's probably larger in some ministries than others. Some ministries are pretty clean, if you will, but some ministries have larger numbers of employees and to the extent that there's more churn with employees coming and going, changing positions, all of that kind of activity will, you know, lead to potential overpayment situations.

Ms. Atkinson: — So could we assume that it might be Corrections, Public Safety; Social Services?

Mr. Visvanathan: — Yes, that is the case.

Ms. Atkinson: — Ministries where they deliver front-line services?

Mr. Visvanathan: — Yes.

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

[09:15]

The Chair: — Thank you. Mr. D'Autremont.

Mr. D'Autremont: — Thank you. One question related to the overpayment of more than 50,000: would that employee not be

aware that they were receiving income to which they were not entitled?

Mr. Visvanathan: — In some cases they may not, but in most cases, especially for that magnitude of an amount, we would expect that people would recognize that they are being overpaid. And we would hope that they would come forward and ask us to review and see if there in fact has been an overpayment made to them.

Mr. D'Autremont: — Would it be fraud if they did not do so?

Mr. Visvanathan: — I'm not sure if it would be fraud purely I guess on that, but certainly I believe there would be a moral obligation for somebody to come forward and ask for a review if they had good reason to believe that it was a significant amount on one payment. If it has happened over a period of time and maybe they got, you know, a reclassification, they got the wrong pay scale in place, \$50,000 would be an extreme example. Sometimes it's, you know, closer to maybe 500 or \$700 a month that might have been an error that they may not have realized.

Mr. D'Autremont: — But you mentioned that an individual was on leave. When you're on unpaid leave, should it not be sort of a trigger that money keeps coming into your account, or the paycheque arrives at the front door every month, that maybe you're not entitled to it?

Mr. Visvanathan: — Absolutely. And in situations where people are on leave and not expecting a paycheque and it continues to happen, then yes, we would expect them to come forward and alert us to that.

Mr. D'Autremont: — But there is no legal remedies, other than to try and recover it from any future income they have?

Mr. Visvanathan: — There are further remedies that we could take, including with the federal government, Revenue Canada, in terms of going after individuals and future payments that they may have — an income tax refund, for example.

Mr. D'Autremont: — That's quite the income if you're getting a \$50,000 refund though.

Mr. Wincherauk: — We would definitely pursue it. I mean I think we've had a couple of cases where there were huge payments and the individual actually phoned us up the next day and said there was a mistake. And that's what happens in most of those. But if there was somebody who . . . \$50,000 or something like that, we would pursue that.

Mr. D'Autremont: — Okay. Thank you.

The Chair: — Mr. Michelson.

Mr. Michelson: — Yes. You talked about implementing a checklist that I suspect is being used by the ministries.

Mr. Visvanathan: — We certainly are encouraging them to use that. So we actually have a series of checklists. So when somebody is commencing, these are all the documents and steps you need to take. When you're terminating from government,

these are all the things you need to do. When you're transitioning, these are all the things that we want folks to do. So we're encouraging ministries when we roll out the new client service agreements, part of what we will discuss with them is the available array of checklists and encourage usage there. We know that many have, based on the number of people that have visited our sites and provided constructive feedback in terms of additional items that they would suggest be included.

Mr. Michelson: — Can you tell us, has there been less overpayment since the checklist has been . . . Is it working?

Mr. Visvanathan: — Yes, we believe it is working, additional due diligence by all involved. Some of the things that we're doing around the performance of the employee service centre is establishing array of metrics, and overpayments are one of them. We would look at the dollar value of overpayments that are made relative to the total dollars that are paid in salary, as well as on a percentage basis the number of payments that have an overpayment relative to the number of paycheques that are produced on a quarterly basis, and we will be reporting those statistics to the PSC executive committee on a quarterly basis.

Mr. Michelson: — Okay. I look forward to that report. Thank you.

The Chair: — At this point in time I might invite motions — I believe progress on 1 and 3 and compliance on 2. Mr. Hart.

Mr. Hart: — Yes, Mr. Chair. With regards to the auditor's recommendation 1 and 3, I would move that this committee concurs with those recommendations and notes progress.

The Chair: — All in favour?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concur with recommendations 1 and 3 and note progress. Mr. Hart.

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

The Chair: — All in favour?

Some Hon. Members: — Agreed.

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

Not seeing further comments or questions on this chapter, we'll move along to volume 2, the volume 2 report, and that would be chapter 18. And at this point in time, I would invite a presentation from the Provincial Auditor's office.

Ms. Lysyk: — Thank you. Chapter 18 of the 2010 report volume 2, pages 284 to 292, contained the results of our annual audit of the Public Service Commission, with one new recommendation being noted. The chapter also contains the results of our follow-up of three previous recommendations we made regarding our 2009 report volume 1 chapter on a performance audit on developing leaders. Carolyn will present

these recommendations.

Ms. O'Quinn: — Thank you, Bonnie. During our annual audit, we found that PSC managers did not make timely requests to remove user access to its IT [information technology] systems for terminated employees. As a result, on page 286 we made a new recommendation. We recommended that PSC follow its established procedures for removing user access to its computer systems and data.

Another area we note in the chapter relates to our 2005 report volume 1. We had raised concern about the adequacy of ministry's processes used to reduce the risk of loss of public money by employees in positions of trust. In response to the concern, in 2005 the government made PSC responsible to obtain criminal record checks for certain ministry staff. We found that PSC has been making satisfactory progress in obtaining the required criminal record checks. By September of 2010, approximately 90 per cent of employees in positions that required a criminal record check had submitted a criminal record check. PSC expects to complete the initial criminal record check on existing employees by February of 2012.

In our 2009 report volume 1, we also identified three areas where PSC needed to better coordinate across ministries the development of potential leaders for senior management positions. We recommended that PSC use mentorship programs to help develop potential leaders in the ministries, that PSC coordinate programs that provide leaders with suitable developmental work experiences, and that PSC monitor and regularly report to deputy ministers on the readiness of ministries to meet their future leadership needs. While PSC has made some progress in each of these areas at June 2010, we noted it had not completely implemented these recommendations. This concludes our presentation of this chapter. Thank you.

The Chair: — Thank you for that presentation and the report. I would invite response from the ministry at this point.

Mr. Wincherauk: — Just a couple of comments. The PSC has introduced a policy to deactivate MIDAS HR payroll user accounts if they haven't been accessed in 90 days. And with respect to criminal record checks, the PSC has completed the five-year implementation of the original government-wide criminal records check policy. We are also expanding its application. Effective October 1st, 2010, all new government employees must submit criminal record checks before they are hired, and current employees must also report any charge or convictions.

And so I guess if there are any other questions on that, Raman can handle the MIDAS, and Karen can speak to the criminal records check and leadership.

The Chair: — Thank you very much. Questions from committee members? Ms. Atkinson.

Ms. Atkinson: — In terms of the criminal record checks, can you explain the change of policy, where in the past the policy was related to a person's position of trust: persons who had care of vulnerable individuals; persons involved in law enforcements or security, the criminal justice system; people involved with

financial services. Now you're asking all new public servants to have a criminal record check. Can you explain the public policy behind that, the rationale?

Ms. Aulie: — Yes. Once we had completed the first phase and we knew that all employees had been identified by position as to who needed a criminal record check, we moved into the second phase where now all new applicants required to have a criminal record check. And then once we have that record check, if there is a criminal record, we would then assess it against the duties of the position and use the same criteria you just identified to determine whether the criminal record was relevant to the position. So it's a very standard practice now of most employers to have all prospective employees fill out a criminal record check, and we've implemented that. And then we also have asked through our policy that all current employees identify if they're charged or convicted. So that way we're, sort of, we're ensuring that all individuals are screened on the way in and then we can make an assessment based on the position requirements.

Ms. Atkinson: — So can you give us some examples of a person's applied for a job, a young person perhaps applied for a job. When it came to the criminal record check, it was obvious they had a criminal record, and what happened? You must have some examples of that.

Ms. Aulie: — Yes. A very common situation would be a drinking and driving charge. So again we would assess that against the duties of the position, the currency of that charge — you know, if it was last year versus 10, 15 years ago — and we would make an assessment. So we do have a number of employees working for us that have had past criminal records. But they're in positions where that's neither relevant or, you know, we don't feel it will affect the duties of the position.

There's also been situations where we've been able to change the job duties. So you know, perhaps they've had a criminal record because of a drinking and driving charge. They actually don't have a valid driver's licence, so we change the job duties so they are not expected to drive on the job.

Ms. Atkinson: — What about a young person that might have been involved in an altercation, still involved drinking, maybe they were charged with assault? Have you had any of those examples?

Ms. Aulie: — Yes we have. And again it depends on how recent that was and the nature of the duties of the position. So each situation is different, and we consult with legal counsel regularly where we're in doubt. But you know, we certainly don't want to make it impossible to work for the Government of Saskatchewan in a situation where the duties really are not a concern from a criminal record point of view.

Ms. Atkinson: — So when you say how recent a situation, so you're a young person. You're 24 years old. Maybe this happened when you were 20. I'm particularly thinking of young men who sometimes get into these kinds of situations. So it might have happened four years ago or five years ago. What would the Public Service Commission have to say about that?

Ms. Aulie: — Yes. Again really depends on the duties. You

know if they're, if they're operating a snowplow, not working with other individuals, we check references when we hire individuals. So it's all very much a judgment call.

Ms. Atkinson: — Or they have a degree in social work and they're going to be working with young people in a youth offenders facility. What about those young people . . .

Ms. Aulie: — Yes.

Ms. Atkinson: — Who may have had a criminal record, assault, drunk driving. Maybe found with, you know, marijuana. What happens to those people?

Ms. Aulie: — That would be viewed with a much more stringent lens. And we do vulnerable sector checks as well on any positions that are dealing with children in care or vulnerable citizens.

Ms. Atkinson: — So if I was a young person or was 24 years old, maybe a male, got into a fight, was charged with assault, convicted of assault but I have a social work degree, would I ever be able to get a job in the public service as a social worker?

Ms. Aulie: — Individuals in that sort of situation would be encouraged to pursue the pardoning process, and if they are granted a pardon then they would be considered for employment.

Ms. Atkinson: — If I was 40 years old and had a marijuana charge, even when I was 19 or 20, I had an assault charge when I was 19 or 20, would I still have to go through a pardon to work for the public service?

Ms. Aulie: — If it was in a vulnerable position, yes.

Ms. Atkinson: — Okay. Thank you.

The Chair: — Further questions from committee at this point. Mr. Hart.

Mr. Hart: — Thank you, Mr. Chair. Just a section in this chapter dealing with developing leaders, leaderships or a new leader, senior leaders and managers and that sort of thing. The auditor states that, suggests that mentorship opportunities should be provided and developmental work experiences. And wonder if you could just expand on that as to where PSC is at. Because you know, the auditor says that within six years nearly half the senior leaders and half the managers will be retiring so that's, I mean, that's pretty significant. And I'd just like to get a sense of where we are in developing our future leaders.

[09:30]

Mr. Wincherauk: — Just a couple of opening comments, and then Karen can follow up on this. But our whole talent management strategy is something that we are in the process of developing right now. We know that with the economy turning around in Canada we're going to be in a very competitive position on trying to maintain, trying to recruit and trying to retain our folks. And with the huge number of people who will be leaving us over the next four to five years, we have to be able to bring talent into the system. We have to be able to assess

that talent. Do they have the proper skills? Do they have what we need to have them move our organization forward? And then we have to be able to make sure there are opportunities, training opportunities for them plus getting them exposure on a whole wide variety of initiatives within government.

So we view that as one of the critical initiatives that we're undertaking this year. I think we've already done a fair bit and I'll ask Karen to speak to that.

Ms. Aulie: — So for the past few years, we've been doing informal mentorship and coaching where individuals would be identified for the need for either mentorship or coaching, and we've been brokering those situations. But we're just in the process of working with our youth advisory committee to implement a mentorship program across the public service, and so the program's being designed now and will be rolled out in the fall. And it's not just limited to youth but to all members of the public service where they will actually be hooked up with mentors that will provide them an opportunity to learn the skills that they've identified as important for their careers. In the talent mapping and talent management area, we're really trying to identify the bench strength that we have in the public service, develop those areas that are gaps, and start to identify recruitment strategies for the areas that we think we have a shortage.

Mr. Hart: — Just a follow-up to that. As has been said, we certainly have an expanding economy and the government has to compete with other employers to attract the talent and the people with the skill sets that we require. Are you finding that, are you seeing any evidence now that perhaps, I know, as particularly as managers and senior leadership people, certain education levels or training levels are required for a certain positions and so on, are you finding that perhaps you may have to lower those requirements to attract people who perhaps maybe haven't got the education background as far as a master's or Ph.D. [Doctor of Philosophy] but have more extensive work experience? Are you seeing any of that currently, or are you projecting that that's the way you may have to go in the future?

Ms. Aulie: — A few years ago we actually moved to a competency-based recruitment process. So we not only look at education credentials but we look at experiential ways of gaining knowledge. And I think that's serving us well in this economy and demographic situation because it allows us to look at individuals who've gained the skills that we require in different ways so they don't have to actually come up through our system, but they can bring other skills to the table. So we assess an individual's competencies on that basis.

Mr. Wincherauk: — And I think what's critical for us is our ability to bring people up through our own organization but also to actively be able to recruit people from outside our system.

Mr. Hart: — Are you providing any feedback to people who, to applicants who apply for a particular position and are not successful? And quite often they submit an application but that's the end of it. They never hear anything further as to why their application wasn't accepted, you know, where their deficiencies are. It seems to me, and I've actually had some individuals, you know, tell me this, that if they knew what it

was that was lacking in their resumé as such that perhaps they would go out and seek that additional education or skills sets and so on.

And I think that may be helpful in the future because I believe at least there is a willingness amongst some of our people within the system to acquire the skill sets that is necessary for advancement towards these senior positions. Have you done any of that as far as providing feedback to applicants who have applied for positions and yet haven't heard anything about it?

Ms. Aulie: — Yes. If they've applied on specific competitions, they absolutely can be in touch with either us or the hiring manager to receive feedback. And often it's the case that they may be qualified but they're not the most qualified when it's a position, you know, based on the competencies for the position. So individuals will often say, well why am I not qualified? And they are in fact. It's just that there was someone that had a bit more to bring to the table.

So they can ask for specific feedback, but they can also receive general career counselling from our staff on the kinds of career opportunities, the kinds of experiences that they might need, and the competencies they should build to get those experiences.

Mr. Hart: — Okay, great. Thank you for that.

The Chair: — Ms. Atkinson.

Ms. Atkinson: — I just want to go back to the criminal record check policy. When a person is asked to provide a criminal record check and if they have a pardon, does that show up?

Ms. Aulie: — We are advised that they have received a pardon and as such they are deemed to not have a criminal record in the eyes of the law.

Ms. Atkinson: — Oh, okay. Okay. I want to ask some questions about out-of-scope positions. And I understand that out-of-scope positions that are classified are now within the purview of the individual ministries. I'm interested in knowing what sort of oversight the Public Service Commission has to assure us that in fact the most qualified individual is being hired for those positions.

Mr. Wincherauk: — This is an important one for us, and to ensure integrity in the hiring process the PSC is guided, as you know, by *The Public Service Act*. We have staff that are very well-trained and experienced human resource professionals. We offer training and tools to our hiring managers and we assist managers where needed with staffing action. You know, I think in '09-10 we had 1,333 positions. I think this last year we had 938 permanent, full-time positions that were posted publicly and there were competitions.

Ms. Atkinson: — I can't hear you, sir.

Mr. Wincherauk: — Oh, I'm sorry. What would you like me to repeat?

Ms. Atkinson: — You don't have to . . . [inaudible] . . . You can just tell us what you just said.

Ms. Aulie: — Okay. So as Don mentioned, we are responsible for staffing under the Act, so where we have delegated responsibility to a ministry we are still responsible to ensure the integrity of the staffing process. As such, we set the competency requirements. We're involved in helping managers get those staffing actions going, helping them design interview guides. We've built an inventory of interview guides that they have access to. So they're using tools that we've developed and that we've tested. And then we provide advice along the way as they make their selection. So we're still quite involved even though it's in a delegated environment, and we still have the ability to rescind that delegation if we feel that a ministry is not abiding by the spirit of *The Public Service Act*.

Mr. Wincherauk: — I'd also like to point out that, again, being in a very competitive market, it's very important that we staff our positions in a timely basis. And I think over the last year we previously were running at around 85 days to staff a position. I think we're now down to 49, which is a pretty significant reduction in about nine months. And then we're targeting to reduce that even further down to under 35. The delegation of staffing is a key part of this initiative.

Ms. Atkinson: — If a person was to become — let's just use an example — head of facilities, are there certain qualifications one would have to have in order to get that job, or how would that work?

Ms. Aulie: — So under *The Public Service Act*, we have the responsibility to set the minimum standards for positions, and we've done that on the out-of-scope side through a competency framework that's been identified by the type of position and the level of position. So managers work within that framework to select the competencies that are relevant to the position. So for a director of facilities, they'd be looking for a certain level of leadership experience and skills to go bring to the table. It may involve accountability, that they've had experience in holding people accountable. But that's all laid out in the competency framework.

Ms. Atkinson: — Would they have to have ever been involved in managing . . .

Ms. Aulie: — Yes.

Ms. Atkinson: — Or working in facilities?

Ms. Aulie: — Not necessarily in facilities because again the competency philosophy is that people can bring those skills from other settings that are related. But certainly they'd have to have leadership skills and it would have to be in a similar sort of environment. So, you know, it could be, you know, in the private sector where they're dealing with some sort of property management or, you know . . . It depends on the specifics of a position but certainly it needs to be related.

Ms. Atkinson: — Okay. And so what sort of process do you follow to ensure that in fact when a manager is being hired that in fact they have the competencies? Do you, you know, check? What sort of process do you go by to ensure that in fact the Public Service Commission Act is being followed?

Ms. Aulie: — Well the approach we're taking . . . And

delegation is quite new. We just began in last May. And so the approach that we're taking now is that we're very involved in coaching the managers along the way right to the point of their letter of offer. So we feel that we have a good eye on what's going on in those situations. As we work with managers and we feel that they are competent to continue, then our involvement can be less.

We do sort of review on the back end of staffing actions whether the individuals, you know, meet the spirit of the Act. And we also have the right, should we need to, to go in and do a formal audit.

Ms. Atkinson: — Have you ever done that?

Ms. Aulie: — We haven't yet, no. It's not even been quite a year and the number of out-of-scope staffing actions so far has been quite small.

Ms. Atkinson: — If someone were, it's quite obvious . . . Well let me ask this question. So when you're doing your check to make sure that the proper set of skills have been identified and the person that got the position meets those skill sets, do you look at other applicants to see what their skill sets might have been? Or how do we know as the public that in fact the person that got the job had the right set of skills for the job, given that it's been devolved, I guess, to the ministries?

Ms. Aulie: — I guess the delegation of staffing is based on the assumption that the permanent head has a high interest in ensuring that the individuals who work for them are qualified for the work. And so if we think that that's not being upheld, then we would revoke that delegation authority.

Ms. Atkinson: — The permanent head being the deputy minister.

Ms. Aulie: — Yes. Yes, it's delegated to the permanent head and then through their organization.

Ms. Atkinson: — Right. Another follow-up question. Has there been an increase in the unclassified service?

Ms. Aulie: — I don't have those numbers with me, but I do not believe so this year. We can provide that information.

Ms. Atkinson: — Can you give me . . . Is it possible to look at the numbers of unclassified individual, or I guess the numbers in the unclassified service, just go back to 2006 to present? I'd be interested in knowing how many positions are no longer classified.

Mr. Wincherauk: — We can provide that.

Ms. Atkinson: — Great. Thank you. And if a citizen is concerned that someone has received a job or is sitting in a position and they don't have the skill sets, can they contact the Public Service Commission and you would do a review? Obviously the citizen doesn't need to know the content of the review, but is that possible?

Ms. Aulie: — Yes. They can also contact the Ombudsman.

Ms. Atkinson: — The Ombudsman. Okay. Thank you.

The Chair: — I would invite a motion on the new recommendation that we have before us. Mr. Hart.

Mr. Hart: — Mr. Chair, 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. 1 of chapter 18, Public Service Commission, and note compliance. Any further questions or comments from committee members?

Seeing none, I'd like to thank Deputy Minister Wincherauk and officials for joining us here today. Thank you for your answers. And we're going move our morning along to Justice and Attorney General, chapters 8 and 14.

[The committee recessed for a period of time.]

[09:45]

Justice and Attorney General

The Chair: — We'll reconvene the Standing Committee on Public Accounts at this point in time, moving along our considerations and attention to Justice and Attorney General. We will focus in on two chapters of respective volumes 1 and 2 from the 2010 Provincial Auditor's reports. We'll focus in on one report at a time, one chapter at a time. And I'll invite a brief introduction from Deputy Minister Tegart of his officials here today.

Mr. Tegart: — Thank you. Let me begin by introducing the officials. So with me this morning are Dave Tulloch, the executive director of the corporate services branch of the ministry; Jan Turner, the executive director of the community justice division; Cathy Drader, the director of our information management branch; Brad Gurash, the director of our assurance and financial reporting area; Allan Snell who is the chief executive officer of the Legal Aid Commission; Jerome Boyko who is the director of finance with the Legal Aid Commission; Dave Wild who is the Chair and superintendent of pensions with the Saskatchewan Financial Services Commission; and Barbara Shourounis who is the director of the securities division of the Financial Services Commission.

The Chair: — Thank you very much, deputy minister. At this point in time I'll turn it over to the Provincial Auditor's office to make a brief presentation on chapter no. 8 of volume 1 and then I'll invite subsequent response from your ministry.

Ms. Lysyk: — Thank you. With me this morning I have Victor Schwab, audit principal with our office, and Tara Clemett, audit principal with our office, who are responsible for the work in this chapter.

Chapter 8 of the volume 1 report, pages 97 to 105, contain the

results of our audit to assess whether Justice had adequate processes for security awareness for the 12-month period ending February 28th, 2010. We make three new recommendations for Justice to improve its process for security awareness. Now I'll turn it over to Victor who will speak to the information.

Mr. Schwab: — Thank you. Security awareness is an important part of information security. If users are not aware of the policies and procedures they need to follow, it is more difficult for an agency to protect its information. Good process for security awareness includes demonstrating management's commitment to security awareness, incorporating the security awareness program into security policies, informing users of their information security responsibilities through the formal security awareness program, and periodically reviewing the effectiveness of the security awareness program. We describe good processes for security awareness more fully at the end of chapter 3.

Regarding the new recommendations, we assessed that Justice had adequate security awareness processes except that it needs to assess its security awareness needs, it needs to update its formal security awareness plan, and carry out the plan. Justice also needs to monitor the effectiveness of its security awareness plan.

On pages 102 to 104, we made three recommendations to address the above matters. We recommended that Justice assess its security awareness needs and ensure its security awareness program addresses those needs. We recommended that Justice update its formal plan for its security awareness program and carry out the plan. Also we recommended that Justice monitor the effectiveness of its security awareness program.

We have received a formal response from the Ministry of Justice with regard to these recommendations and the ministry has agreed with these recommendations. This concludes our presentation of this chapter.

The Chair: — Thank you for that presentation. I would invite response from Deputy Minister Tegart or his officials, specifically focusing in on three recommendations that are new here today.

Mr. Tegart: — I'm not sure exactly how much detail we should be going into this morning, given that we are in agreement with the findings and the recommendations and we are in process of implementing them. In the interest of time, I won't go into a detailed response on this unless you would like me to, Mr. Chair. And rather than that, I'll answer any questions that you might have with respect to the recommendations and our response to them.

The Chair: — Thank you. So noted that there's agreement with the ministry and various levels of progress. Maybe committee members have specific questions around those actions or respective timelines? Ms. Atkinson.

Ms. Atkinson: — Given that the Justice and Attorney General ministry is in the process of implementing the recommendations, when do you anticipate that all recommendations will be fully implemented?

Mr. Tegart: — We should by the end of this fiscal year have all of them implemented, and so we'll be in a position to report back to the committee the next time we appear, at this time next year.

Ms. Atkinson: — And in terms of the recommendation no. 1, can you tell us, are you just about there in terms of implementing that recommendation?

Mr. Tegart: — To assess the security awareness? To some extent these are evolving areas. You don't do this once and stop. So some of the steps that we're taking right now to respond to that particular recommendation are to monitor the concerns that have been raised through the government-wide security officers committee and assess the impact on the ministry, and to monitor the current concerns arising in the business operations themselves and then to obtain feedback from security awareness training session participants.

So as you will appreciate, Ms. Atkinson, the concerns that we're addressing here tie in to a certain extent to the concerns we have with respect to privacy issues as well in the ministry, and our responsibilities in the government overall with respect to privacy. So this is an area that we take very seriously, and concerns that we take very seriously. And we have a broad responsibility to respond to this, both in relation to the recommendations made by the Provincial Auditor but also in carrying out our responsibilities to the government as a whole.

Ms. Atkinson: — Now I note that there's a position that's been created. I'm wondering . . . And the position that's been created, it provides advice to Justice employees. But I also see that you have some external contractors that are also involved. And so my question is, what kind of ongoing monitoring is there of the external contractors to ensure that they are aware of the security issues that have been raised by the auditor's office?

Mr. Tegart: — Cathy Drader's going to come forward and speak to the details on that.

Ms. Drader: — Basically the internal staff, that's a single position, is responsible for providing the, developing the training programs and providing the training, is available to attend to any of the program areas that might have questions, and does attend the government security officer forum as well. So he's gathering the information there. Basically we only use the external consultant as needed. We did have . . . If there were any security, extra issues or extra training that our internal staff wasn't able to attend, then we would use them. But it was more just on an as-needed basis. It wasn't an ongoing kind of thing for the externals.

Ms. Atkinson: — Okay. So I gathered from the auditor's report that there are contractors who . . . Because they indicate that the policy should require that the security awareness program include all employees and relevant contractors. So I guess I'm interested in knowing, does this security awareness position work with contractors around security issues?

Ms. Drader: — To the extent that the contractors would be providing services through the ministry. And I would need to ask some of the other program areas where they are using those contractors. And in those kinds of instances then those

contractors are treated as employees and they get the same kind of training, and this is what our security obligations are.

Ms. Atkinson: — Okay. So also in the auditor's report, and I don't mean to take up a lot of time here, but in the auditor's report it indicates that Justice has set out security principles in a document and the document notes that all employees are responsible for the protection of information in the Justice ministry. Then it says that Justice only has a small amount of money available for security awareness. And you know, I do note that if it's not something that's constantly, not constantly but we remind ourselves of, you know, two or three or four times a year, that sometimes we can become complacent regarding the protection of information. And I think the public is getting more sensitive to information that is contained within various ministries about them. And I'm just wondering, does management now discuss security awareness issues at their management team meetings on, you know, the occasional occasion?

[10:00]

Mr. Tegart: — First of all, I agree completely that it's not something that you can do once and then forget about it. It's got to become part of the culture of the organization. And I linked it earlier to the concerns and the responsibilities that we have in relation to privacy and the protection of personal information. And I think the approach in terms of the cultural change that's required in the organization is similar in both. So the answer to the specific question is we don't have this formalized, and actually I think maybe we'll go back and think about whether or not we do need to actually have a discussion of this, a repetitive discussion or a repeated discussion of this, formalized in some way.

At our executive committee each week, we do have a standing item where we talk about what I'll refer to as tech issues more generally, and this would be an item that would be worth raising regularly and ensuring that we are getting that cultural shift in the organization attended to in an appropriate way and supported in an appropriate way.

Ms. Atkinson: — Okay. Thank you.

The Chair: — Further questions? Comments? It was noted that there was progress on all three recommendations, and I would invite a motion.

Mr. Hart: — Yes, Mr. Chair. I would move that the committee concurs with all three of the auditor's recommendations in this chapter and notes progress towards compliance.

The Chair: — Moved by Mr. Hart. All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concur with recommendations 1, 2, and 3 of chapter 8, Justice and Attorney General, and note progress.

We'll turn our attention to the report from volume 2, which I believe is chapter 14. And I would invite a brief presentation from the auditor's office.

Ms. Lysyk: — Okay. Thank you. Chapter 14 of our 2010 report volume 2 pages 221 to 234 contains the results of our annual financial audit of the Ministry of Justice and other follow-up work at various agencies. There are a number of items included in this section. I'll start with the annual financial statement audit at the ministry.

For the annual financial audit at Justice, we assessed the rules and procedures and compliance with authorities at the Ministry of Justice for the year ended March 31st, 2010. We report two new recommendations from our work, and we also continue to make four recommendations that were contained in previous reports.

With respect to Saskatchewan Legal Aid Commission, on page 229 you will find an exhibit which includes three previous recommendations regarding the Saskatchewan Legal Aid Commission's information technology. Those recommendations were still being addressed, and we have a follow-up plan to address their status in 2011.

Saskatchewan Financial Services Commission. At the bottom of page 229 begins our follow-up of five previous recommendations relating to the Saskatchewan Financial Services Commission's processes to investigate complaints by the investing public. We found the Commission addressed three of our recommendations at June 30th, 2010. The Commission continues to address the two outstanding recommendations.

And finally, superintendent of pensions. For the two outstanding recommendations related to the superintendent of pensions on page 233, we performed a follow-up at the beginning of 2011. And in our recent volume 1 report that was issued last week, we report the results from our follow-up and found both recommendations have been addressed.

And now I'll turn over this presentation to Tara Clemett.

Ms. Clemett: — Thank you. For our new recommendations, we found that Justice did not have a process for obtaining approval for federal-provincial cost-share agreements in accordance with *The Federal-Provincial Agreements Act*. As a result, Justice extended its Aboriginal court worker program without cabinet approval, i.e., order in council. Also Justice needed to submit cost-share claims to the federal government timely. For example the last claim submitted to the federal government for the Aboriginal court worker program related to the 2005-2006 year, which resulted in \$1.8 million owing to Justice. Lack of timely submission increases the risk the cost-sharing partners may not pay their share of the cost of programs.

Therefore in the middle of page 225 we recommended the Ministry of Justice and Attorney General establish a process to obtain approval for all federal-provincial cost-share agreements in accordance with *The Federal-Provincial Agreements Act*. And at the bottom of page 225, we recommended that the Ministry of Justice and Attorney General submit timely claims for all of its cost-share programs. We have received a formal response from the Ministry of Justice with regards to the annual financial audit on March 31st, 2010, and they have agreed with our recommendations. This concludes our presentation of this chapter. Thank you.

The Chair: — I'll turn it over to the ministry for a response.

Mr. Tegart: — Again we accept the findings and the recommendations. So with respect to the approval of cost-share agreements, we're developing that process right now. We're actually revising the way in which we do agreements generally within the ministry, and this is part of that but an important part of that. I mean I personally am a little embarrassed about this one because we are the Ministry of Justice and if anybody should be catching these things, we should be. But we are fixing the process, and it's important that this not happen again.

With respect to the . . . You covered the submission of the claims as well, didn't you, in your presentation? Yes. With respect to the timely submission of the claims, I can say that all of the outstanding claims have now been submitted, and we have a process in place to deal with the next claim that will be submitted based on the year that we're currently in.

The Chair: — Thank you very much. Questions from committee? Ms. Atkinson.

Ms. Atkinson: — I don't have a question on timely submission of cost-shared claims, but I do have some questions about Legal Aid and the recommendations that were . . . some outstanding recommendations. Is this the appropriate place to ask the questions, Mr. Chair?

The Chair: — Sure.

Ms. Atkinson: — Okay. Now it indicates that there have been I guess three recommendations about the need to upgrade the, I guess, information technology system at Legal Aid. And I'm wondering, is this a matter of money and having the necessary resources to implement the recommendations?

Mr. Snell: — Ms. Atkinson, we actually are pleased to be able to report this morning that we have implemented the recommendations, and going forward we think that we will be in full compliance. With respect to the individual recommendations, some of it did require some expenditure on our part. For example a refresh of our hardware, IT hardware, just was completed this year, which did cost some money. But it was part of our budget, and we were able to handle it.

I would like to just comment that the deputy minister previously mentioned that he felt that adherence to security technology issues is something that should become part of the culture. And I think that in Legal Aid we have attempted to do that and have succeeded. We have an IT management committee which has the security audit as part of its agenda on each and every occasion. Our board of commissioners receives a report at every commission meeting with respect to security audit recommendations and generally security audit issues, and our commissioner, our Chair of the commission, Mr. Brent Gough, is very aware and takes a keen interest in making sure that these matters are dealt with.

As I say, we have implemented the recommendations as of this year and as of the final refresh of our hardware, and we are pleased to report that there have been no issues or breaches or compromises to any of our IT systems. Perhaps I can let our director of finance, Mr. Boyko, speak to the specific

recommendations and how they were implemented.

The Chair: — And I would just request officials before they speak to state their name for Hansard to be able to put it on the formal record.

Mr. Boyko: — Thank you. Jerome Boyko from Legal Aid Saskatchewan, director of finance. Thank you for allowing me to address those specific recommendations. As we're speaking, the representatives of the Provincial Auditor's office is in attendance at our office right now. And I was pleased, meeting with them and discussing this yesterday, that we met these recommendations.

Specifically the three recommendations, the first one dealing with follows password standards and monitor the user access to its systems, the password standards are implemented on all our commission-owned workstations. The issue was with our administrative password accounts, which was the outstanding item. We have now implemented it so that they are changed regularly, and they are very limited to just . . . [inaudible] . . . IT individuals. So we've met that recommendation.

The second recommendation that was outstanding was that we adequately configure, update, and monitor our computers and network equipment. Last year we reported that this was an item that was outstanding and that we were working on it with our refresh. When we did our refresh, we've added another system of managing our security and where we actually contract now and have a central point for our critical infrastructure, where now we're using a hosted management services where we did a request for a proposal and SaskTel was awarded the tender of that particular thing. So the critical components, which include a server forum for the management of our email, our domain control for our user access, our application servers such as our BlackBerry enterprise, our Legal Aid database information network is now centralized and that there is a centralized firewall now for this particular purpose. And so now all these critical components are all managed centrally, and we're going to be working with our . . . [inaudible] . . . contractor to make sure that this is updated regularly.

Our last recommendation was, where we reported last year, was to develop and test out a disaster recovery plan and the systems. When we reported last year, we did have the management present the up-to-date disaster recovery and business continuity plan for the commission. The legal directors of all our offices and key IT support staff members have been provided with that document. The legal directors are asked to make sure that that plan is taken off site.

We had an incident where, basically how we tested it, was a national incident occurred in November 2010, where our communication lines were inadvertently cut by an electrician, and we invoked the plan and considered that a minor disaster. And within 24 hours after contact with the various agencies such as ITO [Information Technology Office], SaskTel, and other appropriate agencies including Justice, that we were able to get services restored and we met that recommendation.

Other than that, that's the specific responses to those three recommendations.

The Chair: — Thank you very much for those answers.

Ms. Atkinson: — Mr. Chair, I just want to thank Legal Aid for the very substantive answer to the question, and I really appreciate the information that you have provided the committee.

The Chair: — Thank you. Mr. Hart.

Mr. Hart: — Yes, Mr. Chair. Before I move a motion I would just, with regards to the two recommendations, I'd like to, if the officials could clearly state where they feel the ministry is, whether they have complied with the recommendations or are working towards progress. Perhaps they did give that, pass that information on, but I didn't hear it as clearly as I perhaps should have.

Mr. Snell: — Allan Snell. Yes, we have in our view complied fully.

Mr. Hart: — With both recommendations?

Mr. Snell: — Yes, all three in fact.

Mr. Hart: — Or all three, sorry. Sorry, all three . . . [inaudible interjection] . . . Oh okay. Oh, the recommendations 1 and 2 in this chapter is what I was referring to.

Mr. Tegart: — So I take it that you're referring to the ministry ones rather . . .

Mr. Hart: — Yes, the ministry ones, sorry. Recommendations 1 and 2 in chapter 14.

Mr. Tegart: — We are in compliance.

Mr. Hart: — You are . . .

Mr. Tegart: — [Inaudible] . . . accepted, and we are in compliance.

Mr. Hart: — Okay. Okay, Mr. Chair, then I would move that the committee concurs with . . . [inaudible interjection] . . . Oh sorry. Sorry.

[10:15]

The Chair: — I see a question from Mr. Michelson, and then we'll come back for the motion here. Mr. Michelson, they're on these two recommendations, the question? Okay, go ahead.

Mr. Michelson: — I'm just curious. The timely claims, the claims have all been submitted to the federal government? I understand from reading this that some of them would be past or outdated? Would that be fair to say?

Mr. Tegart: — If by that, you're asking whether some of them won't be recovered. No, that's not true. We will be recovering some of the costs.

Mr. Michelson: — That's what I was coming to is just a chance of not . . .

Mr. Tegart: — No, no. It's just a matter of there being a delay in receiving the payment from the federal government, but now that they're all submitted, we will be receiving those payments.

Mr. Michelson: — Okay. Thank you.

Mr. Tegart: — And the one that hasn't been submitted is the one that is not yet ready for submission because it's based on the . . . Well it's actually . . . It's based on the year that just ended, but it's not due until December of this year.

Mr. Michelson: — Thank you.

Mr. Hart: — Mr. Chair, I move that the committee concurs with both recommendation 1 and 2 and that we note compliance.

The Chair: — Moved by Mr. Hart. All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concur with recommendations 1 and 2 of chapter 14, Justice and Attorney General, and note compliance.

I just would seek some clarity on the recommendations that are outstanding as it relates to the investigation of financial irregularities or processes to follow up on complaints. There were five recommendations. My understanding is that there's three have been now implemented fully and that two are still outstanding. And I would just look for a status update from the ministry as it relates to complaints to investigate . . . or to investigate complaints through the Saskatchewan Financial Services Commission. And specifically the aspect around monitoring those investigations. And then the other aspect was, I guess, performance targets, just where we're at on those two fronts.

Mr. Tegart: — So Mr. Wild will be addressing those.

Mr. Wild: — Thanks, Mr. Chair. Dave Wild, Chair of the Saskatchewan Financial Services Commission. As noted we have two recommendations that are outstanding. The first one relates to the monitoring of the enforcement function by our commissioners. We have established a process within the commission where individual commissioners review closed investigative files to examine whether the investigation met the standards set by the commissioners. We had a single incident where the commissioner failed to sign a form as evidence of that review. The review took place. The commissioner failed to sign the form and we certainly have taken the time to explain to the commissioners how important it is that we have documentation on our file of their review. So in our view, we are in full compliance now and expect to have that confirmed by the auditor's staff on follow-up.

The final recommendations with respect to performance measures, always a challenging topic for any organization to establish performance measures. In this case we're talking about an enforcement activity that primarily focuses on securities fraud. So like any crime, securities fraud is the result of a complex set of factors, only one of which is our activity to take enforcement action.

Nevertheless we have taken seriously the recommendation to establish performance standards. We have hired a consultant to work through the process with us of establishing performance targets. We have met on probably half a dozen occasions, and by this fall we're confident that we will have established performance targets for this function. We already have established time targets, so our investigators work under instructions to assess a case within a particular period of time to investigate cases within a particular period of time and then to move it forward to regulatory action.

Here the performance targets are more looking to outcomes: how do we know that we're taking on the right cases and taking the right regulatory actions? So that'll be the outcome. We are confident that by this fall we'll have a set of standards in place for the review of the audit staff.

The Chair: — Thank you for that response. Further questions from committee members? Ms. Atkinson.

Ms. Atkinson: — This doesn't specifically have to do with the auditor's report, but do we think we'll have a national securities commission? Ever?

Mr. Wild: — I would defer to my minister in terms of responding to that.

Ms. Atkinson: — There you go. A very good answer. I think the Supreme Court of Canada might help determine that.

I do have questions on the outstanding recommendations on pensions. I have no questions on this, Chair.

The Chair: — Sorry, Ms. Atkinson, you have questions on the pensions?

Ms. Atkinson: — Yes I do.

The Chair: — Go ahead with respect to the analysis.

Ms. Atkinson: — The outstanding recommendation, this goes back several years, but certainly there have been some significant risks no doubt identified since 2008. And I'm wondering where the superintendent of pensions is at in identifying the risks that are faced by all, I guess, pension plans in the province. I know the various Finance ministers have been having a discussion on this, but I'm wondering where this recommendation is at, as well as the risk-based work plan to supervise pension plans, which I think is another big issue.

Mr. Wild: — I'll respond to that as well, Ms. Atkinson. As noted by the Provincial Auditor, we have met the recommendation. And you're quite correct, it is a long-standing recommendation. Again, a fairly challenging piece of work for a regulatory organization to establish a risk-based framework. We have almost 500 plans in this province that we regulate with a staff of now four. But that was only a staff of two going back to the original time of the report. So it's absolutely essential that we do spend our time wisely, and that's at the heart of the recommendation from the Provincial Auditor that we do assess risk and tailor our regulatory actions to what we see as risk in the pension plans.

We have over time I think refined our risk-based regulatory system. As long as I've been superintendent, we have taken a risk-based approach, and that's almost 20 years now. I think though that the auditor forced us to develop a much more systematic and formulated approach to assessing risk — more quantitative, less subjective. And I'm pleased that we have met their recommendation. Now bear in mind, identifying risk is far different from managing risk, and there is inherent in the legislation an acknowledgement that a certain amount of risk should be taken on.

We, for example in the case of defined benefit pension plans, we allow plans to operate on a basis that's less than fully funded. It is quite legal to operate with an underfunded pension plan, provided you have a plan for addressing that shortfall. And the reason we have legislation that allows that level of risk to come in to the marketplace . . . And by the way, it's not a level of risk that we'd permit in the financial institution world, for example. We wouldn't allow an insurance company or a deposit-taking institution to operate on an underfunded basis, but we do so with pension plans primarily to encourage the formation of pension plans.

There's no law that requires an employer to have a pension plan. It's entirely a voluntary system. Now we acknowledge that it's a positive social influence to have employer-sponsored pension plans, so the legislation quite consciously allows a level of risk to come in to the marketplace to encourage the formation of pension plans. It makes for a challenging regulatory environment. We're always caught between that need to protect with the need to encourage, and so we do have risk.

And pension plans certainly are going through a transformation now. We are seeing, you know, far fewer defined benefit pension plans and more defined contribution plans. We're seeing federal and provincial Finance ministers debating whether we shouldn't take on a different approach to savings for retirement. So we do take seriously the Provincial Auditor's recommendations. We do have a work plan that is focused on risk, but it certainly won't eliminate risk in the pension industry.

Ms. Atkinson: — Another question. I realize you've been the superintendent for a number of years. Do you feel that there are some pension plans where the risk is very substantive and that there isn't, they don't have the necessary system in place to address the unfunded liability?

Mr. Wild: — Two parts to the question. The first one, at any given time we'll have three or four or five pension plans that our office are very focused on that are undergoing some pressure. It could be funding pressure, but it could be governance issues. It could be some collective bargaining issues. So we don't have something that we call a watch list but if I called it a watch list, it would have four or five or six pension plans at any one time. And those change over time, and those are the plans that tend to get our attention.

In terms of whether or not we think there are plans that are unsustainable, I suspect that if I had to voice a personal opinion on some plans, that yes I would worry that they're unsustainable. But I also feel that those plans are subject to a lot of debate and scrutiny. I'm sure you've read about some of

those in the paper, and that I'm confident that we will have solutions that allow those plans to be either sustained or terminated and replaced with something that is more sustainable.

It's not up to the Government of Saskatchewan though, in terms of legislation, to backstop the pension plan. Pension plans can fail. And you know we try very hard to mitigate the risk, but there can be failures.

Ms. Atkinson: — Okay, thank you.

The Chair: — Further questions from committee members on this report, this chapter? I'd like to thank Deputy Minister Tegart and officials from the Ministry of Justice and Attorney General for joining us here this morning and providing those answers. And at this point in time this committee will turn its attention to Corrections, Public Safety and Policing. Thank you.

[The committee recessed for a period of time.]

Corrections, Public Safety and Policing

The Chair: — So we'll reconvene the Standing Committee on Public Accounts, turning our attention to Corrections, Public Safety and Policing. And on this we're going to focus in on two chapters here today: one from volume 1, one from volume 2. With respect to the chapter in volume 1, we've already begun considerations of that chapter in a previous meeting, so we've had the presentation from the auditor's office on this front. We've also had respective presentation from Deputy Minister Hilton who's joined us here today. Thank you again for you and your officials joining us here today. And we've had respective questions, and dealt with by way of motion, recommendations 1 through 4. So at this point in time I think I'll skip the comments from the auditor's office and the Ministry of Corrections and Public Safety at this point and would urge committee members to focus in their questions as they relate to recommendations 5 through 11.

But just before we do that, I would welcome Deputy Minister Hilton for joining us here again this morning, and I would ask him briefly to introduce the officials that are here with him today.

Mr. Hilton: — Yes, good morning. To my right I have Margaret Anderson, executive director of corporate services. To my left I have Jeff Markewich, director of financial planning and corporate services, and immediately behind me I have Marlys Tafelmeyer who's the executive director of my HR team.

The Chair: — Thank you for joining us. Ms. Atkinson.

Ms. Atkinson: — In terms of recommendation no. 5, could you give us an update on whether the ministry has been able to reduce overtime costs, address sick leave, balance out overtime that may occur so that it's fair? Can you just give us a little update on that?

Mr. Hilton: — We've reduced overtime by two and a half million dollars. And since we implemented our attendance management policy, we've reduced sick days, sick leave on

average by two days. So we, approximately we went from a high of 14 sick days a year and we're now down to 12.

Ms. Atkinson: — And can I ask, has this created any kind of difficulties with some people who may have anticipated that they would have a lot of overtime as part of their, I guess, income and they no longer have access to the type of overtime they've had in the past?

Mr. Hilton: — I'm sure it may have created some challenges for a few individuals, but I'm not aware of any specific instances.

Ms. Atkinson: — So would you say that this recommendation is fully implemented at the moment?

Mr. Hilton: — Within our ability to act within the context of the collective bargaining agreement and our labour relations obligations, yes.

Ms. Atkinson: — Okay. Thank you.

The Chair: — Just on that then, in understanding those various constraints that you've just highlighted, are there specific thresholds then that are established? And if so, what are those thresholds?

Mr. Hilton: — Well we have thresholds for leave, so — and Marlys, correct me if I get this incorrect — in order to carry over more than five days, you need the executive director's approval. That's only given under exceptional circumstances. Through our attendance management policy, we're monitoring sick leave in a very different way than we used to. We have post positions in our adult institutions that need to be filled for obvious security and safety reasons and sometimes we need to call on people, given availability of staff, to work perhaps longer than we would like, but we only do that in situations where it's absolutely required.

The Chair: — So there's a threshold there on sick leave. Is there a threshold as well corresponding to excessive hours worked as requested in this recommendation?

Mr. Hilton: — Yes. Within like I said, there are certain post positions that need to be filled. We do not want people working beyond the normal work week hours. That's the threshold. In those instances where we have no choice but to call people in, we do. For example, our emergency response teams, the need for those folks is unpredictable. So in those instances where we need to call people in for safety and security reasons, we do.

The Chair: — Thank you. Mr. Hart.

Mr. Hart: — So, Mr. Hilton, as the auditor in recommendation 5 has asked that your ministry set formal thresholds, I think I heard you say that those thresholds, those formal thresholds, have been set, but it's not always possible to meet them. Would that be a fair summary of your comments?

Mr. Hilton: — That's correct.

Mr. Hart: — Mr. Chair, then with regards to recommendation no. 5, unless some other members have questions, I would

move that the committee concurs with the auditor's recommendation and notes compliance with regards to recommendation no. 5.

The Chair: — All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's concurred that this committee concur with recommendation no. 5, and note compliance.

With respect to recommendation 6 and the monitoring and control over changes to work schedules to minimize labour costs, has that recommendation . . . There's been action taken on that front. Would we note progress at this point in time or, from your perspective, is compliance occurring?

Mr. Hilton: — There's been a huge amount of progress made. There are some things that I would like to see done that require agreement by the union, shift trades in Saskatoon being a classic example. We weren't able to address that issue through the last round of collective bargaining. Discussions around that issue and others continue. But within the framework that we operate, I think that an awful lot has been done to address overtime, scheduling issues that result in unnecessary costs.

The Chair: — Mr. Hart.

Mr. Hart: — Mr. Chair, I would move that the committee concurs with recommendation no. 6 in this chapter, 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 towards compliance. Ms. Atkinson.

Ms. Atkinson: — I note that there are some people who have been overpaid and then other people who have been underpaid, and all of this affects earned benefits such as pensions and workers' comp, I guess. And so my question is, given this local agreement that is difficult to change at the moment, is it possible that a corrections worker could come back in the future and show that in fact they worked; they were underpaid, and their pay and benefits need to be adjusted?

Mr. Hilton: — Anything is possible, but I have great confidence that in almost every case, whatever imbalances may exist — be they over or underpayments — are at least identified and reconciled on an annual basis.

Ms. Atkinson: — Okay. Thank you.

The Chair: — Just turning our attention to recommendations 7 and 8, specifically about ensuring that pay for workers reflects actual hours worked, and then the subsequent piece of that is that some of the processes to verify accurate data entry of hours worked into the payroll system before paying employees, so making sure (a) that the pay matches hours worked, then secondly to the processes around data entry to support that

process or support that objective, I suspect, where are we at on those two fronts as far as progress, or are we at compliance?

[10:45]

Mr. Hilton: — Well I'd like to think we're at compliance. I can say, at a macro level, CPSP's [Corrections, Public Safety and Policing] payroll is accurate. I love the sentiment in the auditor's recommendation. I would love to be able to pay people for the actual hours they work. Under certain LOUs [letter of understanding], shift trades are allowed so that if Margaret works my shift and I trade a shift with her, I get paid for it even though she's worked it. I don't like that, but that's the labour relations environment that we have.

We have done everything we can to limit the use of shift trades. We have put in place processes where timekeepers keep track of scheduling in great detail. Time cards are reconciled to the timekeeper's schedule and then at the end of every payroll run that is sort of double-checked from a process perspective from the PSC payroll team. So like I said, I think we've made great progress and we're doing what we can in a fairly complicated environment.

Mr. D'Autremont: — On that subject, so if an employee switches shifts and the second employee coming in, if they were able to write down that they had worked that shift, is there somehow some ability to differentiate that this is not an overtime shift? Or is that what you're looking to be able to do to say that Tom came in for Fred, so Tom gets paid even though Tom's already worked his 40-hour shift for the week, but he would get straight pay and Fred wouldn't get his pay that week? Is that what you're looking to do and would that even work?

Mr. Hilton: — Well I think that's already been done. I mean if I asked Margaret to work my shift, the way we manage the system in terms of scheduling and all that is theoretically there should be no way that I'm shift trading somebody in order to give somebody else overtime.

Mr. D'Autremont: — Is that happening today?

Mr. Hilton: — Not as far as I know.

Mr. D'Autremont: — No, but would your system be able to accommodate Tom working an extra eight hours, even though they've worked their 40 hours, and get paid straight time for it?

Mr. Hilton: — Absolutely.

Mr. D'Autremont: — But that means Fred loses eight hours pay then, though?

Mr. Hilton: — Yes.

Mr. D'Autremont: — Okay.

The Chair: — Mr. Michelson.

Mr. Michelson: — Yes. You'd mentioned just before about the timekeeper and the time cards. Do we actually have a timekeeper there that marks when people come in, plus the time cards?

Mr. Hilton: — They don't mark when people come in. There's a very detailed job given to somebody who's a scheduler and they will schedule every shift. And then when the timecards come in at the end of the pay period, they get reconciled — this is all manual, by the way — they get reconciled to the scheduler, to the schedule that was actually put in place, and any changes are accounted for in order to keep track. And then when it all ends up, data entered into the payroll system at the Public Service Commission, they'll do another double-check and see if there's anything that looks odd or unusual.

Mr. Michelson: — I would take this is a new addition to the system?

Mr. Hilton: — This is new to the extent that it has now operationalized with a degree of diligence that it probably hasn't been in the last couple of years and that those changes have been made over the last couple of years where we really focused on overtime reduction. We focused on limiting shift trading. We focused on standardizing hours. We've gotten away from 16-hour shifts. The committee may remember the 16-hour shift issue that we had to deal with going back about two and a half years now.

Mr. Michelson: — I appreciate that. When I read that 45 per cent of the time cards were wrong, it tells me that steps had to be taken, and I appreciate that they are. Thank you.

Mr. Hilton: — I might also just share with the committee, just to create a level of comfort for myself, I've actually contracted an outside person to come in and do our own internal audit to make sure that the policies and procedures and diligence that we've established as a ministry is actually being delivered the way it needs to be delivered. And that's just for my own peace of mind so that the next time my colleague from the Provincial Auditor shows up and does an audit, I can have some confidence that she's going to see vast improvements.

The Chair: — Mr. Hart.

Mr. Hart: — Mr. Chair, I would move that this committee concurs with recommendations no. 7 and 8 and notes progress.

The Chair: — All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concurs with recommendations 7 and 8 and note progress. Moving along to recommendation no. 9, I just have a question with respect to this is the analysis of absenteeism patterns, and both the analysis but also the reporting. So the recommendation has that this be periodically analyzed and then that this be regularly reported. So my question would be, is this occurring? And then what is the interpretation of periodic or what is the time period for that? It is done quarterly or monthly or what's appropriate? And then the reporting that's regular, what is that? Is that monthly, weekly, quarterly? A question to the ministry.

Mr. Hilton: — I make myself very popular by demanding a report monthly.

The Chair: — Thank you for that answer. And that's occurring

at this point in time, so it would be the perspective of the deputy minister that this recommendation is complied in?

Mr. Hilton: — Yes.

Mr. Hart: — Mr. Chair, I would move that the committee concurs with recommendation no. 9 and notes compliance.

The Chair: — All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concurs with recommendation no. 9 and note compliance.

With respect to recommendation no. 10 — I guess 10 and 11 are outstanding in this report for us to consider as a committee — with respect to 10, and this is establishing adequate supervisory roles and responsibilities of those supervisors so that they take prompt action on excessive absenteeism and overtime. What actions have been taken at this point? Is this a work in progress or has compliance occurred?

Mr. Hilton: — A big part, one element of our attendance management strategy is providing training to front-line supervisors in order to give them the tools to do what's being recommended. Within the context of resources that are available, we are moving forward with that in a fairly full and rich way. But the training hasn't been provided to every front-line supervisor to date, but we certainly have a plan to do that. So in spirit we're in compliance. Have we fully operationalized it at this point? No.

The Chair: — And with respect to the final recommendation about an actual attendance management policy, we've had the document shared with us I believe last time we were here. But just if you could focus specific comments around that recommendation and whether or not compliance has occurred or which specific actions have been taken.

Mr. Hilton: — The policy that I shared with the committee I think the last time I was here has been implemented. So I think that, I think I can easily conclude that we're in compliance with this recommendation in a full and rich way.

The Chair: — Mr. Hart.

Mr. Hart: — Mr. Chair, I would move with regards to recommendation no. 10 in this chapter, 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 concurs with recommendation no. 10 and note progress.

Mr. Hart: — Mr. Chair, I would move that the committee concurs with recommendation no. 11 and notes compliance.

The Chair: — All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concur with recommendation no 11 and note compliance. Without further questions or comments on this chapter, we'll move along to the volume 2 report, and that would be chapter 4 as well. And when the auditor's office is ready, I would invite a brief presentation on that chapter.

Ms. Lysyk: — For this chapter I am joined by Kelly Deis. Kelly is sitting to my left, and Kelly is an audit principal with our office and responsible for the work on this chapter.

Chapter 4 in our 2010 report volume 2 on the Ministry of Corrections, Public Safety and Policing begins on page 37 of our report. The chapter describes the results of our financial audit of the ministry for the year ended March 31st 2010. On page 40, we concluded that the financial statement of the ministry's special purpose funds, that is the Correctional Facilities Industries Revolving Fund and Sask911 Account, are reliable. We concluded the ministry had adequate controls to safeguard public resources and complied with authorities except for the matters reported in this chapter.

There are several recommendations we continue to make, and we will continue to follow up on these. These recommendations were previously discussed with your committee on May 11th, 2011, and we make two new recommendations in this chapter. Kelly will speak to the two new recommendations.

Mr. Deis: — On page 41, we recommend that the ministry implement adequate processes to prepare accurate and timely financial records and statements for the Correctional Facilities Industries Revolving Fund. The 2009-10 financial statements presented for audit contain several errors. Without accurate and timely financial records and statements for this revolving fund, the ministry increases the risk of not rehabilitating inmates by operating work programs intended to provide practical and marketable work skills for inmates.

On page 42, we recommend that the ministry establish adequate written policies and procedures for making payments to First Nations for policing services. This recommendation is meant to address both situations where payment may be withheld or payment made under different circumstances. The ministry has not consistently made advance payments for policing services to First Nations on a quarterly basis and has not always received audited financial statements from First Nations as required by those agreements.

Not making quarterly advance payments increases the risk that First Nations would not have sufficient funds to carry out their policing services. Also lack of receipt of audited financial statements increases the risk the ministry may pay First Nations incorrect amounts. That concludes our overview of this chapter.

The Chair: — Thank you for those comments. I would invite a response from Deputy Minister Hilton and his officials, his ministry, and then I would turn it over to committee members.

Mr. Hilton: — Just to be efficient, I can say that we've taken steps on all these recommendations, and I'd be happy to answer any specific questions that the committee has on any of them.

The Chair: — Thank you. So I look to committee members. Ms. Atkinson.

Ms. Atkinson: — You've taken steps, but have you complied with any of the recommendations?

Mr. Hilton: — The recommendation around the revolving fund, the ministry concurred with that recommendation and we've taken steps to be in compliance.

With respect to the First Nations agreements around policing, when we renegotiate these agreements with the federal government, we will include a clause that adds greater specificity around expectations or when payments will be made or withheld. I would observe however that there is some discretion that's going to have to remain with the program managers because administering community tripartite agreements with 32 or 34 First Nations covering 78 First Nations is not always a simple and straightforward exercise.

With respect to the recommendation around the shared services agreement with the Ministry of Justice and Attorney General, I'll plead guilty on this one. We worked with Justice seamlessly. The deputy minister of Justice is two floors below with me. We do business together all the time. In the overall scheme of the priorities that I have on my plate, finalizing and renewing a shared service agreement with Justice has not been at the top of the list, but it's something we need to get to.

In terms of recommendation no. 4 around supervising employees to ensure that they follow the ministry's policies and procedures for paying amounts owed to employees, I think we've discussed that at great length in previous recommendations, and I think I've answered those questions.

In terms of the internal audit recommendation, we have reviewed and updated our internal audit policy. The terms of the reference of the committee have been implemented. So I think that, beginning early in 2011, I can say that we're in compliance. I continue to want to increase our internal capacity on audit and risk management, but that's a position I haven't filled yet, and I hope to fill that shortly.

[11:00]

With respect to the recommendation around the Information Technology Office, I know this has been a concern of mine for some time. I've had a couple of meetings on it. I am reassured by the ITO and by my program people that we will have all the necessary backup capacity that we require and our data will be protected when the ITO moves to its new backup site, which I'm told is near being finalized.

With respect to our business continuity plan, I can tell you the committee, based on our experience with H1N1 and most recently with flooding, I've got a pretty strong sense of confidence that we're in a good place in terms of being able to continue to do our business should unexpected things happen.

The Chair: — Ms. Atkinson.

Ms. Atkinson: — Thank you. And the outstanding recommendations that go back to 2009 that were partially

implemented — that would be as of March 31st, 2010 — have any of those outstanding recommendations been fully implemented?

Mr. Hilton: — Excuse me. I need to find which recommendations specifically . . .

Ms. Atkinson: — Forty-seven, chapter 4. It's regarding complying with the policies to assess inmate needs, monitoring the proportion of inmates accessing rehab programs and then of course monitoring reoffending rates.

Mr. Hilton: — I think it's fair to say that progress is being made but these are not fully implemented. Certainly the ministry has as much of an interest in making progress on this as anybody, but in the world we live in, we're never going to be able to do it 100 per cent.

The Chair: — With respect to those recommendations, those outstanding ones as it relates to the, I guess, the policy as it relates to inmates' needs and planning relevant programs and then making sure that your ministry is consistent in complying with its own policy, on that front is that close to occurring? Or what's the barrier on that front to the ministry's policy not being able to be complied in by itself?

Mr. Hilton: — That's a very good question. In policy we set a fairly high standard for ourselves. We do our own internal reviews and our own internal audits across case files. We discover that because of workload issues and other challenges we're not always able to meet those standards. The simple solution would be for us to lower our standards, and then we would be in full compliance with them. That's not something that the ministry is contemplating at the moment.

So we will continue to work with our staff in terms of training, in terms of increasing clinical capacity, in terms of monitoring and doing our own internal evaluation, and make progress year over year. Will we ever be totally in compliance with our policy in terms of where we would love to be, love to get to? Probably not in my career. But I can say from a compliance perspective that we're certainly making major progress in terms of our clinical standards and the way in which our programs are delivered. Sorry for the length of the answer, but it's a pretty complicated issue.

The Chair: — No, no. And it's important aspects because, just judging certain information here, it would suggest that about half of the offenders would be readmitted to a correctional facility or given a community sentence within 24 months of release. And what I believe, as also has been noted through your ministry and through other data, is that the contact with those skilled resources within your ministry and supports do reduce the reoffence rates.

My question may be, do you have data that you could share with us when in an optimal world of having individuals accessing the appropriate and relevant services and programs, what impact that has on reoffence rates at this point in time? Would that be something that you'd have and something that you could share by way of the committee?

Mr. Hilton: — I think so. And the reason why there's a small

bit of caution in my voice is we've done evaluations in terms of a variety of targeted initiatives which demonstrate, on an evidence basis, what happens when you have intensive supervision in the community, be it for adult offenders or young offenders. So we have that kind of data. That data has been presented in academic circles. And we probably have other data as well that would speak to reoffending and the impact of programming that the committee might be interested in. And I can certainly go back into the ministry and, understanding the intent of your question, come up with information that would be of interest to the committee members.

The Chair: — It would be appreciated. And thank you for endeavouring to do so, to provide the information of the interventions that have both been provided and then tracked and then the impact on recidivism rates for respective offenders. And thank you for endeavouring to do so. Of course it's in all of our best interests to see those reoffence rates reduced, and thank you for the work you're doing on that front.

I guess the only other thing that was . . . It was highlighted, and the reason some of this information becomes a little bit more relevant right now or is top of mind is just in the report that was released Thursday of last week that again took a look at these recommendations and, I believe, took a view that there was still a high percentage of inmates that weren't receiving the services or programs or the contact with those services and programs that would be beneficial to the individual, moving forward in a manner that doesn't include reoffence or certainly reduces it. Certainly understanding around this committee that there's no perfect formula to impact these offenders. But a question to the ministry is that report came out on Thursday. I suspect there was actions being taken continuously in your ministry. But is there any new actions that are now spurred on with a report such as that?

Mr. Hilton: — Well we just received the report. But just in the normal course of how we do our business, the issues that have identified in that report will be of interest to us. So for example, I mean we're not here to discuss that report, but I think the report makes the observation that in X percentage of cases, we're only meeting our own policy — of having a risk assessment in a case management plan done within six weeks — we're only meeting it a certain percentage of the time. Our internal audit tells us that we're basically in compliance with our policy, but it takes us more than the six-week time period. It takes us, you know, four or five weeks more. Would we like to get that down? Absolutely.

The Chair: — Well thanks for those comments. I think that we have two new recommendations from this chapter, and what I believe I extracted from the conversation here today or the exchange was that's progress on both those fronts but not yet compliance on the first one. What I heard, and we can go . . . I mean it will be tracked either way, was that there was actions that were being taken to achieve compliance different than actions that have caused compliance. But maybe the ministry could verify, are actions in place that will provide compliance down the road, or have actions taken that in fact compliance is occurring at this point in time?

Mr. Hilton: — These may be numbered differently in my book than what the recommendations are. So with respect to the

Correctional Facilities Industry Revolving Fund, I would say that we're on compliance. With respect to the First Nations policing service, that's an issue that we'll have to take up with our federal colleagues when we renegotiate all these. So that's a work in progress.

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

The Chair: — All in favour?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concur with recommendation no. 1 of chapter 4, Corrections Public Safety and Policing, and note compliance. Mr. Hart.

Mr. Hart: — Mr. Chair, with regards to recommendation no. 2, I move that the committee concurs with the recommendation and notes progress.

The Chair: — All in favour?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concurs with recommendation no. 2 and notes progress. Further questions or comments on this chapter? I'd like to thank Deputy Minister Hilton and Corrections, Public Safety and Policing ministry and officials for coming before us here today, providing the answers that they have on the work that they do. And at this point in time we will shift our focus as a committee to the Saskatchewan Research Council.

Saskatchewan Research Council

The Chair: — At this point in time we'll reconvene considerations, Standing Committee on Public Accounts. We'll move our attention to the Saskatchewan Research Council, and I would invite a brief presentation from the auditor's office on this chapter. I note that there's no new recommendations before us here today and that we've received correspondence by way of letter and supplied to each member of this committee in response to this chapter. And at this point in time I'd also wish to table that correspondence and make that available. I'll pass it over to the auditor's office.

[11:15]

Ms. Lysyk: — With respect to this chapter, I'm joined today by Kelly Deis. Kelly is the audit principal, and Kelly is responsible for the work at the Saskatchewan Research Council.

Chapter 10 of Saskatchewan Research Council begins on page 115 of our 2010 report in volume 1. In this chapter, we report on the results of the financial audit of the Saskatchewan Research Council employees' pension plan for the year ended December 31st, 2009 and our follow-up work on SRC's processes for managing intellectual property up to March 31, 2010. And Kelly will speak to the results of this work.

Mr. Deis: — For the plan, on page 117, we concluded that SRC

had adequate rules and procedures to safeguard public resources, complied with authorities, and had reliable financial statements. For the follow-up, on page 118, we indicate that we reported our original audit in our 2008 report volume 1.

We made five recommendations that your committee had previously agreed to and noted that it was on how SRC improves . . . to improve how SRC managed intellectual property. SRC, as of March 31, 2010, has met our recommendations. We commend SRC for its timely response to our recommendations. That concludes our overview.

The Chair: — At this point in time I would seek comment from committee members. Mr. D'Autremont.

Mr. D'Autremont: — I'd like to take the opportunity to compliment the Saskatchewan Research Council on a job well done. We see lots of reports come through here from the auditor's office on every ministry, and not many of them get a complete pass. And so I'd like to compliment the SRC on doing a very good job.

[11:30]

The Chair: — Thank you, Mr. D'Autremont. Any further questions to the auditor here today? I appreciate as well the correspondence that we received from SRC with respect to the five recommendations that they've not only taken action but have complied with, and that brings some peace of mind to this committee as well.

Not seeing any further questions or comments, we will move along our considerations and change our focus to that of Agriculture, volumes 1 and 2 of the 2010 Provincial Auditor's Report.

Agriculture

The Chair: — We'll reconvene the Standing Committee on Public Accounts at this point in time and turn our attention to two chapters from the Provincial Auditor's reports 2010 volume 1 and 2 as it relates to Agriculture. And at this point in time, I'd like to welcome Deputy Minister Koch for joining us here today, and her officials. Before I turn it over to the auditor's office to make a brief presentation as it relates to their report, I would invite the deputy minister to introduce her officials here today.

Ms. Koch: — Okay, thank you. Well good morning. Yes, so seated with me at the table is Ray Arscott. He's our executive director of corporate services. Also seated behind me I have Shawn Jaques, he's the acting general manager for the Saskatchewan Crop Insurance Corporation; Wally Hoehn who's our acting director of lands branch; as well as Doug Billett who is the director of crops branch.

The Chair: — And thank you to each of you for joining us here today. The way we'll deal with these two reports, we'll deal with them one at a time. And at this point in time, I would invite presentation from the auditor's office with respect to volume 1, chapter 3, Agriculture.

Ms. Lysyk: — With me to my left I have Judy Ferguson. Judy

is the deputy provincial auditor. I have Victor Schwab, audit principal; and to the rear, Jason Shaw, audit manager. These three individuals were responsible for the work in this chapter.

Chapter 3 of the 2010 report volume 1 pages 9 to 24 contains, one, the results of our annual financial audit of the Milk Control Board for the year ended December 31st, 2009. We made one new recommendation in this area prior to the board's windup. Two, our performance audit about Saskatchewan Crop Insurance Corporation's processes for security awareness, we made four new recommendations in this area. Number three, our follow-up of two recommendations from our 2007 performance audit about the ministry's processes for pesticide regulation. We noted some progress and continue to make these two recommendations. Now Judy will continue with our presentation.

Ms. Ferguson: — I'm just going to start with the Milk Control Board. In our 2009 audit of the Milk Control Board, we noted that management did not independently review or approve its bank reconciliations or approve its journal entries in a timely manner. The board's related policies did not specify when this work must be done. Lack of timely review of bank reconciliations and journal entries increases the risk that management may not promptly detect errors or fraud in the board's bank accounts or accounting recommendations. On page 13, we recommended that the Milk Control Board set adequate policies for the timely preparation and approval of bank reconciliations and journal entries.

In 2010 the board wound up. And we're pleased to report that in our final audit of the board, we noted that it had revised its policies to require the timely completion and approval of bank reconciliations and journal entries, and they were approved on a timely basis.

Moving on to crop insurance. Saskatchewan Crop Insurance makes significant use of information systems to deliver its programs and services. Security awareness is an important part of information security. Improving employee security awareness reduces the risk that information will be lost, stolen, or inappropriately disclosed. On page 20 of our report, we provide good processes for security awareness. We examine the adequacy of Crop Insurance's processes for security awareness for the 12-month period ended February 28th, 2010.

The corporation needs to make improvements in three areas. This resulted in four recommendations. On page 19, we recommended the corporation include in its privacy and security policies a requirement for a formal security awareness program. Also on page 19, we recommended the corporation document who is responsible to ensure that its security awareness activities are regularly carried out. On page 20, we recommended the corporation document its plans for the delivery of its security awareness program and carry out the plan. Also on page 20, we recommended the corporation monitor the effectiveness of its security awareness program. The corporation, in its formal response to our office, agreed with our recommendations and outlined its plans to address each of them.

So that concludes our presentation on the 2010 report volume 1.

The Chair: — I would invite response from the ministry and Deputy Minister Koch specifically as it relates to the recommendations that are new.

Ms. Koch: — Okay. All right, well before I begin I do want to thank the Office of the Provincial Auditor for their good work and for the good working relationship that we have with them, as well thank the committee for the opportunity to be here today.

So we're pleased to be here to discuss the Agriculture chapter of the Provincial Auditor's 2010 report volume 1. Volume 1 deals with security awareness processes at SCIC [Saskatchewan Crop Insurance Corporation], and it also focuses on pesticide regulation as well as Milk Control Board policies.

So with respect to Milk Control Board policies, as was noted, the auditor recommendation was that the board set adequate policies for the timely preparation and approval of bank reconciliations and journal entries. And the action taken was to ensure that adequate policies were implemented to ensure the timely preparation and approval of bank reconciliations and journal entries, and the policy which was monitored monthly required reconciliation to be completed within 30 days of month-end. As was indicated, the Milk Control Board no longer exists, and it has been made part now of the milk marketing board which is a producer-driven organization, but as was noted the improvements were made prior to the transition to the producer-run board.

The pesticide regulation, the auditor affirmed that the ministry needed to finish risk assessments to develop a strategy to help guide our actions and prioritize our regulatory activities for better monitoring and to enforce compliance with pesticide control laws. The action that we've taken is that the ministry has initiated a long list of follow-up actions in the analysis of potential risks in order to design suitable action with regard to the pesticide regulation program. As well the risk analysis and associate information will be developed completely for the next meeting with the Provincial Auditor expected in March of 2012, if not sooner.

And with respect to security awareness at Saskatchewan Crop Insurance Corporation, it was noted that SCIC include in its privacy and security policies a requirement for a formal security awareness program. After an analysis of SCIC's security level, the action taken was that a security awareness program has been fully developed to ensure that employees are informed and aware of the corporation's privacy and security policies. Furthermore the requirement for a formal security awareness program has been included in the SCIC privacy and security policy that includes all staff and contractors.

The auditor also recommended that SCIC document who's responsible to ensure that security awareness activities are regularly carried out. The action taken by SCIC is to ensure that we employ a full-time privacy and security commissioner that ensures awareness activities are regularly carried out according to executive management's direction, and this position has been documented in policy and with a formal job description. And furthermore SCIC involves each of its employees in maintaining privacy and security standards through information and training activities.

I'm just trying to ensure, oh yes, I just wanted to ensure I was staying with volume 1. So I'll just keep going; I have two more items. It was recommended that SCIC document and carry out a delivery plan for the security awareness program. The action taken by SCIC has been to establish a privacy and security oversight committee that administers yearly online security questionnaires that are mandatory for all employees and contractors. Also SCIC has informed employees and contractors of important security and privacy standards through various contacts, meetings, and awareness activities.

As well the auditor recommended that SCIC measure the effectiveness of its security awareness program. The action taken by SCIC is to ensure that all employees and contractors must complete the yearly security questionnaire with a minimum of 95 per cent accuracy or their network account will be disabled, and the results are logged and used for statistical purposes and to aid in directing the security awareness program. So that concludes my remarks regarding volume 1.

The Chair: — Thank you for your comments. I understand then that as it relates to the Milk Control Board, that that compliance occurred before its change. And then as we move into 2, 3, 4, and 5, the recommendations with Saskatchewan Crop Insurance, what I was extracting there was — and correct me if I'm hearing this incorrectly — is that in fact you've both put forward plans, actions in that you're in compliance with the recommendations of the auditor's report at this point in time. Is that a correct statement?

Ms. Koch: — Yes, I would say that's a ... Now full compliance, I don't know if I can comment on. But full implementation to ensure that we're working towards compliance or have actually reached compliance in some cases.

The Chair: — Okay. Would you have full compliance on any one of those recommendations, or are they all sort of interconnected in a similar way that you would put sort of significant progress as what you've highlighted towards compliance?

Ms. Koch: — Let me just check on that.

The Chair: — Okay.

Ms. Koch: — Okay. So what I would say is reference 1, 2, and 3, we're in full compliance. The fourth reference is that we have made significant progress towards full compliance.

The Chair: — Questions from committee members? Maybe a motion. Mr. Hart.

Mr. Hart: — Yes, Mr. Chair. I would move, with regards to the auditor's first recommendation dealing with the Milk Control Board, that the committee concurs with the 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 concurs with recommendation no. 1 and note compliance.

Mr. Hart: — Mr. Chair, I would move that the committee agrees with the auditor's recommendations 2 and 3 and notes compliance.

The Chair: — All in favour?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concurs with recommendations 2 and 3 and notes compliance. Mr. Hart.

Mr. Hart: — Mr. Chair, with regards to recommendations 4 and 5, I would move that the committee concurs with the recommendations and notes significant progress.

The Chair: — Moved by Mr. Hart. All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concurs with recommendations 4 and 5 and note significant progress.

Not seeing further questions or comments, we will turn our attention to the volume 2 report from the Provincial Auditor. This is also chapter 3. And I would invite presentation from our Provincial Auditor's office at this point in time on that chapter.

Ms. Lysyk: — Thank you. Chapter 3 of the 2010 report volume 2 pages 21 to 35 describe the results of our annual audits of the Ministry of Agriculture and its agencies for the year ended March 31st, 2010. This chapter also notes our plans to follow up in 2012 on five outstanding PAC-approved recommendations on pages 34 and 35. In this chapter, we make six new recommendations resulting from our financial audit work for the committee's consideration. Judy will now talk about the recommendations.

Ms. Ferguson: — In the financial audit of the ministry, we identified concerns in the following three areas. First, the ministry does not collect sufficient information to know whether it assesses the correct surface lease rate on petroleum and natural gas leases. Without processes to collect information about the lessees' use of petroleum and natural gas lease land and battery sites, the ministry cannot assess and collect all revenue due.

Second, the ministry does not have adequate processes over its information technology. In common with other ministries, it used the Information Technology Office to manage its IT systems. We found that the ministry did not have a written IT plan. It does not have a disaster recovery plan for all of its critical IT systems. For the disaster recovery plan in place for one of its critical systems, it does not know if ITO can restore the systems and data to meet its needs. It does not ask ITO to provide it with assurance that ITO's controls are operating effectively. And finally, staff did not always promptly remove access of terminated staff to computer systems.

[11:45]

The third area is that the ministry did not promptly reconcile its detailed accounting records to MIDAS, which is its, in essence, its general ledger. Because of the volume of transactions and

complexity of certain ministry programs, the ministry uses separate accounting systems to process and record its financial activity. Agriculture requires monthly reconciliations between these separate accounting systems and MIDAS to make certain its accounting records are complete and accurate.

In our audit we found the following errors in the ministry's accounting records because staff did not reconcile its financial records properly. In March 2010, 1.8 million of gains on sale of land was not recorded in either its land system or MIDAS; 800,000 gains on sale of land was recorded in MIDAS but not in its land system; and 2.8 million for the amounts owed to the Saskatchewan Agricultural Stabilization Fund was not recorded in its account.

On page 26, we recommended the ministry develop processes to collect sufficient information on petroleum and natural gas leased land to enable it to charge the correct surface lease rates as set out in the provincial land regulations.

On page 27, we recommended the ministry prepare a written information technology plan. Also on page 28, we recommended the ministry have tested disaster recovery plans for its critical computer systems. On page 28, we recommended the ministry obtain assurance from the Information Technology Office on the operating effectiveness of the information technology's controls over its client systems and data, and the ministry assess the impact of deficient controls on its operations. On page 28, we recommended the ministry follow its procedures for making timely changes to computer user access.

And finally on page 30, we recommended the ministry follow its procedures for reconciling its detailed records to its financial records. Also as noted on page 30, we continue to find that the ministry did not always keep clear documentation on the methods and assumptions it uses to estimate the amounts it owes or expects to receive. This committee has previously discussed and agreed to this recommendation.

The ministry has a large number of significant estimates. Not clearly documenting the basis for significant accounting estimates increases the risk of making unreasonable estimates, which in turn results in financial activities not being recorded in the correct accounting period and producing incorrect information for decision making. We continue to recommend that the ministry consistently document assumptions and analysis when making significant accounting estimates. In the ministry's formal response to our report, it has agreed to our recommendation. This concludes our presentation, and we'd be pleased to respond to questions.

The Chair: — I would invite a response from the ministry at this point.

Ms. Koch: — Okay, thank you. So with respect to petroleum and natural gas leased lands, the auditor recommended that the ministry develop processes to collect sufficient information on petroleum and natural gas leased lands to enable to charge the correct surface lease rates as set out in the provincial land regulations. The action taken by the ministry regarding this is that battery site fees, while they were implemented in 2007, sites were not identified or charged fees due to administrative

oversight.

An order in council ordered a remission of fees for the difference between normal well site surface lease rental fees and battery site rental fees from April 5th of '07 to December 31 of '10, and this remission totalled \$413,000. A new and well-defined process is now in place to determine changes in land use as well as appropriate modification and application of fees. Seventy-three surface leases have been identified as battery sites and as of 2011, all are being charged appropriate fees.

With respect to the auditor's recommendation on information technology processes, it recommended that the ministry prepare a written IT plan. The ministry's action is that we've set up a joint committee of ministry and ITO representatives, and we have begun to work on an IT plan for the ministry. A preliminary version of the IT plan has already been drafted, and this IT plan will be developed in conjunction with both the 2011-12 strategic plan as well as our longer term strategic planning that we're doing in the ministry.

Regarding the auditor's recommendation that the ministry prepare and test disaster recovery plans for its critical computer system, the action we've taken is that the ministry has developed a disaster recovery and business continuity plan, and we will be testing these in 2011-12. As well we've implemented . . . begun implementation of finished plans, and this will take place by March 31 of 2012.

Regarding the auditor's recommendation that the ministry obtain assurance from the ITO on the operating effectiveness of its controls over client systems and data, that it assess impact of deficient controls on the ministry's operations, the action we've taken is that we've already obtained monthly service reports from the ITO along with punctual reports on any unusual issue for which actions can be taken in an immediate fashion. As well the ITO reports cover a wide range of activities and are reviewed by the ministry's service level coordinator along with the IT management committee. The auditor's report will be reviewed by this committee shortly to assess the potential for any improvements.

The auditor's recommendation that the ministry follow its procedures for making timely changes to computer user access have been responded to by the ministry. I would note that certain branches have at times been reluctant to de-activate non-active accounts due to the archived documents that may be lost in the process, so staff were reluctant to then de-activate these accounts. A ministry standard will be set for the retention and access of work files, and this will now eliminate the reluctance to de-activate non-active accounts.

The auditor recommended, regarding financial records needing reconciling, that the minister follow its procedures for reconciling detailed records to its financial records. The action we've taken is that the ministry is committed to sound financial management, and we agree that proper reconciliation of financial records is essential. Specifically concerning the \$800,000 in land sales revenue that was not sufficiently reconciled between our land system and the general ledger, we've identified the coding problems in the database that limited the reconciliation and have now produced detailed

records on 475,000 of the land sale revenues. The remaining 325,000 will be reconciled during '11-12. This issue did not occur in '10-11.

As for the 2.8 million in spending on the farm and ranch water infrastructure program that was in excess of funding received from the GRF, the matter has been identified as an oversight. The amount was to be transferred from the GRF to the Saskatchewan Agricultural Stabilization Fund, but was only moved in '10-11. Both accounting matters mentioned in the auditor's report have been investigated, are being resolved, and steps have been taken so that these kinds of occurrences do not occur again.

Regarding the auditor's recommendation to reiterate the 2010 recommendation that the ministry consistently document assumptions and analysis when making significant accounting estimates, we note that the ministry's committed to sound financial management and agrees that documentation of assumptions and analysis is essential. The ministry believes that the accounting estimates recorded in 2009-10 were appropriate. The ministry records estimates of amounts owing for AgriStability and AgriInvest based on forecasts prepared by the federal government. The ministry provides input into these forecasts including reviewing and questioning the models and assumptions used by the federal government. Subsequent land sales supports the ministry's position that a writedown of land carrying values was appropriate as the parcels were sold for prices lower than the previous carrying values. That concludes my remarks.

The Chair: — Thank you for those comments. Questions from committee members? Mr. Stewart.

Mr. Stewart: — On recommendations 4 and 5, I'm a little confused as to whether you are of the opinion that you've, that we should note progress or that you've complied with those two. Four is obtain assurance from ITO on the operating effectiveness of ITO's controls over its client systems and data and assess the impact of the deficient controls on Ag's operations. Is that, do you think, in compliance?

Ms. Koch: — I think it would probably be fair to say that we're moving towards compliance. So we've made significant progress, but we are not in full compliance at this time.

Mr. Stewart: — Significant progress. And no. 5, recommend Ag follow its procedures for making timely changes to computer use access. Is that the same?

Ms. Koch: — Again significant progress, I think, should be noted.

Mr. Stewart: — Great. Thank you.

The Chair: — With respect to the first recommendation around the collecting sufficient information to ensure that the ministry is able to charge the correct surface lease rates, you shared many of the actions that have occurred to remedy this circumstance. Is the ministry of the view that it's now in full compliance in collecting that information and able to charge the appropriate rates, or is there still work to be done to be in that circumstance where compliance is fully achieved?

Ms. Koch: — I would say compliance has been fully achieved because we've put the systems in place and have been charging full rates.

The Chair: — Ms. Atkinson.

Ms. Atkinson: — The only question I have has to do with the FRWIP [farm and ranch water infrastructure program] where a vendor was issuing receipts in excess of the actual cost of providing, I guess, the dugouts for water supply. Has that been turned over to the RCMP [Royal Canadian Mounted Police]?

Ms. Koch: — It hasn't been turned over to the RCMP. I'm advised the reason why is because the threshold is \$20,000 for commercial crime, and in fact we've recovered everything except for approximately \$9,000, so it was determined that it wasn't something that could be or should be turned over for further investigation.

Ms. Atkinson: — Okay. So as I understand it . . . How many producers were involved in this? Are you able to tell us that in total?

Mr. Arscott: — It was 13.

Ms. Atkinson: — And of those 13, how many have repaid the overpayment, I guess?

Mr. Arscott: — We just have the dollar amount of the overpayment which is around \$11,000.

Ms. Atkinson: — Well it's obvious this was a scam. And the good news is that you had internal controls that detected the scam, so that's helpful. And the bad news is that it would be good if there was some sort of police investigation because it sends a clear message I think to other potential vendors that the controls are working at Agriculture, or any other ministry hopefully, and that it's unacceptable to basically submit receipts to the province that aren't actual expenditures and then receive more money than a person's entitled to.

So given that there was a fraud of \$20,000, maybe it's not a commercial fraud, but it's still a fraud. And I mean, individual public servants are charged, these kinds of events are turned over when we have the Ministry of Finance telling us about inappropriate sums that are received by individual public servants. And because it's a business it can't . . . even though it's \$20,000, it's more than some people make in a year. Could this not be submitted to the RCMP in terms of an individual? Because I suspect that the vendor was an individual, I mean, an individual who was providing the service. There probably weren't a whole lot of other people working for him or her. I don't know. Just I think it's something that should be followed up on to send a message that it's not acceptable.

The Chair: — We'll get a response . . .

Ms. Koch: — I was just going to comment that we certainly can have discussions with the Ministry of Justice to determine . . . I mean, part of the challenge is sometimes when, I agree, it's a significant amount of money, but because we were able to recover a lot because we did have early detection and moved quickly to address it. But we can certainly have discussions

with Justice to see if whether or not they will determine that there will be enough for us to merit further investigation and, you know, perhaps maybe even eventually charges.

The other comment I'd make is we made it very clear and it is quite well known out in . . . There aren't, there aren't that many service providers, frankly, that do this kind of work. And so we declared loud and clear that this practice was unacceptable and we made it very clear to all other vendors and service providers in this area that, you know, this would not be accepted. And it was pretty clear that we had very good internal controls very quickly because when you think about the number of applications we had coming in, and we were able to identify it very quickly that it was a problem.

[12:00]

So I think the message did get out. I understand what you're saying, but I think the message did get out loud and clear that this was unacceptable and was considered, you know, something that we caught very quickly. But having said that, we can certainly have a discussion with Justice. And in fact I'd have to check with my officials. Perhaps we did even have discussions with Justice. I'm not sure. So that's something that I could certainly look further into.

Ms. Atkinson: — The other disappointing thing for us, I think the committee, is that we had 13 producers that participated in this — I don't know why, I guess about . . . I don't want to be too derogatory — but participated in this process where basically they were getting more than half of the money returned to them than they were entitled to. And so you have a vendor and 13 producers that basically think it's okay to commit fraud and to rip off the public. Because this money is public money, paid for by, you know, taxpayers and other people.

And so to me it's unacceptable. We go after social service recipients. We go after individual public servants who decide to rip off the public, and we have 13 farmers that decided to rip off the public along with a vendor. So I just think that the committee needs to send a bit of a message that just because it's public money doesn't give people a licence to overcharge and then be rebated more than they're entitled to.

The good news is, for the public, is that the ministry had the controls in place to detect the misuse. And the good news is that the ministry has changed its processes to ensure that producers submit cancelled cheques or other proof of payment. But when you think about it I mean you could have . . . We have the fuel tax rebate for producers and we have other . . . I mean there are many programs that citizens are entitled to some sort of rebates. The energy program . . . There are lots. And so if you have, you know, a vendor and citizens working in tandem, they can, you know, take money that they're not entitled to.

The Chair: — Mr. D'Autremont.

Mr. D'Autremont: — Thank you. I agree with Ms. Atkinson on this. I think this is . . . Yes, I know. My colleagues are . . . I think we need to take action here. It informs the public and the people who are doing applications for various things. I mean look at the number of applications for PDAP [provincial

disaster assistance program]. I think we need to set the example that you have to be honest on this or there's a price to pay.

And so I agree with Ms. Atkinson that I think this should be moved forward, and the people involved need to understand that there are consequences. We expect that with civil servants. We expect that in other areas. I think we need to expect it in all of our programming where people make applications. And we assume that they're doing so honestly, but we need to be checking, and obviously this worked in this case. But they need to understand that there's a consequence for their dishonesty, and we need to pursue them.

The Chair: — Mr. Hart.

Mr. Hart: — Mr. Chair, if the other committee members have no further questions, I would make the following motion: that with regards to recommendation no. 1 on this chapter, that the committee concurs 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, and note compliance. Mr. Hart.

Mr. Hart: — Mr. Chair, with regards to recommendations 2 to 6, I would move that the committee concurs with those recommendations and notes progress on those recommendations.

The Chair: — Moved by Mr. Hart. All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed that this committee concur with recommendations 2 through 6 — 2, 3, 4, 5, and 6 — and note progress. Further questions or comments with respect to some of the outstanding recommendations or anything more formal with respect to the discussion that was had as it relates to the follow-up as it relates to looking at possibilities with Justice and criminal activity in the . . . Or has that message been sent?

A Member: — That message has been sent.

The Chair: — Okay. Because I think it's a very worthwhile conversation and very important that the public knows that all public dollars are there to be protected and that any abuse of that is, if it's criminal, will be dealt with as such. And certainly all the different aspects of rebates and programs and credits, it's important that (a) we have the internal controls that caught this, but then secondly that we enforce criminal activity.

At this point in time, not seeing further questions or comments, I would like to thank ministry officials for joining us here today. From the Ministry of Agriculture, Deputy Minister Koch, to you and your officials, thank you for that. And we will move ahead here with our look at our report. I guess we'll move in camera, or a motion to move in camera for that discussion of our report.

Mr. Hart: — Mr. Chair, I would move that the committee

move in camera to discuss a draft copy of our report.

The Chair: — Moved by Mr. Hart. So moved.

[The committee continued in camera from 12:07 until 12:19.]

The Chair: — We'll reconvene our activities here this morning — and I should correct myself, this afternoon — in the Standing Committee on Public Accounts. We've discussed as a committee the draft report as it relates to the activity of the Standing Committee on Public Accounts for the period March 12th, 2009 through June 7th, 2011.

Just as a brief comment, during this time the committee has examined the chapters in five Provincial Auditor's reports, considered the business and financial plans for the Office of the Provincial Auditor, hired a new Provincial Auditor, reviewed the Provincial Comptroller reports, and attended two CCPAC [Canadian Council of Public Accounts Committees] and CCOLA [Canadian Council of Legislative Auditors] annual conferences.

It's been a busy period of time and I would make a general comment that I believe we've . . . are up to speed with consideration of reports, have done so in a timely and efficient way, and I thank all committee members around this table for their efforts and co-operation and constructive activity in doing so. I would thank Vice-Chair Mr. Hart for his leadership on the steering committee and through these significant activities.

And we would be remiss as a committee to not thank our Clerk's office who have led significant activities when we look at the hiring of a Provincial Auditor and the many reports that we've generated. And I would like to thank at this time Ms. Kathy Burianyak and Ms. Stacey Ursulescu for their work that they provide, both to this committee but how that benefits Saskatchewan people as a whole. So thank you very much for those contributions. Unless there's other comments, I know we certainly have a motion as well. Mr. Hart.

Mr. Hart: — Thank you, Mr. Chair. Mr. Chair, before I move a motion I would certainly like to echo your thoughts and thank committee staff for all the work they've done and thank all the committee members for the diligence that they have done with regards to the work of this committee, and to thank you, Mr. Chair, for your very capable handling of the Chair's position. It certainly has lent to this committee being productive and serving the people of this province well.

The Chair: — Thank you.

Mr. Hart: — So, Mr. Chair, I would like to move the following motion:

That the draft third report of the Standing Committee on Public Accounts be adopted and that the final report be approved by the steering committee and filed with the Clerk pursuant to rule 135(6).

The Chair: — All agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed. So moved, moved by Mr. Hart. Thank you. Without further comments, I would seek a motion of adjournment.

Mr. Hart: — Mr. Chair, I move that this committee do now adjourn.

The Chair: — All agreed?

Some Hon. Members: — Agreed.

The Chair: — This committee is now adjourned.

[The committee adjourned at 12:21.]