



# **STANDING COMMITTEE ON PUBLIC ACCOUNTS**

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## STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Ms. Aleana Young  
Regina University



[The committee met at 08:30.]

**The Chair:** — Well good morning, all. We'll convene the Standing Committee on Public Accounts. Thanks, all, for being here. I'll introduce committee members: Deputy Chair Mr. Joe Hargrave, Mr. Daryl Harrison, Mr. Hugh Nerlien, Mr. Jim Lemaigre, Mr. Todd Goudy, Ms. Aleana Young. Mr. Derek Meyers is substituting for Mr. Delbert Kirsch.

I'll introduce the officials from the Provincial Comptroller's office. I would like to welcome Chris Bayda, who's Acting Provincial Comptroller, as well as Jenn Clark, director of financial policy. Thank you for being here.

I'd like to just take a brief moment. I know we'll have opportunities to tribute properly the service of Terry Paton at other opportunities, but this is our first opportunity as this committee and our first meeting since his retirement. So I'd certainly want to convey our immense thanks to Terry Paton for his exceptional service to the people of Saskatchewan, to the public, to government, to the legislature.

He's served for many years. In fact he's the longest serving Provincial Comptroller in Saskatchewan's history — 26 years as Provincial Comptroller of Saskatchewan, 38 years of service with the Ministry of Finance — and he's always been exceptional for this committee to work with and for the people of Saskatchewan. So thank you to Terry.

We know he's an avid . . . He loves the outdoors, and you know, upland season is into full swing. Pheasant season is coming. I know he's a big trout fisher. We wish him many, many happy days on the lake and in the field.

I'd like to welcome and introduce our Provincial Auditor, Tara Clemett, and officials in attendance from the Provincial Auditor's office. They'll be introduced throughout the day as they present various chapters that they've been focused on.

I'll table the following documents: PAC 60-29, Ministry of Health: Responses to questions raised at the March 1st, 2022 meeting; PAC 61-29, Ministry of Education: Report of public losses, December 1st, 2021 to May 31st, 2022; PAC 62-29, Provincial Auditor of Saskatchewan: First quarter financial forecast for the three months ending June 30th, 2022; PAC 63-29, Ministry of Health: Report of public losses, April 1st, 2022 to June 30th, 2022; PAC 64-29, Ministry of Finance: Report of public losses, April 1st, 2022 to June 30th, 2022; PAC 65-29, Ministry of Advanced Education: Report of public losses, April 1st, 2022 to June 30th, 2022; PAC 66-29, Ministry of Finance: Government response to Standing Committee on Public Accounts, second report, dated August 31st, 2022.

### Advanced Education

**The Chair:** — We'll turn our attention now to our first considerations of the day and focus on the Ministry of Education and the related auditor's reports. I want to thank those that have joined us here today, the officials that have joined us.

Deputy Minister Macza, thank you very much for being here along with your officials. What I'd ask you to do is just briefly

introduce your officials that are here. Refrain from entering in on the reports just now. I'll kick it over then to the Provincial Auditor's office to make presentation, then it's back to you, and then we'll open it up for questioning. So, Deputy Minister.

**Ms. Macza:** — Thank you. So in terms of introduction, I have David Boehm here. He's my assistant deputy minister of corporate and student services. And I have Corinne Barnett. She's executive director of corporate finance.

Thank you for the opportunity to discuss the latest reports and the recommendations under review. On behalf of the Ministry of Advanced Education and the post-secondary sector, I want to thank you and the Provincial Auditor and her staff for their continued professionalism throughout the various audits and processes that have taken place in our ministry over the years. And I will leave it at that.

**The Chair:** — Thank you very much. Thank you as well. I'll table at this time PAC 67-29, Ministry of Advanced Education: Status update, dated September 6th, 2022. Thank you to officials who have prepared that. It allows us to focus our line of questioning here today. I'll turn it over at this point to the Provincial Auditor to make comment.

**Ms. Clemett:** — Thank you, Mr. Chair, Deputy Chair, committee members, and officials. With me today is Mr. Trevor St. John, who was the deputy provincial auditor that was formerly in charge of the portfolio that included the Ministry of Advanced Education. He has now moved to the Finance division and will be responsible for leading the audit of the government's summary financial statements in the next year.

I also have behind me as well Ms. Kim Lowe. She is our liaison with this committee, and she will be here all day with us. So I won't reintroduce her for every presentation, but she will be coming to the table to do a presentation at one point.

For the eight chapters that we do have before us with regards to the Ministry of Advanced Education, Trevor's going to present the first four chapters all together and then the last two chapters together as well as they are all related. There is one new recommendation for the committee's consideration. And basically Trevor will pause after each presentation so that the committee can deliberate and consider the information before them.

I'd like to obviously thank the deputy minister of Advanced Education, to her and her staff for all the co-operation that was extended to us during the course of our work. With that, I'll turn it over to Trevor. Thanks.

**Mr. St. John:** — Thank you. I'll present the first four chapters together, chapter 1 of our 2018, 2019, and 2020 reports in volume 2 and chapter 2 of our 2021 report in volume 2. These report the results of our annual integrated audits of the Ministry of Advanced Education and its agencies. Generally these chapters also report on certain agencies like regional colleges and some funds overseen by the ministry.

The financial statements of these listed agencies in these chapters were reliable. The ministry and each agency complied with

relevant authorities and had effective rules and procedures to safeguard public resources other than noted in our recommendations. And I will now go over each of these recommendations.

The first recommendation reported in our 2018 chapter relates to the recording of transfers related to Strategic Investment Fund the federal government had not yet authorized, which resulted in the ministry recording revenue and expenses in the wrong fiscal years and missing contractual rights and obligations to post-secondary institutions.

We continue to recommend the Ministry of Advanced Education follow Canadian generally accepted accounting principles for the public sector to record transfers in its financial records. Inconsistent application of Canadian public sector accounting standards can impact the reliability of financial reports and can decrease the public's confidence in the accuracy of the government's financial reports. This also affects management's ability to accurately track its future obligations and related revenue sources.

In our 2019 and 2020 reports, we continued to report that this recommendation had not been addressed. In our 2021 report we noted that the recommendation was implemented and the ministry followed Canadian generally accepted accounting principles for the public sector to properly record transfers in its financial records during the year. Errors related to the Strategic Investment Fund transfers had wound down.

The second and last recommendation in the 2018 chapter, we reported that the ministry signed an adequate agreement on disaster recovery of computer systems and data with the Ministry of Central Services and tested its disaster recovery plan. The outstanding recommendation from 2008 was considered implemented in 2018.

The first recommendation in our 2019 report is a new recommendation for the committee's consideration. The section starts on page 19, and we recommend the Ministry of Advanced Education adequately monitor the activities of subsidiaries incorporated by the University of Saskatchewan and the University of Regina.

As part of its responsibility for the post-secondary education sector, the ministry monitors the activities of each university; however those monitoring activities did not extend to include the university subsidiaries. The universities, on a combined basis, had six subsidiaries as of April 1st, 2021 with revenue and expenses of about 50 million. As the subsidiaries are fully controlled and part of the universities, the ministry's monitoring activities should include activities of these subsidiaries.

Without adequate oversight there is a risk that university subsidiaries could undermine the powers granted to the parent universities, for example, under legislation and with certain universities' activities requiring ministerial approval. In turn, this could result in harm to a university's reputation or a negative financial impact.

We continued to make the recommendation to the ministry in our 2020 and 2021 reports and note that it was not yet implemented at April 1st, 2021. During 2020 to 2021, the ministry indicated it

was working with the University of Saskatchewan to establish a framework for monitoring the university's subsidiaries.

I'll now pause for the committee's consideration.

**The Chair:** — Thank you very much for the presentation with one new recommendation. But I'll turn it over to the deputy minister for brief comment, and then we'll open it up for questions.

**Ms. Macza:** — Okay. With regard to the recommendation . . . the first one, in regard to the recommendation that the Ministry of Advanced Education follow Canadian generally accepted accounting principles for the public sector to record transfers, the ministry agrees with the Provincial Auditor that that recommendation is implemented.

With regard to the recommendation to monitor the activities of subsidiaries incorporated by the University of Saskatchewan and the University of Regina, the ministry and the University of Saskatchewan signed a memorandum of understanding in August 2022 to establish a framework for monitoring the university's subsidiaries, including the sharing of board packages and financial updates. The signing of the MOU [memorandum of understanding] will formalize a process for monitoring the activities of the subsidiaries of the U of S [University of Saskatchewan]. The ministry believes this process will fully address the Provincial Auditor's recommendations. And I'll leave it at that.

**The Chair:** — Thank you for all the work on this front. It's important work. And thank you for the presentation. I'll open it up now to committee members. Ms. Young.

**Ms. A. Young:** — Thank you, Mr. Chair. Morning, everyone. Thank you to the officials for being here this morning.

Given the consistency between some of the chapters, perhaps I'll just address the issues individually as opposed to going through chapter by chapter. And with that said, I did, understanding it is now implemented, just want to revisit briefly the disagreement as it relates to the Strategic Investment Fund. Being a relatively new member of the committee . . . And perhaps this is a question best put to the auditor. Could you expand upon the nature of the disagreement?

**Ms. Clemett:** — So it came down to . . . Basically under accounting standards, there is a section, government transfers. And from our perspective, the ministry was recording revenue before it should have been. So there would have been money coming across from the federal government that we did not consider. We would've been doing some confirming with the federal government as well. And it wasn't, in our purview as well as theirs, basically authorized, and therefore, revenue shouldn't have been recorded.

And it was being recorded earlier and then as a result . . . The money transferred to the ministry, and my understanding is it goes out to then the post-secondary educational institutions too. But expenses were being recorded at that time, again earlier than we would anticipate under that sort of, I guess, accounting standard. So there was nothing from the bottom-line perspective though in terms of revenues were overstated as well as expenses,

is my understanding.

**Ms. A. Young:** — Pardon me. To clarify, so revenues and expenses were both overstated?

**Ms. Clemett:** — Yes. So it had no overall bottom-line income or deficit impact.

**Ms. A. Young:** — And understanding that these were transfers that were not yet authorized, they were ongoing over several years.

**Ms. Clemett:** — Correct. It would have been because of the terms of the agreement almost, and at what point were they . . . So money perhaps even would've flowed probably at the beginning . . .

**Mr. St. John:** — Some.

**Ms. Clemett:** — Some perhaps. And it wouldn't have necessarily been though . . . It shouldn't be recorded as revenue until it's sort of earned and you're entitled to it.

**Ms. A. Young:** — And forgive me, has the Strategic Investment Fund now wound down?

**Ms. Clemett:** — Imagine that agreement is now . . . Yeah, it's almost like all the money's now been provided, earned, and recorded as such.

**Ms. A. Young:** — Okay, so it's less of an agreement over the accounting standard and just more of the program is . . .

**Ms. Clemett:** — We are happy that yes, everything's almost like, yeah, sort of cycled through and went away and we have no errors remaining.

[08:45]

**Ms. A. Young:** — Thank you. And to the officials, you know, understanding this program has now wrapped, what was the rationale for the way that it was recorded on the Advanced Ed side?

**Ms. Macza:** — The minister's opinion was that the agreement signed with the federal government did not contain any eligibility criteria. And public sector accounting standards are clear, we feel, in regards to eligibility criteria in that a transfer without that criteria should be recognized as revenue when the transfer is authorized. As such, the ministry recognized the entire amount of the transfer as revenue when the federal government authorized the transfers.

So the Provincial Auditor's opinion was that the federal government's intent was that this funding had specific eligibility criteria, and we disagreed. And that's why we accounted for the revenue in a different manner.

**Ms. A. Young:** — And are you aware as to whether this was a disagreement shared by other ministries of Advanced Education or their counterparts in other jurisdictions in Canada? Or is this unique to the Saskatchewan Ministry of Advanced Ed?

**Ms. Macza:** — I'm not aware of those, no.

**Ms. A. Young:** — Perhaps I could put that question back to the auditor then. Was it just our Ministry of Advanced Education here in Saskatchewan, or are you aware of other disagreements with ministries in other jurisdictions over this funding?

**Mr. St. John:** — I'm not aware of disagreements between other ministries in Canada.

**Ms. A. Young:** — And was this something that the Ministry of Advanced Education considered, looking into how other ministries . . . I would imagine — perhaps I'm mistaken — that this is a fund with national applicability. So if other jurisdictions were accounting for it differently, is there a reason I guess for the unique situation that Saskatchewan's ministry found itself in?

**Ms. Macza:** — In this particular case, our position was developed in consultation with the Provincial Comptroller's office. So I don't know if they can comment on whether there was other provinces that took that position.

**Mr. Bayda:** — So you know, I'm not aware of a situation in other provinces. I would say that generally when it comes to accounting for government transfers, it's a reasonably complex area for governments and that, by and large, we have a very good relationship with the Provincial Auditor's office. And we've sort of, you know, worked out for the most part when there's eligibility criteria what authorization means.

But there are just those odd times when we get to a spot where we kind of agree to disagree. It's pretty rare, I think. I think, you know, overall we're in good shape in terms of the relationship there. This was just one of those situations where I think we agreed with the ministry's assessment, and so agreed to disagree with the auditor. And there are a few of those, but it happens.

**Ms. A. Young:** — Thank you, Mr. Bayda. Perhaps just a follow-up question for you then. Recognizing, you know, Saskatchewan does receive federal transfers, and not knowing the details of the criteria for the Strategic Investment Fund, is this a situation that . . . You've noted the disagreements between ministries and your institution and the Provincial Auditor are few and far between. However, has this occurred with other ministries and federal transfers or programs that would be similar? Or is this a fairly unique situation?

**Mr. Bayda:** — You know, I think this one is reasonably unique. We might have one other one that we have sort of a kind of a standing disagreement on. But yeah, this is not a common occurrence, and I don't recall the details of this one. I just think that the deputy had it right, that we just didn't, you know, observe in our opinion that there were eligibility criteria and we felt the transfer had been authorized. And that, according to our interpretation of the standard, would have led to revenue.

And there's, you know, a difference of opinion on the other side. And I think, you know, on this one it's worked out well that the accounting applied, you know, resulted in both an overstatement of revenue and expense, and so there was no bottom-line net impact. It's more concerning when there's not a match there, so yeah.

**The Chair:** — Deputy Chair Hargrave.

**Mr. Hargrave:** — Yeah, just a quick question. The Provincial Auditor, the comptroller . . . But you never checked with other jurisdictions. You just assumed that you haven't heard of any. That's correct? You said, not that I'm aware of, which would indicate to me that you haven't checked with Manitoba or BC [British Columbia] or . . .

**Ms. Clemett:** — Oh, I will just comment that we do have a forum. So we do have like a Public Accounts forum where really all the auditors general . . . I'm sure the Provincial Comptroller also has a bit of a group where we might . . . You're right. We might check with our colleagues and figure out in the event that the agreement is being applied from that federal perspective and that all the provinces are receiving a similar, you know, funding scenario and the agreement reads the same. But sometimes there is circumstances, I would say, that make us unique, or the way we've negotiated and the way that contract's written. So there is times that we can't always be exactly the same.

Also again, complex accounting standard. The way my colleagues across Canada and the provincial comptrollers may interpret that section and the agreement may be different than other provinces. So you know, we can sometimes be not totally aligned, I would say.

**Mr. Hargrave:** — From the comptroller's point of view, you never check with other provinces or the deputy ministers?

**Mr. Bayda:** — You know, not . . . I don't think that we checked with other provinces on this one. We do check with other provinces from time to time. But I think, as the Provincial Auditor noted, you know, sometimes the agreements are worded slightly differently which can impact the accounting. And sometimes there's sort of a . . . You know, in the greyness of how transfers are accounted for, different jurisdictions may have reached a different sort of point on that in that grey zone in terms of, you know, what they think should . . . would be the appropriate accounting. So sometimes we wouldn't agree with another jurisdiction in any event.

So I think by and large it's, while it's a complex standard, it's a pretty good standard. Certainly before that standard came into place, you know, there were a lot more disagreements across the country and I think within our respective offices as well. So it's a much-improved situation that we have.

**Mr. Hargrave:** — Thank you.

**The Chair:** — Further questions, committee members? Ms. Young.

**Ms. A. Young:** — Thank you, Mr. Chair. Just a couple more on this topic and then I'll move on. So forgive me, I haven't gone through all the chapters and done the math myself, but what was the total value? Like how much money, essentially, over the . . . I believe it was the three-year federal-provincial agreement?

**Ms. Macza:** — There was a total of \$65 million. That's how much . . . received for our seven institutions.

**Ms. A. Young:** — Perfect. And which institutions received

funding through this program?

**Ms. Macza:** — The U of R [University of Regina], the U of S, Parkland College, Gabriel Dumont Institute, the Saskatchewan Indian Institute of Technologies, and Saskatchewan Polytechnic.

**Ms. A. Young:** — And were these . . . Forgive me for not having the program criteria. Were these institutions . . . Did these institutions then apply to the ministry for funding under this program, or was it distributed by the ministry where it saw fit?

**Mr. Boehm:** — So the ministry would have been involved in establishing the selection criteria for the various projects and would have done an intake of project interest from the various institutions, and then done a bit of a ranking process, and then flowed the federal money to the institutions, and with half coming from the federal government and the other half being raised by the institutions themselves.

**Ms. A. Young:** — Thank you. And in anticipating my next questions, could you speak to the criteria used to evaluate those projects as well as the projects that were funded?

**Mr. Boehm:** — So the criteria used are based on sort of what I would call strategic requirements of the sector. There's need factors as well that are considered. Some of these institutions, you know, will have requirements to expand programs or, you know, address some critical infrastructure issues. And each of those would be considered as part of the decision-making process along with whatever criteria the federal government may have in terms of, you know, limitations or parameters that they want to put around the program as well.

**Ms. A. Young:** — So critical infrastructure, that could involve physical infrastructure. Could that involve information technology? It seems like a fairly broad — and this is a critical question — it seems like fairly broad criteria which I could see being quite beneficial to the institutions.

**Mr. Boehm:** — Yeah. What I would note is, given the list of institutions involved and some of the nature of some of the projects, for example, there were a number of projects that were related to Indigenous institutions. So you know, growing the participation of Indigenous students in terms of post-secondary education was sort of a key priority at that point in time as well.

**Ms. A. Young:** — So if I'm correct in understanding that there would have been a great number of projects funded with this money, are you able to provide some examples just to give the committee a sense of . . .

**Mr. Boehm:** — Well I know there were 10 projects that were actually funded. And certainly you're correct, there would have been more than that that interest would have been expressed in, and the criteria would have been used to create a short list of projects. In terms of the actual nature of the various projects, I'm afraid I don't have that detailed information.

But you know, our capital initiatives across the sector happen on an annual basis. I mean this happened to involve some federal cost sharing or federal funding. But you know, at any one time we've got quite a number of projects going on. So I do know there were 10 projects. The deputy minister listed which



institutions were part of the program. But in terms of actual details, that we would have to provide outside the meeting.

**Ms. A. Young:** — Thank you. And overall it was a successful program for the sector and for all of the partners involved?

**Mr. Boehm:** — I think it's fair to say that, yes. You know, there's . . . Like any sector, you know, needs for capital and infrastructure are always important in terms of meeting strategic goals and that sort of thing, and delivering on mandates. And again we do have a long list of interests, and of course, you know, like with any ministry in government, we only have so many funds to provide towards those projects. So yes, and again there is a lot of effort put into prioritizing the list, making sure that we do get the best projects with the best possible impact to the top of the list.

And again I think if the institutions were here to speak to each of the projects, they would be very appreciative of the opportunity that the funding provided.

**Ms. A. Young:** — And my last question here. With \$65 million obviously being a decent amount of money certainly to the average person — but I would anticipate being a bit of a drop in the bucket in the grand scheme of capital needs in any ministry in any province — I guess my final question would be . . . You noted some cost sharing and I'm curious as to the nature of that, if the dollars were expected to be matched by the institution and how that \$65 million figures in the broader context of the infrastructure needs of your ministry. How much of an impact, I suppose, did it make in the . . . I'm not knowing what the infrastructure deficit would be off the top of my head.

**Mr. Boehm:** — Yeah. As an investment in infrastructure it was quite, quite substantial. In the case of Indigenous institutions, the federal funding could be utilized to cover 100 per cent of the cost of the project. But in the case of the other institutions it was 50 per cent, with the institutions expected to raise those funds from other sources.

And in terms of sort of quantifying, you know, the impact across the sector, yes there are always lots of needs and wants in any sector. But it was certainly a substantial investment at the time and, you know, makes quite an impact. And of course there's other provincial dollars that are invested on an annual basis that also, you know, helps to make sure that we have, you know, solid infrastructure to create a positive learning experience, all those kind of things, within our sector.

[09:00]

So you know, in terms of deferred maintenance, that sort of thing, yes there is more work definitely that needs to be done across the sector. But just like these new capital investments, when it comes to our deferred maintenance investment, again criteria are utilized to prioritize to make sure we are having the greatest impact, the greatest possible impact, and also addressing the greatest needs in our sector as well.

**Ms. A. Young:** — Thank you.

**The Chair:** — Further questions on this recommendation or any of the others? Maybe just to confirm then, the one

recommendation that's not implemented, the new recommendation from chapter 1 of 2019 report. You've laid out the actions that have been taken, and it's the full expectation that this will be implemented now in the fall, this fall. Is that correct?

**Ms. Macza:** — That's correct.

**The Chair:** — Ms. Young.

**Ms. A. Young:** — Sorry, Mr. Chair. I did have more questions about other recommendations. I was just . . .

**The Chair:** — Sure. Just keep 'er going.

**Ms. A. Young:** — Totally finished off, I think, thoroughly canvassed the Strategic Infrastructure Fund. So pardon me for being unclear about that.

Just one question about the recommendation, past recommendation from 2018 as it related to the adequate disaster recovery agreement, which spoke to I believe the university subcontracting through Central Services for a third party to deliver these disaster recovery services, and that the service provider was engaged in kind of an ongoing successful testing and maintenance of that.

Just, I guess, two quick questions here. This remains accurate and current, and there's no concerns as it would relate to disaster recovery for the sector? And then perhaps if there are any concerns or ongoing . . . or changes as would relate to a one-client service model or cybersecurity for the institutions.

**Ms. Macza:** — So maybe I'll just start and then David can continue. This is a system that is within the ministry, so not with regard to the sector. So it's a ministry system. In terms of its current status, I'll let David take it.

**Mr. Boehm:** — So when this issue is raised, the one-client service model was in what I think the technical people would call an unsupported situation. We were not at the current supported level of the underlying software. That work was done to get it up to a supported level and then, you know, the disaster recovery plan and the testing was implemented subsequent to that.

This system is about 20 or so years old, you know, so it is sort of getting to end of life. And each of the participants in the one-client service model — which includes our ministry, it includes the apprenticeship commission, the Ministry of Immigration and Career Training, and the regional colleges in Saskatchewan — were each working on developing new systems to replace the one-client service model because it is, like I say, an older system but it also doesn't necessarily offer the level of client service that new technologies provide. So we are headed in a positive direction.

**Ms. A. Young:** — And sorry, Mr. Boehm, I do have one follow-up question. You said these different organizations that were covered by the one-client system, they are now working to develop independent systems as opposed to one consolidated.

**Mr. Boehm:** — That is correct. Yes.

**Ms. A. Young:** — So perhaps moving on to the

recommendations as they relate to the Ministry of Advanced Education adequately monitoring the activities of subsidiaries incorporated by the U of S and the U of R, one general question to start, likely for the auditors. I note in the recommendations that the recommendation is that the ministry, at least initially, inadequately monitors the consolidated activities of the province's two universities. For the committee, what constitutes a consolidated activity?

**Ms. Clemett:** — So from a consolidated perspective, it'd be anything that I guess the university almost controls, so these subsidiaries really are controlled. And then as a result those subsidiaries would also, from that financial perspective, be rolled into the financial picture of the universities as well.

**Ms. A. Young:** — So would those activities be exclusively financial, or would consolidated activities cover off the entirety?

**Ms. Clemett:** — It could be broader from that operational standpoint. So I think from that monitoring standpoint, it could be about I guess capital. I guess that has a financial impact. I mean, the financial might be the most concerning, but it'd be anything from that key perspective that they, you know, from that legislative authority side, that they should be sort of in the know. So you know, anything from maybe acquiring debt or capital and so forth.

**Ms. A. Young:** — And for the subsidiary institutions, are there . . . Sorry, this is not an area I have a great deal of background knowledge. Are there any post-secondary institutions who would be — or degree-granting institutions; I'm not sure if that's a difference — who would be exempt from monitoring or oversight by the U of R or the U of S?

**Mr. Boehm:** — So depending on which institution and sort of which legislative level of oversight exists. Like for example, with our two universities, each of them has an Act. The Act is very specific about the powers of the minister and the expectations of the relationship with the ministry. And so in a number of those cases, we, the minister will be approving certain activities.

But we also have other institutions that do receive public funding; I would think, for example, the Indigenous institutions where we don't necessarily have a provincial Act. And therefore while we still have a very positive and direct relationship with them, the notion of approval would be different. So we might be noting receiving, say, a business plan or something like that, as opposed to approving that plan.

And so again, it just depends on which institution one might be referencing. And again each of them, in some cases, will have their own Act. And those that don't, we still have working relationships with them because they are still an important part of our post-secondary education system.

**Ms. A. Young:** — So perhaps a better question for me to have asked would be, could you list the U of S's subsidiaries then for the committee?

**Ms. Macza:** — So in terms of the University of Saskatchewan's subsidiaries that this new MOU would apply to, there are five of them. One of them is 621602 Saskatchewan Ltd. The second one was Agrivita Canada Inc. The third one was Canadian Light

Source Inc. Fourth one was Prairie Swine Centre Inc. And the fifth one was the Sylvia Fedoruk Canadian Centre for Nuclear Innovation Inc.

**Ms. A. Young:** — And pardon me, what do the first two do? The numbered corporation threw me. I have no idea what it does.

**Ms. Macza:** — So the first one, 621602, the company was incorporated to participate in real estate investment activities, for example, Preston Crossing in Saskatoon.

**Ms. A. Young:** — Okay.

**Ms. Macza:** — I think you asked for the second one. Agrivita, the mandate of the company is to secure funding for various sources of funding research scientists and the conduct of research towards the development of informed Canadian public policy and public confidence in agriculture products.

**Ms. A. Young:** — So I guess I'm curious. In reading the recommendations, I believe it spoke to monitoring being necessary, you know, to mitigate potential risks to the institutions as well as ensure these incorporated subsidiaries were fulfilling their primary roles, which I'll admit I understood to be kind of technological or instructional or research based. Was that a mistaken understanding? Because I'm very curious. How does a real estate investment corporation help the University of Saskatchewan realize its core goals?

**Mr. Boehm:** — So in terms of the five subsidiaries that were part of this recommendation, oftentimes an institution, in this case the University of Saskatchewan, will establish a subsidiary for a number of reasons: one, to sort of separate the work. And as you've correctly pointed out, in other cases it's because the mandate of that subsidiary varies significantly from that of a university. And again, I don't know all of the detail and the background but, for example, the real estate investment activities, that's something that is not part of the mandate of a university.

And so there's always a potential risk that if an institution does it directly, they can start to impact their charitable status and their not-for-profit status. So by creating a subsidiary, it helps to sort of shield them from that concern or criticism. But it also helps to shield them from the risk of that particular entity, you know, and the activities that it takes on.

So you know, if it is the type of work that you were describing related to teaching, research, community service, that would be part of, in this case, the University of Saskatchewan proper. But when they start to take on activities that are perhaps a bit outside their mandate but related, they will utilize the subsidiary.

And I think that, you know, the real estate investment is a great example where, you know, they have these excess lands. They're very valuable lands. They can be used for research and other academic activities, but they can also be used for commercial activities. And therefore establishing a separate body to do that work makes sense from the university's perspective.

**Ms. A. Young:** — And is there a particular reason or a historic nature to why the U of S has subsidiaries and the U of R does not?

**Mr. Boehm:** — You know, I think the U of S, being a medical doctoral and very research-intensive institution, winds up taking on certain activities and maybe having certain opportunities that a smaller institution like the U of R maybe would not have access to.

So again it has to do with the complexity of the institution. The U of S being an endowment land organization, they have a lot of very valuable real estate or property in Saskatoon. And again, you know, in the past that may have been used for research or academic purposes, but now perhaps it has a higher potential value. And so again I think, you know, it's the nature of the institution and the fact that, being a research-intensive medical doctoral, the University of Saskatchewan just is involved with, you know, a range of activities.

And I guess the final point I would make on this is, you know, our relationship with the institutions. We are encouraging them to, you know, make sure they're fully fulfilling their mandate. And that may be, for example, taking research — and I'm thinking of, like, the Light Source or the Prairie Swine Centre — taking research that's happening in the lab bench and working towards commercialization and getting value out of that research.

And so, for example, the University of Saskatchewan has substantial earnings from research royalties. So licensing of, you know, some of their research, which again from the ministry's perspective — I expect from the province's perspective — we see as highly valuable. And so sometimes you need these types of structures to be able to make that happen, to get value out of the research that's taking place at the institutions.

**Ms. A. Young:** — Thank you. And you noted there are these five subsidiaries covered by the recommendation. How many are there that would not be covered by this recommendation? And what's the distinction as to why some would be included and some not?

**Mr. Boehm:** — So I believe there may be two or three or four others that are maybe not consolidated. But I may look to the Provincial Auditor for a response to that question: why these five and not maybe the others as well? Because there are some other entities that the University of Saskatchewan is involved with.

[09:15]

**Mr. St. John:** — So to my knowledge there is one other subsidiary that is consolidated that wasn't named. It was the alumni association. Due to a change in governance structure the university gained control of it. It would be very, very small. I'm assuming that's probably why . . . Well I shouldn't assume, I suppose. But it's very, very small. It's very low risk.

There's other agencies that the university has involvement with. A good example would be Prairie Diagnostic Services, which is sort of like a joint venture between the Ministry of Agriculture and the university. It's not consolidated by the university. And there are other agencies that they would have involvement with but they don't have control of. So they have potentially significant influence, or you know, some influence or some involvement.

**Ms. A. Young:** — Thank you. And I suppose this will be a

question to both the officials from Advanced Education and then also to the provincial auditors. Given the planned actions for implementation, which really appear to be kind of a greater integration of the pre-existing governance reporting that looks like it's taking place within the subsidiaries and just ensuring that that moves up to the U of S — suppose to both the officials and then to the Provincial Auditor — do you feel this is sufficient for mitigating those potential risks and then ensuring adequate level of accountability and transparency?

**Ms. Macza:** — Yes, we do.

**Ms. Clemett:** — So we'll be looking at the extent of the MOU, and then it will probably be about the fulfillment of what's been agreed to within that, obviously, understanding that's been reached. As long as that is occurring as such and it does seem to cover, as I guess Trevor has indicated, sort of those significant subsidiaries that we envisioned, I would assume it will be addressed this year.

**Ms. A. Young:** — Thank you. And one final question on this area. In my understanding, memorandums of understanding are fairly friendly documents but not necessarily binding. Was this consciously chosen as the vehicle to ensure this? And if so, why?

**Ms. Macza:** — So *The University of Saskatchewan Act* does not apply to U of S subsidiaries. So the MOU was the tool that we thought was most appropriate to allow us to have this oversight.

**Ms. A. Young:** — Sorry, I'm not sure I understand the nuance in regards to the legislation not applying, and then why an MOU would be the appropriate choice of agreement.

**Ms. Macza:** — So the legislation didn't give us the authority to have the oversight over the subsidiaries. So an MOU was deemed to be the most appropriate tool to gain an oversight. And with our relationship with the U of S, we think it will be effective.

**Ms. A. Young:** — Thank you. Moving on perhaps to actually just one question, and forgive me, on an implemented recommendation on the unapproved capital projects. Understanding this process has been implemented since 2018, I am just . . .

**The Chair:** — Which chapter are you . . .

**Ms. A. Young:** — Pardon me, chapter 27.

**The Chair:** — You know, we're going to turn our attention. We're going to close the consideration. We're doing the first four and then we'll be turning our consideration to 27 in just a brief moment.

**Ms. A. Young:** — Sorry, Mr. Chair.

**The Chair:** — No problem at all. And that'll be the time we can take questions. Any further questions with respect to the first four chapters that we lumped together for consideration? That'll be the three chapter 1's and then chapter 2.

**Ms. A. Young:** — Sorry, just clarification for me, so I'm not messing up the ongoing flow of the committee. We are going through these sequentially as they are laid out in the agenda,

correct?

**The Chair:** — That's right.

**Ms. A. Young:** — Okay.

**The Chair:** — We lumped the first four together. You'll see chapter 27 will be presented independently by the auditor, and we'll kind of keep the updates going as far as which ones are grouped together and which ones are individual.

**Ms. A. Young:** — Thank you.

**The Chair:** — Any further with the ones that are before us, the three chapter 1's and chapter 2? No?

So we have one new recommendation here, and that's in the chapter 19 volume 2 report, chapter 1, recommendation no. 1. I'd welcome a motion to concur and note progress as has been noted. Would someone care to move? Moved by Mr. Harrison. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. I would now welcome a recommendation to conclude consideration of the 2018 report volume 2, chapter 1; 2020 report volume 2, chapter 1; 2021 report volume 2, chapter 2. Someone care to move?

**Mr. Nerlien:** — Mr. Chair . . .

**The Chair:** — Mr. Nerlien moves. All agreed?

**Mr. Nerlien:** — Mr. Chair?

**The Chair:** — Oh sorry.

**Mr. Nerlien:** — Mr. Chair, did you miss 2019 report volume 2, chapter 1?

**The Chair:** — We have a new recommendation on that one, so we don't need to move a conclusion of consideration the same way. So with respect to the three chapters that were identified from 2018, 2020, '21, moved by Mr. Nerlien, all agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried.

Okay. We'll turn our attention now to chapter 27 and we'll just focus on that one chapter for this time. And we'll kick it back over to the Provincial Auditor for her presentation.

**Mr. St. John:** — Thank you. Chapter 27 of the 2018 report volume 2 reports the results of our first follow-up of an audit we did on the Ministry of Advanced Education's processes for approving post-secondary capital projects. Advanced Education coordinates infrastructure planning for the post-secondary sector with SaskBuilds.

We made one recommendation in our 2016 performance audit. The recommendation related to providing timely feedback to post-secondary institutions about capital project requests that are

not approved. In August 2018 the ministry gave post-secondary institutions feedback about unapproved requests for funding for capital projects related to the 2018-19 budget cycle. In addition, the ministry drafted a process to provide post-secondary institutions with annual feedback as part of its infrastructure planning cycle. We concluded the ministry had implemented the recommendation.

I will pause now for the committee's considerations.

**The Chair:** — Thank you for the presentation, the focus of the work. I'll turn it over to the deputy minister for a brief comment.

**Ms. Macza:** — So the ministry agrees with this recommendation as implemented. We continue to communicate with the post-secondary institutions early in the new fiscal year to provide feedback on projects that were not successful in obtaining approval for funding.

**The Chair:** — Thanks for the work on this front. And I know we've got a question that's coming. Ms. Young.

**Ms. A. Young:** — Thank you. And just to clarify to ensure I'm not canvassing things the committee has already covered ad nauseam. Since implementation, this is the first time the recommendation has come back to the committee, correct?

**The Chair:** — That's right.

**Ms. A. Young:** — Okay, great. Thank you.

**Ms. Clemett:** — This was our first follow-up.

**The Chair:** — First follow-up.

**Ms. A. Young:** — Okay.

**Ms. Clemett:** — So first time that . . . Yeah, they addressed immediately the next time we looked.

**Ms. A. Young:** — Great. Thank you. So with that context, to the officials, I'm wondering if you could describe in greater detail the planning cycle and capital project approval process listed in the recommendation?

**Mr. Boehm:** — So the process is linked to our annual budgeting cycle and now has significant involvement from the Ministry of SaskBuilds and Procurement. And so with each call for capital the various criteria that we will use to assess projects will be shared with our institutions, the post-secondary institutions, and they will then submit projects.

The team at SaskBuilds and Procurement will then use those criteria to evaluate the list. That list will then be brought to the ministry, and specifically the minister, for final review and approval before it goes back into the SaskBuilds and Procurement process for sort of final evaluation by that particular board.

**Ms. A. Young:** — And would those criteria and priority areas be relatively consistent but likely have some change year to year?

**Mr. Boehm:** — Yes, I think that's a fair description. So in the

case of the criteria certainly linked to strategic priorities at the institution, linked to strategic priorities of the ministry and the provincial government. Health and safety concerns also figure prominently in the criteria, if there's, you know, something that needs to be addressed for those reasons. But there will be tweaks from cycle to cycle but overall fairly consistent.

**Ms. A. Young:** — It sounds like a bit of a dialogue between the institutions, the ministry, and SaskBuilds and Procurement. In the opinion of officials, is that working fairly smoothly?

**Ms. Macza:** — Yes.

**Ms. A. Young:** — And the planning cycle, that is just annual? There's no multi-year planning?

**Ms. Macza:** — It's a combination of both.

**Ms. A. Young:** — Okay. And what is the longer term planning cycle that would be used by the ministry?

**Ms. Macza:** — In terms of the cycle, maybe I'd ask you to ask SaskBuilds what their longer term cycle is in terms of the approval of capital. It's within their mandate.

**Ms. A. Young:** — So within the ministry itself there would not be, for example like five-year capital planning or three year? I'm picking numbers arbitrarily.

**Ms. Macza:** — So by the nature of the projects, yes, for sure there is multi-year planning because some of the larger projects are multi-year in nature.

**Ms. A. Young:** — And are the factors considered by the ministry when used to evaluate proposals, are these factors consistent across institutions, understanding there may be some change year to year? But are the same factors and criteria used to evaluate the institutions that would be covered off by the Ministry of Advanced Education in terms of capital?

**Ms. Macza:** — The capital planning and review process has been centralized within SaskBuilds to allow for consistency in terms of criteria.

**Ms. A. Young:** — And has the response from sector partners, in regards to those that are unsuccessful in their applications, has it been positive since the implementation of this process or does it remain a bit of an iterative process?

**Ms. Macza:** — Probably a little bit of both, but yes, they are appreciative of information being received as early as possible.

**Ms. A. Young:** — And seeing that this recommendation is implemented, are there any final comments or observations from the auditor's office in regards to this, or is it considered done and dusted?

**Ms. Clemett:** — You are correct. Yes, done and dusted. I like that.

**Ms. A. Young:** — Okay, thank you. No further questions on this, Mr. Chair.

**The Chair:** — Done and dusted? Thanks to all that have done the work on this front. I would welcome a motion to conclude consideration of this chapter. Mr. Lemaigre moves. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. We'll now turn it back to the Provincial Auditor for focus on chapter 26.

**Mr. St. John:** — Thank you. Chapter 26 of our 2019 report volume 2 reports the results of our second follow-up of our other recommendations made regarding the Ministry of Advanced Education's processes to manage risks to service delivery from its unsupported IT [information technology] system, the one-client service model system. The system is used to support post-secondary services like student financial assistance, training programs, and registration services. Systems running on unsupported infrastructure are at a greater risk of availability and security issues that could impact operations.

There were three outstanding recommendations at the time of our follow-up. By October 2019 the ministry implemented all outstanding recommendations. From February 2018, when the ministry and the Ministry of Central Services signed an amended IT service agreement, Advanced Education received sufficient information to enable it to manage risks associated with the system until October 2019, the date of our audit report.

[09:30]

Obtaining the necessary information, such as end-of-support dates and estimated upgrade costs about its system, will help the ministry and other partners that use the system to assess risks to make effective decisions.

Additionally the agreement clarified responsibility for upgrading and patching IT infrastructure, and the ministry implemented a plan for these IT infrastructure upgrades and patches. Maintaining a plan to upgrade and patch the system over its expected remaining life will reduce the risk of security breaches that could expose confidential information such as student personal information.

I'll pause now for the committee's consideration.

**The Chair:** — Thanks so much, and thanks again for the focus of this work. Of course this all goes back to 2015 and your report. This committee concurred with these recommendations in 2016, and now we see the actions that have brought these through to implementation. I'll open it up to committee members for questions. Ms. Young.

**Ms. A. Young:** — Thank you. Just a couple questions on this, recognizing this is a recommendation with a bit of a historic nature to it. One question about the upgrade schedule and what I read on page 241 of chapter 26 where it indicates that the Ministry obtains cost estimates for planned upgrades from Central Services as part of its annual budgeting process.

Are these cost estimates, and I would assume eventually realized costs, are these considered under infrastructure funding, or is there a different way that the ministry would note and account for essentially critical IT systems?

**Ms. Macza:** — Sorry, in terms of how it's accounted for? Depending on the type of upgrade, it would be capital or expense, so yes, could be a portion of it.

**Ms. A. Young:** — Okay. And as this is housed within the ministry itself, not the institutions, this would be funding to the Ministry of Advanced Ed.

**Ms. Macza:** — Correct.

**Ms. A. Young:** — So since I suppose October 1, 2019, have there been any breaches or realized risks as outlined in this chapter?

**Mr. Boehm:** — So the system is a very dynamic system being 20 years old, and so there are occasional what I would call more hiccups as opposed to breaches. We have had no significant breaches, no loss of personal information, or anything along that line. But because the system needs to interact with other systems, including the federal government's student loan system and payment system, occasionally there are interface issues. But those have always been resolved in a very timely manner, to the extent that we have not, you know, been in a situation where we have not been able to make payments to students, for example, on the student loan side of things. So again, there are bumps in the road but nothing that we have not been able to manage.

**Ms. A. Young:** — Thank you. And in regards to this dynamic system . . . I'm just thinking, I am older than 20 years old and I don't think I would ever describe myself as dynamic, so it must be quite the system. Seeing that the schedule included projects planned up to March 31st, 2021. Since that, is there a new schedule? Could you speak to the planning and actions since that time?

**Mr. Boehm:** — So as mentioned earlier, each of the partners within the one-client service model has plans and are implementing those plans to move off of that system. And we are forecasting that by October/November of 2024, we anticipate that the last of the group of clients using the system should be able to exit at that time, and the system can be sunsetted, data stored, etc. But in terms of sort of the ongoing maintenance and upkeep, that is something that we look at frequently because again it is a system that we are very much utilizing today and will continue to do so.

And the same is true for Immigration and Career Training and our regional college system. I think the only partner who has successfully fully transitioned away from the system is the apprenticeship commission. So again, this one-client service model is still very important to us and therefore we have an ongoing sort of maintenance and monitoring process to make sure the system is viable and reliable.

**Ms. A. Young:** — Thank you. And as these other ministries and bodies transition off the one-client service model and onto their own independent systems . . . I suppose perhaps to back up, do each of these organizations currently have some sort of service agreement with the Ministry of Advanced Ed for utilizing the existing system?

**Mr. Boehm:** — Yes, they do.

**Ms. A. Young:** — And so then following the successful wind-

down of this, and I believe you said March 2024, perhaps . . .

**Mr. Boehm:** — October/November.

**Ms. A. Young:** — Oh, pardon me. October/November 2024. That will be the end of this type of formal relationship between those ministries and Advanced Ed as it relates to the — what will be no more — one-client service model.

**Mr. Boehm:** — Yes, that is the plan, yeah.

**Ms. A. Young:** — Okay. And then so all of the costs associated with that will be borne independently within those organizations and ministries.

**Mr. Boehm:** — That is correct, yes.

**Ms. A. Young:** — Perfect. And then beyond that, recognizing there is likely significant change in terms of the ongoing utilization of this system, as well as the transition to these new programs — or systems, whatever they are — are there any significant changes to what has occurred between what's captured in this report as of 2019 and to date that you think would be relevant for the committee?

**Mr. Boehm:** — Well despite the fact that it is a legacy system, we do continue to make minor enhancements where we can to make life for students . . . Using student loans for example, which is the part of the system I'm most familiar with, for example we have a student portal now where documents can be shared electronically with our student clients.

So we do introduce modest improvements on an ongoing basis, but it's always that balancing act between investing in the old system versus, you know, putting all of our efforts and energy and resources into the development of the new system which we are in the midst of.

So again, you know, we have made enhancements over the years. We will continue to do that. But because, you know, the end date for the system is on the horizon, we want to be very prudent about any major expenditures on the old system because again we just won't get a tremendous amount of value out of those.

**Ms. A. Young:** — Thank you. And last question, emerging from your final comments there: what cost is associated with the development of this new system? Understanding perhaps you're only able to speak to the system for Advanced Ed proper and not the other associated organizations.

**Mr. Boehm:** — Yeah, so the two that I would be familiar with would be the new student loan system — and I would estimate the cost of that new system at approximately \$6 million dollars over a number of years — and then the other aspect that we are more directly involved in is the new student information and enterprise resource management system for our regional colleges and Gabriel Dumont and Dumont Technical Institute. And that system I would put in the neighbourhood of about \$8 million all in.

**Ms. A. Young:** — Thank you. And this goes through the Ministry of SaskBuilds and Procurement as a project?

**Mr. Boehm:** — I believe that is correct, yes.

**Ms. A. Young:** — Thank you.

**The Chair:** — Any other committee questions at this point? Not seeing any, I'd welcome a motion to conclude consideration of this chapter. Moved by Mr. Goudy. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. We'll kick it back over to the Provincial Auditor, and I believe they're going to focus on the last two chapters on our agenda. They are chapter 15 and 19. The last two chapters, I should say, for the Ministry of Advanced Education.

**Mr. St. John:** — Thank you. The last two chapters for Advanced Education we'll discuss today relate to our second and third follow-ups on the Ministry of Advanced Education's processes to work with the advanced education sector to achieve the ministry's strategies for the sector.

Achievement of the ministry's strategies include meeting current and future employers' needs, and is highly dependent on the co-operation of post-secondary institutions. You can find the results in chapter 15 of our 2020 report volume 1, and chapter 19 of our 2021 report volume 2.

There was one outstanding recommendation: that the ministry use specific measurable targets and timelines to monitor progress towards achievement of its strategies. By September 2021 the ministry continued to make progress towards implementing this recommendation. By February 2020 the ministry along with the participating post-secondary institutions established 24 common measures or indicators that will enable monitoring of the achievement of the advanced education sector strategies.

Of these 24 indicators, the ministry had collected data on 18 and had released three public reports on them. By August 2021 the ministry implemented three initiatives with post-secondary institutions to monitor progress towards achieving these strategies. These initiatives include a performance framework, accountability reporting under multi-year funding, and sector-wide performance measures.

However the ministry had not yet set measurable targets and timelines for all these initiatives, for example, striving for a 5 per cent increase in number of students participating in experiential learning by 2022. Having specific measurable targets and timelines will assist the ministry in analyzing and reporting on progress made by post-secondary institutions towards achieving advanced education sector strategies.

That concludes my comments, and I'll pause for the committee's consideration.

**The Chair:** — Thank you for the work on this front. Thank you for the report that's been detailed to us as well from the ministry. I'll turn it over to the deputy minister for a brief comment and then open it up for questions.

**Ms. Macza:** — I'll just say that we agree with the Provincial Auditor's recommendations, and as stated we've undertaken

substantial efforts to enhance this area and to enhance our use of specific and measurable targets and timelines to monitor progress.

**The Chair:** — Thanks for that. I'll open it up for questions. Ms. Young.

**Ms. A. Young:** — Thank you, Mr. Chair. Perhaps starting at the beginning, am I correct in my read of the introductory notes in chapter 15 that the outcomes sought today are an evolution of a strategy within the Ministry of Advanced Education first developed in '14-15 as the Ministry of Advanced Education plan for 2014-2015? It's just on the first page of 207.

**Ms. Macza:** — Sorry, can you clarify? Are you asking, did this process all start in 2014-2015?

**Ms. A. Young:** — Mm-hmm.

**Ms. Macza:** — Yes.

**Ms. A. Young:** — So can you perhaps speak by way of introductory comments about the evolution of the sector-wide indicators that the ministry is hoping institutions will report on from 2014 to where we find ourselves now, nearly a decade later?

**Mr. Boehm:** — Yes. So the indicators project, you're correct, it began around '14-15. And the project was very much focused on sort of greater accountability, but creating a greater understanding of the outcomes and outputs of the post-secondary education sector in Saskatchewan.

So you can appreciate that each of our publicly funded institutions, they do a great job of reporting, putting out annual reports, etc. But because they all have different mandates and just the nature of how institutions collect data, the definitions are often different. We decided to start this project so that we could speak to and about the sector as a whole.

And again, a lot of work has gone into creating the indicators that we've been able to report on so far. And most of that work was about creating common definitions around something as simple as what a full-time equivalent student is or a full-load equivalent, or you know, depending on the variable.

[09:45]

And again that sounds quite simple, I know. But across so many institutions that are all quite independent, a lot of work has been done to come up with those common definitions, again, so we can speak to the sector as a sector as opposed to institution by institution.

**Ms. A. Young:** — Thank you so much for that answer. That really helps kind of clarify the questions. So I guess first simple question off the bat, I hope. It's indicated in the initial report in chapter 15 that the ministry expects participating post-secondary institutions to be reporting on these indicators by September 2020. Has that occurred or is it occurring currently?

**Ms. Macza:** — So this project began releasing reports in 2018, and to date there's 12 reports have been published.

**Ms. A. Young:** — So yes, all eligible post-secondary institutions are reporting?

**Ms. Macza:** — So the reports are information from all public credentialed programs, so the U of R, U of S, Sask Polytech, and the Saskatchewan Indian Institute of Technologies.

**Ms. A. Young:** — So of the publicly funded post-secondary institutions in the province, are there any who are exempt from participating in this project?

**Mr. Boehm:** — Well it's not that they would necessarily be exempted from participating in the project, but it's because there are only a certain number of institutions in the province that actually grant credentials, and those are the four institutions that the deputy minister mentioned.

Take regional colleges, for example. They certainly offer programs and deliver credentialed programs, but those programs are brokered through another credit-granting institution, typically Saskatchewan Polytechnic or one of the universities, or it could in fact be a different institution as well. So there are only a certain number of institutions in the province of Saskatchewan that actually grant credentials.

**Ms. A. Young:** — Thank you. So perhaps my confusion . . . I was looking at note 6 on page 208 in chapter 15, and it lists the participating post-secondary institutions as the U of R, the U of S, Sask Poly, Luther, Campion, First Nations University, St. Thomas More, St. Peter's, Gabriel Dumont, SIIT [Saskatchewan Indian Institute of Technologies], and the seven regional colleges. So those regional colleges would be covered off somehow under . . .

**Mr. Boehm:** — So are you referring to the sector performance framework as opposed to the indicators project?

**Ms. A. Young:** — Perhaps I am. I'm on chapter 15.

**Mr. Boehm:** — I mean, all institutions will be involved. Because we do involve all institutions around the table on the indicators project, but most of the data — and I think all of the data to date — is only from the credential-granting institutions.

So for example, if you're a student at a regional college you will get a credential, but that credential will actually come from, you know, Sask Poly for example or one of the universities. So to avoid double counting, we make sure that, you know, we are only collecting the data from the credit-granting institution. But certainly the other institutions will be at the table, helping to make decisions around the data. But their data, to avoid double counting, will not necessarily be part of the process.

**Ms. A. Young:** — Okay. So perhaps I'm just confused about the data, or I'm mixing the two somewhat similar projects in my mind.

In terms of the Ministry of Advanced Education using specific measurable targets and timelines to monitor progress to achievement of its strategies, it is only those four institutions that are participating in the reporting?

**Mr. Boehm:** — So I think you may be referring to another

initiative that we have under way with the sector, and that's our Saskatchewan post-secondary education sector performance framework. So in that case we do have 16 publicly funded post-secondary institutions involved in that, and that includes the universities, Sask Polytech, Saskatchewan Indian Institute of Technologies, Gabriel Dumont Institute, and the regional colleges and the federated colleges as well.

And so in that case the institutions would be providing us data related to the performance framework. That would include how they are doing in terms of providing a return on investment for the significant public funding that they do receive, providing us metrics and targets for each of the institutions and how they're progressing on their own strategic priorities as well as government strategic priorities, and also identifying how they are measuring their areas of strategic focus and how they're achieving those areas of strategic focus.

**Ms. A. Young:** — So then for recommendation 3.1 in chapter 15, which project is that speaking to?

**Mr. Boehm:** — So in terms of that particular recommendation, there are a number of initiatives under way within the ministry. We talked a bit about the indicators project. We have this sector framework as well. We have another initiative related to our sector expectations where we have five expectations that our institutions are expected to deliver on. So it's a number of initiatives that we have under way to address that.

**Ms. A. Young:** — So then pertaining specifically to recommendation 3.1 in chapter 15, are all of the publicly funded institutions that would fall under the Ministry of Advanced Education covered off within some variety of those initiatives that you've listed?

**Ms. Macza:** — Correct.

**Ms. A. Young:** — Okay. So every publicly funded post-secondary institute in the province of Saskatchewan has to report on some combination of those measures up to the Ministry of Advanced Education.

**Mr. Boehm:** — So just one minor point of clarification. There are a number of affiliated colleges within the province. They are not included in this initiative, but they are relatively small institutions with a very limited number of students.

**Ms. A. Young:** — And which would be the affiliated colleges?

**Mr. Boehm:** — So you would have the institutions such as, say, Briercrest. You would have St. Peter's College. You would have College of Emmanuel & St. Chad, St. Andrew's College, Lutheran seminary, typically doing some very targeted and specific work, often theological in some cases.

**Ms. A. Young:** — And would those . . . And pardon me, what was the term that you used? Affiliated colleges?

**Mr. Boehm:** — That's correct.

**Ms. A. Young:** — Would those affiliated colleges have a different standard of reporting to the Ministry of Advanced Education, or is it fairly independent based on the individual



nature of those? I can anticipate Briercrest would be different from a formal seminary.

**Mr. Boehm:** — Yes, that is correct. So for example for St. Peter's College and Briercrest, both of which have affiliation agreements with the University of Saskatchewan, there would be more substantial reporting because there are credential programming that both those institutions are delivering. Whereas a seminary, for example, would be in a different category.

**Ms. A. Young:** — So perhaps a topical question. Just thinking back to the news of current events in the province, more so in the K to 12 [kindergarten to grade 12] sector over the past couple of months, is the monitoring of all of these institutions including these . . . Well it sounds like there's a greater degree of independence granted obviously to religious institutions in the province. Is there monitoring done that the ministry feels is equitable for both its outcomes and those of the students?

**Mr. Boehm:** — So I don't know that I can give you a simple yes-or-no answer. But just like our larger institutions where we do have a provincial Act that governs the relationship, where we are reviewing board packages, minutes, financial statements, etc., we also carry out that activity with our affiliated colleges as well. But it's not necessarily something where we have a legislative relationship in place that we can demand that type of reporting, if I can put it that way.

But we still have that working relationship because we try to maintain positive and very connected working relationships with all of our institutions. But I think it's also fair to say that we would put a lot more time into the evaluation of our larger institutions and their activities than some of the smaller institutions. But there still is a significant degree of oversight as well.

**Ms. A. Young:** — Okay, great. So I guess final question on this, as I recognize it's not directly relevant to this recommendation but is more so to the monitoring of institutions in the Ministry of Advanced Education. I guess for these smaller organizations, regardless of their nature, how does the ministry monitor and ensure equity for students? Like is there a requirement for all organizations funded through the Ministry of Advanced Education to adhere to the human rights code?

**Mr. Boehm:** — So most of our smaller institutions, if not all, have some type of affiliation agreement with one of our larger institutions where the credit is actually granted from. And those institutions will be subject to many of the policies within that larger institution. And that brings a level of consistency to the approach across our system.

**Ms. A. Young:** — Thank you. So you said most. Are there any that do not?

**Mr. Boehm:** — Not to my mind.

**Ms. A. Young:** — And I'm hearing that there isn't any specific requirement that institutions, you know, recognize or adhere to the human rights code.

**Ms. Macza:** — It flows through their affiliate.

**Ms. A. Young:** — It flows through their affiliate. So if they're affiliated with a larger institution, like for example the University of Saskatchewan, they would have to follow all of the same obligations that that institution would in regards to . . .

**Ms. Macza:** — That would be part of their agreement with the institution they're affiliated with.

**Ms. A. Young:** — Okay, so accreditation and things like that would depend on it?

**Ms. Macza:** — That would be my understanding, but I can't speak to the details of each particular affiliate agreement. That would be my expectation.

**Ms. A. Young:** — Okay, we're having a chat over here. Does the auditor have a comment on this?

**Ms. Clemett:** — Yeah, we were just surmising that, I would think, that the human rights code would almost apply to all institutions. Yeah. Yeah, just from a . . .

**Ms. A. Young:** — Interesting. Okay, thank you. Thank you for that small tangent. Circling back to the recommendations included in chapter 15 and some of the actions taken to implement these recommendations since the initial Provincial Auditor's report, it's noted that in 2021 the ministry launched the three accountability initiatives to improve oversight and accountability for the government's investment in post-secondary education, which were then listed below.

[10:00]

For the committee, are the officials able to speak to the high-level goals of each of these initiatives as well as the outcomes to date? Listed are the post-secondary education sector performance framework; the Saskatchewan post-secondary multi-year funding memorandum; and the legislation, *The Post-Secondary Education and Skills Training Act*.

**Mr. Boehm:** — So for the Saskatchewan post-secondary education sector performance framework, as mentioned there are 16 institutions that directly participate in that initiative, and that would cover the vast majority of funding that the ministry provides to the sector. And as part of that process the institutions are providing the ministry with data on sector performance and alignment with priorities. They would also be providing information on the return on investment and the value that is achieved as a result of the investment by the public and each institution. They would provide some data and targets for each institution in terms of what they're able to achieve. And they're also able to report back to us, both on achieving the priorities that we set as government for the institutions but also their own as well.

In terms of the revised post-secondary education and skills training Act, that now provides a consistent legislative oversight over what I would characterize as a very diverse set of institutions. So it helps to provide some clarity on that front in terms of what institutions are expected to do within their mandate within the province and how they would report back to the ministry.

And then finally with respect to the Saskatchewan post-secondary education multi-year funding MOU or agreement, so this was very much about creating an environment where the institutions were provided with some funding certainty over four years, but in exchange for that they would report back to government, to the ministry on activities undertaken to enhance sustainability and make sure that they again are delivering on their mandate. So what new revenue initiatives might they be pursuing to enhance their revenue situation? What might they be doing to manage expenses? How are they dealing with the impact of the pandemic and the impact of the pandemic on students? And again, what steps were they taking? And again this helped us have a better understanding of, you know, the challenges that the pandemic created for our sector, but also how they were sort of progressing forward out of that context into maybe more of a post-pandemic environment.

**Ms. A. Young:** — Thank you. It's noted in chapter 19 on page 169 that in the '21-22 budget letters, the ministry set out required reporting for this performance framework. Did these letters go to all of the post-secondary institutions? Yeah, I guess I'll stop there.

**Mr. Boehm:** — So they would have gone to all publicly funded post-secondary institutions in the province, yes.

**Ms. A. Young:** — And are those requirements individualized for each institution, or are they part of that kind of broader reporting striven for?

**Mr. Boehm:** — They are common across all institutions.

**Ms. A. Young:** — And are you able to speak to the details just shortly after that within the auditor's report, that the ministry plans to provide further instruction to post-secondary institutions on the required information for the January 31, 2022 reporting deadline, how that evolution has continued? How it went, I suppose, for the January 31 deadline and how it's going to continue into this next year?

**Mr. Boehm:** — I think it's fair to describe it as an evolution. The early reporting was perhaps not as detailed as what we're seeing today. And so as the institutions better understand the expectations of the ministry with reporting, I would characterize them as doing a much better job in providing that reporting. And so they certainly have progressed, you know, as we hoped for, and it has given us better insights into some of the activities — particularly during the pandemic but also as they emerge from the pandemic environment — in terms of both their sort of financial health but also how they're doing from a program delivery standpoint.

**Ms. A. Young:** — And on page 170 it speaks to an agreement of that same date of January 31, 2022. And just for clarification, that's the agreement that you spoke of that provides some certainty in the multi-year funding in exchange for . . .

**Mr. Boehm:** — That's the memorandum of understanding, yes.

**Ms. A. Young:** — Perfect. Are there any concerns, understanding it is an MOU, you know, achieving positive outcomes for the province as a whole as it relates to the goals of the post-secondary system? Is it a shared concern and shared

opportunity for the province? Are there any concerns with any partners perhaps not being able to fulfill these requirements?

**Mr. Boehm:** — I don't think I would use the word "concerns." I mean, you know, there's always certain institutions that may do a better job of reporting back than others. But I would say every institution is very co-operative, first of all. And I would suggest also that each of them is on a path that we are quite confident that we will have the information we need, and they will achieve the success that they need to achieve as well.

**Ms. A. Young:** — Thank you. And are there any significant changes to the planned actions for implementation since that wouldn't be included in the update provided? Or is this fairly comprehensive?

**Mr. Boehm:** — I think it's a good representation of the expectations from the ministry. Now what each institution is providing, that does evolve somewhat over time as they refine their plans. But in terms of our expectations, that would be fairly consistent.

**Ms. A. Young:** — Thank you. And with the current status of the recommendation being partially implemented with the actions taken thus far as well as the planned actions for implementation, in the opinion of the audit team did these actions, implemented and planned, meet the spirit of the goals of the recommendation?

**Ms. Clemett:** — We will confirm whether or not it is fully implemented through another follow-up audit, which I would envision we must . . . We usually wait almost like two years almost from the point in which we've, you know, I guess done the audit originally and then we do a follow-up. It's almost like, within that two-year time frame we go back and then that'll be the point in which we confirm that it has been fully addressed at this point. But what the ministry is describing, I envision, sounds like they're on a path to success, like you said. So yeah, hopefully it will be implemented the next time we do go.

**Ms. A. Young:** — Thank you.

**The Chair:** — Any further questions by committee members? Not seeing any, I'd welcome a motion to conclude consideration of chapter 15 and 19, respectively. Actually, well let's hold on that. Mr. Goudy has a question. Go ahead, Mr. Goudy.

**Mr. Goudy:** — Sorry, I'm in chapter 19. Just the one point on expectations, employer engagement, response that meets the needs of students, communities, and the economy. How do they measure that? Like we have so much unemployment, not because . . . or so many job positions that need filled across the province. How are we really doing? Because I've talked to a number of employers. Just wondering, what are the metrics on that as far as engaging employers across the province?

**Mr. Boehm:** — So each of our institutions, given their mandate, would take a slightly different approach. But if I could speak for a moment about our regional colleges and Saskatchewan Polytechnic, given the nature of the programming that they deliver, they are expected to, and I know they do, spend a lot of time interacting with employers, businesses, industry, community groups to make sure they are meeting training needs.

During the pandemic I know that was disrupted somewhat because of the other challenges that the institutions were dealing with. But that is sort of foundational to their DNA as organizations. They must be plugged in, particularly our regional colleges, because they are expected to shift their programming very quickly to meet the local labour market needs.

The only, I guess, point I would make is we've almost gotten to the point where, you know, it's pretty much every occupation where there is excess demand these days. And so again, we expect our institutions to prioritize their training to make sure they are meeting, you know, the critical needs. But I know their task these days is a difficult one because almost every program that they're offering is, you know, potentially highly valued by industry and community. But they don't always have the ability to attract enough students to fill that demand, and again, you know, that is a challenge our sector continues to face.

**Mr. Goudy:** — I'd be interested in seeing how they measure that as far as engaging those employers across the province and how you balance the expectations in order of priority; you know, if you might have to modify some classes or expectations of what course load will be completed before employment. Because I think I know in our area, that's the bottleneck of our economy right now, is filling those positions with employees. And so it would be just interesting to see how they are measuring themselves on success in engaging those employers and how they're fulfilling their obligation to the province.

**Mr. Boehm:** — I know, for example, that the Ministry of Immigration and Career Training does provide data to our institutions on those national occupation codes with that highest demand or highest vacancy, and so the institutions do have access to some objective information. The ability to fulfill that demand though, I think is maybe where the challenge exists: attracting students, available instructors.

The only other thing I would maybe mention in terms of maintaining that connection with industry and business is, Saskatchewan Polytechnic for example has a number of industry advisory committees that they utilize to make sure that they are plugged in. And that maybe speaks a little bit more to curriculum and making sure that the right skills are there, but I expect there's also communication around demand and need as well. But regional colleges, same thing. Again they need to be talking to businesses, chambers, community members, to make sure that they are offering the training that is most important to their region.

**Mr. Goudy:** — Sorry to ride this more, but just wondering how we can, as a committee, really be sure that, you know . . . What would the passing grade be on engaging the employers across the province? Like what would that look like to pass for the auditor as far as institutions for engagement of the employers across the province? Like what would sort of be the metrics that we would have to give them a passing grade on that?

**Ms. Clemett:** — Yeah, and I probably leave it to, you're right, to almost the institutions along with the ministry to come up with: you're right, what are we trying to measure, what are we trying to achieve? And really it's about those results. Where are we trying to get to? And let's baseline and find out. Are we meeting the mark or not? I'm not sure I have any specific insights that I

would share.

I mean, often through some sort of survey mechanism or, like you said, it's probably about demand and supply numbers at the end of the day. What is those total program participants, and are those numbers potentially going up, and is that the amount of people they're actually putting through and that are coming out the door would be some things that kind of come to mind.

But I'd probably leave it to the institutions, who have a much better sense and vibe on with the employers what those targets, those measures, and really what are we trying to achieve, and reporting back whether we're hitting the mark, and if not, why.

**Mr. Goudy:** — So if you're the auditor of the institutions, in allowing them to give you their assessment of their own performance, how is that being their auditor?

[10:15]

**Ms. Clemett:** — Well at the end of the day we step back and assess what they've come up with, and we do make sure they do align with good practice or reasonable. But to some degree, they again know their business better, so I would like them to almost, like, you go first, and then I tell you if you're off the mark.

**The Chair:** — Mr. Goudy, any further follow-up on this line? If not, I'll move over to our Deputy Chair Hargrave.

**Mr. Hargrave:** — Along the same line, along the same line, is there any matrix that you follow in instructors or that the institutions are following in their instructors? I know of instances in where Saskatoon and Regina for example offer the same course, and you get 100 per cent passing rate in Regina, and we had like under 30 per cent passing rate on the identical course in Saskatoon. And so I'm thinking that something's got to be wrong with . . . I mean we didn't ship all the dumb kids to Saskatoon and the smart kids to Regina. So I'm thinking it's probably an instructor issue more so. Are the institutions . . . Do we check on stuff like that, or like is somebody keeping track of that?

**Mr. Boehm:** — So in terms of that issue of consistency and oversight of instructors, that would very much be in the purview of the institution and their board themselves and sort of their academic structure and policies. So you know, other than from an expectation of performance standpoint, we wouldn't be directly involved in that discussion. But our expectation would be that, you know, if an institution is observing that type of performance issue, that they're bringing some additional resources to the table to help those students be successful. And you know, beyond that like I say, it's really a matter for the institution to address as a matter of their internal policies.

**The Chair:** — Good questions. Not seeing any further questions at this point. We don't have new recommendations here of course. There's actions to see this through to implementation with respect to the recommendation 15. But I welcome a motion to conclude consideration of chapters 15 and 19. Mr. Harrison. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. We'll take a real quick break, a

couple minutes, and we'll focus in on the Carlton Trail College. Oh, I would just thank you so much for the time here this morning, for the work, all those that are involved in this very important work and seeing this through to implementation. Any final comments from Deputy Minister Macza?

**Ms. Macza:** — No, just thank you all for your time.

**The Chair:** — Okay, thanks so much. Okay, brief recess. Carlton Trail up next.

[The committee recessed for a period of time.]

### Carlton Trail College

**The Chair:** — All right, we'll reconvene the Standing Committee on Public Accounts. We'll turn our attention to the Carlton Trail College. Thank you so much, Ms. Yeager, president and chief executive officer, for joining us here this morning. And you don't have officials with us, correct?

**Ms. Yeager:** — Correct.

**The Chair:** — So what I'll do now is I'll turn it over to the auditor. I think they're going to focus on chapter 2 first, and then we're going to deal with the other two together. I'll turn it over to the Provincial Auditor. They'll present, and then we'll have a brief response on your end. And then we'll open it up for the questioning.

**Ms. Clemett:** — So thank you, Mr. Chair, Deputy Chair, committee members and officials. With me is Mr. Trevor St. John. He's the deputy provincial auditor that was formerly responsible for the portfolio work that includes regional colleges. We will present basically the last two chapters for Carlton Trail combined, and there is four new recommendations for the committee's consideration.

After each presentation we do, we will pause for the committee's discussion and consideration. I would like to thank management and the CEO [chief executive officer] and staff of the college for the co-operation that was extended to us during the course of our work. With that, I'll turn it over to Trevor.

**Mr. St. John:** — Thank you. Chapter 2 of our 2018 report volume 2 reports the results of our 2017-18 annual integrated audit of the Carlton Trail College. In 2017-18 Carlton Trail's financial statements were reliable and the college complied with relevant authorities. Other than the following area reflected in our new recommendation, the college had effective rules and procedures to safeguard public resources.

Our chapter notes that Carlton Trail did not require the . . . The college's accounting system did not segregate access for preparation and independent review and approval of journal entries. All five entries tested were not independently reviewed and approved. Lack of independent review and approval increases the risk of unauthorized or inaccurate entries made into the accounting records, which could result in decision makers using inaccurate financial information. So on page 22 we recommended the Carlton Trail College require staff to independently review and approve journal entries.

I'd like to note that in chapter 19 of our 2019 report volume 2, which is the summary of implemented recommendations, that during 2018-19 the appointed auditor found Carlton Trail College required staff to independently review and approve journal entries. This recommendation we now consider to be implemented.

So I'll pause now for the committee's consideration.

**The Chair:** — Thank you. Thank you very much. I'll turn it over to Ms. Yeager for brief remarks, and then we'll open it up.

**Ms. Yeager:** — Yeah. As soon as we were told by the Provincial Auditor that we weren't doing this, we set up a process in which all journal entries are monitored and reviewed by either the VP [vice-president] of finance or our controller.

**The Chair:** — Thank you. I didn't say as well that you had provided the status update. Should I table that now or should I do it at the end? . . . [inaudible interjection] . . . We did that with the first one. Okay, thank you very much. And thanks for the status update that was provided to committee members. Questions? Ms. Young.

**Ms. A. Young:** — Thank you. Just two quick questions on this. I believe one for the auditor's office and then one for Ms. Yeager.

This is a recommendation that we see from time to time, so I'm just wondering, in terms of the 2018-2019 finding and understanding that Carlton Trail has annual audits, why I suppose did this pop up in '18-19? Is this a new process sampled, or was this a change in standard?

**Ms. Clemett:** — No. It would have been a control that, like you said, we look for in our annual integrated work, in the course of really the financial statement audit for all agencies. And so really it was a matter of that control processes wasn't being followed appropriately. And then it was rectified and it has now been resolved in the next year's audit.

But we are always looking for, on that financial side, your segregation of duties. You sort of just don't have one person that's doing everything and sort of not being watched closely because there could be errors or adjustments made to the accounting records that shouldn't be.

**Ms. A. Young:** — Thank you. And then a question for Ms. Yeager. The process remains in place. There's no concerns from the date of its implementation until now?

**Ms. Yeager:** — No.

**Ms. A. Young:** — Thank you.

**The Chair:** — Any further questions on this chapter? Not seeing any, I'd welcome a motion to concur and note compliance. Moved by Mr. Nerlien. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. We'll move along now to consideration of chapter 21 and 24, and I'll turn it over to the Provincial Auditor.

**Ms. Clemett:** — So I'm just going to change it up and give Trevor a bit of a break, and I'll do this one.

So chapter 21 of our 2018 report volume 2 reports the results of Carlton Trail College's process to equip its board with the necessary competencies to govern. We completed this audit as well-managed organizations are typically well governed. Organization and effective oversight helps the organization achieve its objectives. For those committee members that were at the CCPAC [Canadian Council of Public Accounts Committees] CCOLA [Canadian Council of Legislative Auditors] recent meeting you will find a number of the concepts that we touch on throughout this presentation would align with those that the Auditor General of Alberta did touch on during his presentation at that conference.

[10:30]

Regional colleges are important in educating people to be successful. In order for the board to be effective, it needs to possess or obtain a collective set of competencies. Competencies such as knowledge, skills, and experience include areas such as leadership skills, industry experience, financial expertise, legal expertise, and IT expertise. Not being aware of the gaps in board competencies and not addressing them increases the risk of weakened or ineffective board governance.

We concluded the college's processes were effective to equip the board with the necessary competencies to govern, other than the areas reflected in our four recommendations. I will now focus on the four recommendations.

Our first recommendation, on page 114: we recommend that Carlton Trail College's board set clear requirements on how often to reassess desired versus existing competencies. We found the college did not set out the frequency of assessing board competencies. The college assessed the collective competencies of the current board only when going through the board recruitment process. Not having clear requirements on how often to specifically assess board competencies may lead to lack of awareness of gaps in competencies and not developing a plan to address them — so for example, through periodic focused training — resulting in weakened governance.

On page 114 we also recommended that Carlton Trail College's board reassess how often it evaluates the effectiveness of its governance. The college assessed its governance practices three times a year. Good practice indicates that annual governance self-assessments would be sufficient. Having a board self-assess its governance too often may result in assessments becoming a mechanical process and diminishing its value.

On page 116 we recommend that Carlton Trail College's board have a strategy to address identified gaps in board competencies. We found the college, when developing plans to improve board governance, did not consider the results of the assessment of its current board assessments. Recruitment of a new board was the board's main plan to address identified gaps in competencies of the board.

Good practice recognizes actions to improve board governance and strengthen the competencies of board members can include using focused training and/or using external experts to address

competency gaps. Relying primarily on member recruitment to strengthen your board competencies increases the risk of a board operating without a sufficient level of needed expertise for a very long time, which may affect the quality of governance and decision making.

And our last and fourth recommendation is on page 117, and we recommend that Carlton Trail College's board develop guidance on making timely recommendations of potential board members to the Ministry of Advanced Education. We noted that the college did not provide potential board member recommendations to the Ministry of Advanced Education to facilitate the timely appointment of board members. The college didn't have sufficient written guidance on the board member recommendation process.

Not having a clear timeline on when to start the recruitment process of potential board members cause delays in appointing new members, and causes members to potentially serve past their terms. Timely recruitment helps ensure terms of board members are staggered and members don't feel obliged to serve their term once it has expired.

In chapter 24 of our 2020 report volume 2, we reported that by September 2020 the college implemented all four recommendations. The college's board now evaluates its effectiveness annually and regularly assesses desired versus existing competencies and develops training plans to build competencies when there are identified gaps. The board also developed guidance on making recommendations of potential new board members to the Ministry of Advanced Education to ensure timely appointments.

I will now pause for the committee's consideration.

**The Chair:** — Thank you for the presentation, the focus, and the work. I'll kick it over to Ms. Yeager and then open it up for questions.

**Ms. Yeager:** — So these five, I guess, outstanding recommendations were the result of an audit that was specifically done for our board a few years ago. I was not involved in the process, but now being part of this process as president and CEO it's clear that all these recommendations are put into place. We do have training plans built for our current board right now. So we have training opportunities for them to identify the gaps that they currently have. So for example, a good example of that would be cybersecurity. So obviously it might be difficult to recruit a board member with that training, and so we provide that to our board members.

Also it has been a challenge to recruit Indigenous peoples to our board members, to our board as well, and so we try to do as much training as we can in that regard. And we've done 4 Seasons of Reconciliation training for all of our board members.

So trying to identify gaps through training, also through recruitment. I don't think I have anything else to add on that.

**The Chair:** — Thank you. Thank you for that. I'll open up to the committee for questions. Mr. Hargrave.

**Mr. Hargrave:** — On your boards, and there was the talk of

terms and about serving of terms, how long is the term? And how many terms can one person serve on the board?

**Ms. Yeager:** — You can serve up to three years and you can serve two terms.

**Mr. Hargrave:** — Okay. Thank you.

**The Chair:** — Further questions? Ms. Young.

**Ms. A. Young:** — Thank you. Just a couple questions. Prior to the implementation of these recommendations, how did board member recruitment function? Was it essentially just, kind of like, local shoulder tapping?

**Ms. Yeager:** — That's a good question because I wasn't involved in the process. But I understand it based on . . . An ad went out to regional papers all over our region. And now we have an interview process, so sort of an intake, and then we send in our recommendations, obviously, to the Minister of Advanced Ed, and they appoint the board members. But before that, I don't believe that we did the interview piece of it. We gathered the résumés of the interested candidates and then sent those résumés to the ministry for appointment.

**Ms. A. Young:** — And the interview process, is that conducted by like the board Chair and yourself?

**Ms. Yeager:** — It is mainly the board and the board Chair. Yes.

**Ms. A. Young:** — And then on the subject of, I suppose it would be recommendation 3, that Carlton Trail's board have a strategy to address identified gaps in board competencies. I suppose this is a question I would put both to yourself specific to Carlton Trail, and then maybe to the auditor as well just for an understanding of whether this is specific to Carlton Trail or across all of the local colleges. So your professional development funding essentially for your board, is that something that you set internally or is that set by the ministry?

**Ms. Yeager:** — Well there's sort of two sets. So like the governance training that a board member would go through, we get reimbursed half of that cost. So let's just say it's 5,000, we'll get half of that back. But beyond that, so for things like cybersecurity, 4 Seasons, those are things that we would budget for in our budget. And I don't know off the top of my head what it is but guessing around 5 to \$7,000 a year. Don't quote me on that because I don't know off the top of my head.

**Ms. A. Young:** — And that would be for the whole board or for each individual board member?

**Ms. Yeager:** — For the whole board.

**Ms. A. Young:** — And I suppose, given the nature of the recommendations and the importance of governance, certainly at the most local of levels, is that a level of funding that you feel is sufficient and sustainable for the college?

**Ms. Yeager:** — I think at this point it is, just because I think that we do have board members that currently have many competencies that are of value to us. And normally when the training is done, it's done as a group. If there's individual board

members that need additional training . . . Yeah, I think it's sufficient. Yeah, I don't know . . . I can't see at any point in time in which we were concerned about the professional development funds being maxed out.

**Ms. A. Young:** — Okay. So it's not something when you get down to your budget every year you have to look at as a place to potentially cut? Okay. And then is this consistent across how regional colleges would function?

**Ms. Clemett:** — So the scope of our work would've only been at Carlton Trail, so we can't really say whether or not . . . But I would say that, you know, these are good practices when it comes to board governance, so we would encourage really all government agencies to probably review almost the expectations we have in terms of audit criteria and then the findings, right. So yeah. In terms of other college boards, what we found would probably be, you know, things they would want to read and understand and then figure out if it's working well for them or not.

**Ms. A. Young:** — Thank you. And then my last question: with the new process for board member recruitment, have you found it has increased the number of applicants or expressions of interest from community members or fairly static?

**Ms. Yeager:** — We're actually in the middle of recruiting right now, and I would say that we're having a tough time recruiting. Yes, I think it's just like any other . . . the impacts of the economy and COVID and that sort of thing, I think that also impacts board member recruitment as well.

**Ms. A. Young:** — And forgive me, I should know but I don't. Is it a volunteer position or is there some like kind of further compensation?

**Ms. Yeager:** — There's a small honorarium that's paid, yes.

**Ms. A. Young:** — Thank you. No further questions.

**The Chair:** — Thanks so much. Thanks for all the work on this front. Just out of interest, what is the honorarium for a board member?

**Ms. Yeager:** — So a regular board member gets \$110 for a meeting and then they'll get \$110 for prep, and the board Chair gets \$150.

**The Chair:** — Thanks for that information. And best wishes with the recruitment and all the work.

**Ms. Yeager:** — Thank you.

**The Chair:** — Not seeing any other questions at this point, I would welcome a motion to concur with recommendations 1 through 4 in chapter 15 and note compliance. Moved by . . . Sorry, chapter 21 and note compliance. Mr. Lemaigre moves. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. And I would welcome a motion to conclude consideration of chapter 24. By Mr. Nerlien. All

agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. Very brief recess, one minute or two, and we'll bring Northlands College up next.

Ms. Yeager, thanks for making the trip. Thanks for your leadership. Any final departing words to us or wisdom? Or use it as a recruitment effort to board members.

**Ms. Yeager:** — No, just thank you for having me today and having me join you.

**The Chair:** — Right on. Thank you very much.

**Ms. Yeager:** — You bet.

[The committee recessed for a period of time.]

[10:45]

### Northlands College

**The Chair:** — Okay, folks. We'll reconvene the Standing Committee on Public Accounts. We've had Ms. McDougald join us, who's the interim president and chief executive officer for Northlands College. Thank you so much for joining us and for the work that you and everyone in your institution carry out. We're going to focus on two chapters first. That will be the chapters 9 and 21. I'll turn it over to the Provincial Auditor for presentation. We'll bring it back to you for very brief remarks and then open it up for questions.

**Ms. Clemett:** — Thank you, Mr. Chair, Deputy Chair, committee members, and officials. With me today is Mr. Trevor St. John, the deputy provincial auditor who was formerly responsible for the portfolio of work that does include regional colleges. We have three chapters with regards to Northlands College on the agenda. We plan to put the two chapters at the beginning, those first two chapters together. There are basically 12 new recommendations for the committee's consideration. After each presentation we will pause for the committee's discussion and deliberation. I would like to thank the CEO and management and staff at Northlands College for the co-operation that was extended to us during the course of our work. With that, I'll turn it over to Trevor.

**Mr. St. John:** — Thank you. I'll present the two chapters on Northlands College purchasing, the original audit, and our follow-up. So we completed this audit as strong processes to purchase goods and services, supports transparency, fairness, and achievement of best value in purchasing activities. Not having effective processes, purchasing processes, increases the risk of not using public resources wisely, increases the risk of fraud, or increases potential legal risks. The college spends about \$9 million on goods and services each year.

Chapter 9 of our 2019 report volume 1 reports the results of our audit of Northlands College's processes to purchase goods and services. We concluded that the college had effective processes for purchasing goods and services, other than the areas reflected in our 11 recommendations.

My presentation will focus on the 11 recommendations. I'll also present the results of our first follow-up of the college's progress, which is included in chapter 21 of our 2021 report volume 1. Overall we found by March '21, the college implemented two recommendations and partially implemented nine.

So recommendation 1 on page 146, we recommend Northlands College updates its purchasing requirements so that they align with applicable external trade agreements, establish requirements for staff involved with purchases to declare real or perceived conflicts of interest, and incorporate expectations for use of contracts.

We determined that the college's policy to favour local suppliers was not consistent with the terms of applicable external trade agreements, which may result in the appearance the college provided unfair or unequal treatment of suppliers and may expose the college to financial penalties under these agreements.

We also found the college's procurement policies do not require staff involved in purchasing decisions to declare in writing as to whether any real or perceived conflicts of interest exist, such as a staff ownership interest in a supplier or outline potential mitigations taken. Staff with real or perceived conflicts of interest may be biased in their decision making and increase the risk of the college not treating potential suppliers fairly and equitably.

And we found the college procurement policies do not set out expectations for when staff must obtain a written contract when buying certain types of goods or services. Not having clear expectations increases the risk of staff not using an appropriate form of contract, possibly exposing the college to unwanted legal or financial risks.

In chapter 21 of our 2021 report, our follow-up, we reported that Northlands College partially implemented this recommendation. We found that while the college updated purchasing policy aligns with applicable external trade agreements, this policy does not require staff involved in purchases to declare real or perceived conflicts of interest or set out when staff should use written contracts.

Our second recommendation, on page 147, we recommend Northlands College set out in writing its requirements for using single or sole source purchasing. We found that the college routinely used non-competitive procurement methods to purchase goods and services such as books and IT hardware and software, but it did not document why use of these methods were appropriate.

Good purchasing practices typically require staff to document the circumstances for the purchase, any alternatives considered, reasons for selecting a supplier, and how the price was fair and reasonable. Without a policy establishing appropriate requirements when using single or sole source purchasing methods, the college is at risk of not obtaining best value and may not facilitate fair and equitable treatment of suppliers when making purchasing decisions.

As we report in chapter 21 of our 2021 report, our follow-up, the college has partially implemented this recommendation. We found the college set out requirements for using single or sole source purchasing in writing, but staff did not always follow it.

We tested 18 single and sole source purchases and found that the majority of these purchases did not comply with the college's requirements and have written documentation or approvals.

The third recommendation, on page 148, we recommend Northlands College agree purchases on monthly fleet card statements to supporting receipts prior to making payment. The college's fleet vehicle policy appropriately sets out responsibilities of staff who use the college's vehicles and cards. It restricts purchases on fleet cards to fuel and automotive-related purchases and requires staff to retain and submit receipts for purchases. For two months of fleet card statements, we found staff did not retain receipts for almost 44 per cent of the transactions.

The college was not aware that staff had not submitted all of their receipts as it requires. Not systematically agreeing fleet card receipts to purchases on the monthly fleet card statements increases the risk of the college paying for inappropriate purchases and not detecting misuse of fleet cards promptly. In addition, the college cannot know or assess staff use of fleet cards when staff do not retain all receipts.

In chapter 21 of our 2021 report volume 1, our follow-up, we reported that the college had partially implemented this recommendation. Monthly the college agrees purchases on monthly fleet card statements to supporting receipts, but it does not leave evidence that it does this step prior to making payments.

The fourth recommendation we made is on page 149. We recommend Northlands College establish transaction limits for individual purchases made on college-issued credit cards. The college's policy over use of credit cards did not contemplate, and the college did not ask its suppliers of its credit cards, to place electronic limits on the maximum amount of individual purchases. Organizations often set electronic spending limits for individual credit card transactions that align with authority granted to that cardholder under their delegation of authority policy. Use of automated transaction spending limits would efficiently restrict staff from making purchases larger than the threshold that the college allows and establishes.

In chapter 21 of our 2020 report volume 1, we report the college has partially implemented this recommendation. We found the college has set transaction limits in its updated procurement policy for individual purchases made on its purchase cards, but it did not properly enforce electronic spending limits with its credit card supplier. Between November 1, 2019 and February 27, 2021 we identified seven transactions that were over the individual transaction limit of \$5,000. We found that all seven transactions, the college properly approved them prior to payment. Effective March 2nd, 2021 the college set up electronic spending limits with its credit card supplier.

The fifth recommendation, on page 150, we recommend the board of directors of Northlands College approve the college's key policies related to purchase of goods and services. The board of the college did not review or approve the college's procurement policy and delegation of authority. Board approval of key purchasing policies is essential, as these policies should set out the board's expectations for the operations of the organization. Inappropriately designed and approved procurement policies and delegations of authority may present

financial, legal, and reputational risks to the organization.

In chapter 21 of our 2020 report volume 1, we reported the college's board reviewed and approved college's key purchasing policies, including policy amendments. Therefore the college implemented this recommendation.

Recommendation 6 on page 152: we recommend Northlands College maintain appropriate documentation of its tender communications with suppliers. While the college appropriately selected the suppliers for tenders, it did not consistently maintain appropriate documentation of communications with suppliers during the tender process.

For the five tenders we tested, we found the college did not maintain documentation supporting communication of a tender to suppliers for one purchase. For two purchases, we found the college did not maintain documentation surrounding tender award communication or comply with external trade agreements regarding posting of contract award notice on SaskTenders. If the college does not maintain appropriate documentation of its communications with suppliers, it can be difficult for the college to demonstrate that its purchasing process is fair and transparent and may be in violation of external trade agreements.

In chapter 21 of our 2021 report follow-up, we report that the college maintained appropriate documentation of its tender communications with suppliers through use of a centralized email. For two tenders tested, the college maintained appropriate documentation, such as posting of tender, answering queries, posting of contract award notice on SaskTenders. Therefore we considered the recommendation implemented.

Recommendation 7 on page 153: we recommend Northlands College establish a standard minimum amount of time to allow suppliers to respond to tenders. The college had not established a standard minimum time to ensure suppliers have sufficient time to submit responses to tenders. In addition, it did not always keep documentation of the tendering time it provided. Good practice suggests 25 to 35 days is sufficient time to allow suppliers to respond to tenders.

In chapter 21 of our 2021 report volume 1, we report the college partially implemented this recommendation. We found that while the college set a minimum amount of time to allow suppliers to respond to tenders, consistent with good practice, but it did not follow its policy. Further, the college's policy does not provide guidance on the documentation and approvals necessary if a shorter time frame than the policy is used.

For our follow-up audit for the two tenders we tested, the college had specified a shorter time frame to allow suppliers to respond to the tenders, for example, 11 and 12 days. For one tender, we did not find the college had sufficient rationale to support use of a shortened time frame. Not providing suppliers with sufficient time to prepare tender responses increases the likelihood of suppliers choosing not to respond, resulting in the college having fewer options to acquire the goods and services it needs, and that it could lead to increasing costs or in selecting less desirable suppliers. Also establishing minimum amounts of time helps ensure it treats suppliers fairly and equitably.

Recommendation 8 on page 154: we recommend Northlands



College assess the robustness of the contract templates it uses for purchasing goods and services. The standard contracts that the college maintained did not include common clauses or provisions for purchasing those types of goods and services. We found the college's standard service agreement for facilities maintenance, such as construction and renovations, did not include clauses related to contractor performance or insurance requirements. The college's standard training service agreements did not contemplate privacy or confidentiality provisions, even though those suppliers training the college's students may have access to student data or records. Further, the college's standard purchase order did not contain terms and conditions pertaining to delivery, liability, or authorization of changes to terms and conditions.

In chapter 21 of our 2021 report, our follow-up, we report the college partially implemented this recommendation. We found the college appropriately updated its training services agreement. However it did not update its standard service contract to contain clauses related to amendments or performance. Clauses related to performance are important to ensure the standard of work is completed as expected. Not having robust contract templates increases legal or financial risks where signed contracts do not sufficiently address relevant contract terms.

[11:00]

On page 154 is also our ninth recommendation. We recommend Northlands College maintain complete documentation of contracts with suppliers and finalize them before receiving the related goods and services. For 9 of the 28 purchases we found, we tested and found four purchases where the college signed the contract after the work or program started, instead of beforehand as good practice expects; two purchases where the college did not maintain a complete contract documentation — for example, the contract was not signed by both parties; and three purchases where the college cannot locate the contracts.

If suppliers provide goods or services to the college before finalizing a contract, suppliers may not fully understand their responsibilities to the college, potentially resulting in suppliers not meeting the college's needs. And not maintaining complete documentation of signed contracts makes it difficult to hold suppliers accountable for providing goods and services when performance issues arise.

In chapter 21 of our 2021 report volume 1, the follow-up, we note the college partially implemented this recommendation. While we found the college improved some of its processes to centrally maintain contracts, the college did not always ensure contracts were signed before the related work or program was started. We also found several instances where the college did not authorize the purchase order or contract in accordance with its delegation of authority.

The 10th recommendation is on page 156. We recommend Northlands College document its due diligence procedures carried out to validate suppliers before entering them into its financial system and keep the supplier listing in its financial system up to date. We found the college informally confirms the validity of suppliers prior to making a purchase. The college does not document steps taken or the results. The college's purchasing policies or guidance does not require it to do so.

For each of the 24 new suppliers in the college's financial system we tested, the college could not show us that it had confirmed validity of the supplier. We assessed the validity — for example, through internet searches — and found each of them were valid. Not carrying out sufficient due diligence procedures to confirm the validity of suppliers before entering them into the financial system increases the risk of making fraudulent payments to fictitious suppliers. This has been a common phishing attack method.

In November 2018 the college's financial system maintained details on about 4,700 different suppliers. We found that the college had not made any payments within the last two years to almost 70 per cent of the suppliers in its financial system. Periodic maintenance of suppliers included in the financial system can reduce the risk of duplicate or fraudulent payments and help monitor the existence of fictitious suppliers.

In our 2021 report follow-up, we report the college has partially implemented this recommendation. The college did not document due diligence procedures to validate suppliers before entering them into the financial system. The college has started to review their supplier listing and remove suppliers that are no longer relevant. As of February 2021, we found the college updated their financial system to include active suppliers, only those paid in the last nine years. And the college told us it has plans to continue to remove vendors that it has not paid in the past six years or more.

Our 11th recommendation, and last recommendation, is on page 157. We recommend Northlands College separate incompatible purchasing duties — example, initiating purchases, receiving goods and services, approving invoices for payment, adding suppliers to the financial system — and closely monitor transactions where it is not feasible to do so.

We found the college did not require different individuals to initiate purchases, receive goods and services, and approve invoices for payment. In addition, we found the college, through its assignment of IT user access, has given one individual the ability to approve invoices for payment, enter payments in the financial system, and add suppliers to the college's financial system. These purchasing duties are incompatible, and separating them between different individuals prevents fraud and limits the risk of errors going undetected.

For almost 20 per cent of payments we tested, we found the college did not appropriately separate purchasing duties. That is, the same person received the good or service and approved the invoice for payment, or the same person initiated the purchase and approved the payment but no one documented the receipt of the goods or service. Small organizations that cannot always separate incompatible purchasing duties use additional review processes to monitor those transactions. The college does not take additional steps to identify or monitor transactions when the same individual carries out more than one of these duties in an individual purchase.

In chapter 21 of our 2021 report, the follow-up, we report the college has partially implemented this recommendation. The college updated its procurement policy with provisions to segregate the purchase and receipt of goods and services from payment and approval. In addition, through the assignment of IT

user access, the college has segregated the ability to add new suppliers to its financial system from payment approval.

However, we tested 33 purchases and found the college did not always leave evidence of support that it appropriately segregated purchasing duties. We found 12 per cent of purchases where the college did not appropriately segregate the receipt of goods and services from payment approval. We also found eight purchases where the college did not approve payment in accordance with the delegation of signing authority. Segregating incompatible purchasing duties between different individuals decreases the risk of fraud and not detecting errors.

I'll pause now for the committee's consideration.

**The Chair:** — Thanks so much for the report and the recommendations. I'll turn it over to Ms. McDougald for a brief presentation, a brief response, and then we'll open up with questions.

**Ms. McDougald:** — Thank you very much. I would just like to point out a few of the details in here. This is something that we are taking quite seriously within the college. I realize we are still . . . or quite a few are at partially implemented, but I want you guys to know that we are continuing to work on this.

We've had a lot of staff turnover in the last couple of years. I think we're on our third VP of finance. We're soon going to have our second CEO. And so having that consistency is hard to get through to passing on what the expectations are. We have a new purchaser now who looks after our purchasing department, and policy is implemented that all of our purchases have to go through that purchasing department. So that will hopefully streamline some of the concerns that we've had with tenders and overlimit expenses, things like that.

I know our templates . . . When you were talking about our contracts, we did send our contracts to legal. And when it came back and we rolled it out to staff, our staff went, we don't understand this; we don't know what's going on. So we actually are going to take it back to legal because I need our staff to be able to work with those contracts so we can meet the requirements that you guys are recommending.

Like I mentioned, we've had a large amount of employee turnover. Also with saying that too, we've had a lot of long-term staff who are unwilling to accept change because some of these changes make their job a little bit harder. Right? They have to . . . There's a couple extra steps. Now that's not an excuse. That is a fact that they need to change with the process. They need to follow that policy. So I know for myself, when I'm able to return to my regular VP role, this is something I can work closely with, with my management team, to ensure we are meeting our policies. That's why we have them, we have them in place.

One of the other things that we are talking about here was signing. And so when Michelle and I were meeting about this — Michelle's our VP of finance — when we were meeting a couple weeks ago going over this document we were looking at how do we or do we implement a dual signing operation so there is that second signature, and how can we do that in a timely fashion so payment isn't made before goods are received. So this is definitely something we are taking to heart and taking into

consideration. Thank you.

**The Chair:** — I'll open it up to committee members for questions. Ms. Young.

**Ms. A. Young:** — Thank you, Mr. Chair, and thank you, Ms. McDougald, for being here. I do have a few questions. I'll try my best to kind of go through them sequentially, based on the recommendations. But I do note some of the numbers don't line up between the initial audit and then the follow-up, so I will try my best to be clear and consistent about which one I'm asking about. But please bear with me.

I guess to start, my first question would be about the first recommendation in chapter 9, the recommendation that Northlands College update its purchasing requirements so that they align with applicable external trade agreements. It's noted in the planned actions for implementation that there's a process documented requiring staff involved with purchasing to declare real and perceived conflicts and that, you know, these changes have been communicated. But from what I understand it's still a bit of a work in progress. Is there a broad conflict-of-interest policy for all staff and board members, or is it specific to employees involved with purchasing?

**Ms. McDougald:** — To the best of my knowledge there is an expectation for us to declare a conflict of interest. I don't believe we do have a policy, but that is definitely something we can take back and implement to cover off across the bases. I know it's come up in some of our board meetings before, so I can't say that there for sure is a policy on it.

**Ms. A. Young:** — That's okay. Then maybe a follow-up question on this, if appropriate, for the auditors. Understanding, you know, the scope of this is specific to Northlands College, but we've seen at this committee recommendations made specific to external trade agreements and the implications for smaller organizations.

And I'm thinking specifically northern organizations. I believe we had Northern Lights School Division with a very similar recommendation just last year. So tell me if this is out of line. I guess I'm curious if this is more of a systemic issue for educational or post-secondary institutions across the province or if this is more specific to institutions in the North in particular.

**Ms. Clemett:** — Again, our work is only focused on certain specific, you know, colleges, institutions when we do it. So I can't sort of generalize and say whether or not the findings we would find here would . . . But you are right in that. And sometimes when we've been selecting these audits, we've been very mindful of choosing various organizations that are in the northern part of the province. And you are right in that those findings are sometimes resulting in this preference of sort of that local, you know, supplier preferential treatment, which isn't like allowed under . . . And hence, we're making those recommendations.

But yeah, again it's an area where we thought it was an area of risk worth looking at. And you are right that there does seem to be some issues that we've identified, but I can't say whether that would be broader than what we have looked at in terms of the scope of the audit.

**Ms. A. Young:** — In terms of kind of organizational culture and some of the challenges that you would be having at Northlands, would you say that there is a challenge being in a more remote part of the province in terms of ensuring compatibility with some of those trade agreements?

**Ms. McDougald:** — Absolutely. Yeah.

**Ms. A. Young:** — Thanks. And then, just still on the same recommendation around ensuring, you know, staff are documenting purchases properly and declaring conflicts of interest and expectations for contracts, seeing that the documentation is still being developed, is there any training provided to new staff? I'm hearing that you've expressed there is a significant amount of turnover.

**Ms. McDougald:** — And that's definitely something. Yes, I know that's a few things that we've noted throughout our plans moving forward too, is that when we have had that staff turnover to ensure that that training takes place and they know of the policies and they know what the expectations are.

**Ms. A. Young:** — Thank you. Perhaps one really basic question: it notes winter 2023 as a timeline for implementation. Does that mean like January 2023 or December 2023?

**Ms. McDougald:** — It was based on . . . We understand we're due for another audit coming up in '23. And Michelle doesn't know if it's going to be in the winter or the spring, so that hasn't been released to us yet.

**Ms. A. Young:** — Okay. Thank you. And that would be, sorry, winter or spring? This forthcoming 2023, obviously. Okay.

Just being mindful of time, on the recommendation, I think it's 10 in chapter 9 and maybe 8 in chapter 21, specific to the contract templates being used for purchasing. You said templates were reviewed by legal counsel and brought back, and they weren't necessarily compatible with staff. And then I believe the planned action goes on to speak to updated templates being temporarily put in place. Is the temporary nature . . .

[11:15]

**Ms. McDougald:** — So we reverted back to our contracts that we were working, that you guys recommended that we take to legal. So we'll take them back to legal to have them reviewed again.

**Ms. A. Young:** — And this is external legal counsel?

**Ms. McDougald:** — Yes.

**Ms. A. Young:** — So understanding these are going back to legal, can you clarify on kind of that last bit in the planned actions for implementation, where it notes, "We determined to revert and look for other solutions . . . not having clear clauses for understandability and enforceability." Can you expand maybe a bit on what some of the challenges are there?

**Ms. McDougald:** — When we sent that contract to legal, they made recommendations. They were implemented. And we felt there was still some . . . actually more risk on our end. So that's

why we wanted to send it back to legal and revert back to our current contract.

**Ms. A. Young:** — And then reading the recommendations as well as some of the planned actions, it seems that a significant amount of the organizational challenge is due to both . . . to what you've articulated as a bit of an entrenched organizational culture with some of the longer term employees, but as well as significant challenges with staff turnover. And I believe a few actions speak to hiring challenges. Could you expand on those for the committee?

**Ms. McDougald:** — Hiring challenges have been incredible for us. We spent close to a year without a VP of finance because we couldn't recruit anybody. So we had somebody THD'd into that position who then ultimately agreed to move into that position.

We hired a recruiting firm to try and recruit some of our upper management positions, and some of them are difficult, difficult to fill. Yeah, like actually our VP of finance, we hired the recruiting company twice to recruit because they found one candidate and he only lasted a couple of months, and then he resigned. So we went back to the recruiting company to help us out again.

And actually we have a recruiting company right now helping us try and recruit for an accounting manager, which was the vacancy that our now VP finance . . . She was in that role, and she's moved into the VP finance role. So there is definite challenges in recruiting.

**Ms. A. Young:** — Can you expand on some of the issues with that turnover? Is it simply . . . It's people from outside coming in, or . . .

**Ms. McDougald:** — It's culture. It's financial. The one candidate who came, we put him at the top of the grid, and he's indicated that he took a significant pay cut and he just couldn't justify the move. Housing, finances, and culture.

**Ms. A. Young:** — So hearing this is an ongoing and likely to be a systemic challenge . . . Forgive me. I don't even know what I'm asking here. I suppose that's more of a statement.

**Ms. McDougald:** — I guess I'm a believer of . . . And maybe it's we need to look at better succession planning within the college, so if somebody does leave, we have somebody that can step into that role. But again, we have a potentially new CEO coming in, so we'll see what . . . Because I'm sure that's going to change our structure as well too, or potentially.

**The Chair:** — I just have one question, and I'll kick it back to you, Ms. Young.

**Ms. A. Young:** — Yeah, go for it.

**The Chair:** — Just obviously the focus is about ensuring adequate and improved financial controls. During this period of time there's been lots of work to . . . or there's been work to address this. Have you experienced losses or experienced fraud during this period of time?

**Ms. McDougald:** — We have not experienced any fraud. Any

losses have been theft due to external . . . like not college employees. We have had . . . And I know Michelle reported it. We had a few college break-ins that involved theft. But like I said, we're confident it was not staff.

**The Chair:** — Ms. Young?

**Ms. A. Young:** — Perhaps just a question for the auditors on this. And I don't . . . Forgive me if I'm not going to ask this in the right way, but going through some of the recommendations where it notes, you know, certain processes weren't followed. And I'm thinking specifically on page 233 in chapter 21, when it's speaking to the need for a more comprehensive purchasing policy, and it notes the two purchases of \$74,000 and \$89,000. Is there a threshold of kind of materiality for Northlands that would be that kind of threshold for concern? Understanding you want good process.

**Ms. Clemett:** — So really when we do these audits, sometimes we do envision that from that purchasing side, if they . . . Obviously from that policy perspective, there's thresholds that the organizations have. We align with those. But otherwise, from the overall sort of sample approach that we take when we do these audits, we may hit some payments worth 5,000, some worth 70,000, some worth 100. So we would consider them all significant deviations if the policy required a certain expectation of compliance and if that compliance did not occur.

**The Chair:** — Deputy Chair Hargrave.

**Mr. Hargrave:** — Thank you very much. For the auditors: now going back even further than me, because I'm relatively new to this board, were the same problems in previous audits? To these last two, was it the same thing? I mean the other member said it was systemic problems. Does it go back further, like to 2015, to 2010?

**Ms. Clemett:** — So this is . . .

**Mr. Hargrave:** — How far back does this go?

**Ms. Clemett:** — This is the first time we did like the deep dive. So it's almost like it . . . During the course of our annual integrated audit we're always making sure, like, are payments properly approved and supported.

When we do these procurement audits we're diving into specifically, is the organization doing what is required to prove that people involved in the purchasing aren't potentially in a conflict of interest, that at the end of the day we are justifying, why am I using a sole source? Because if I could have obviously got purchases from a combination of three vendors and got various quotes, did I get the best price if I just solely went with that one vendor?

So this was a specific performance audit where we did the deep dive. We've now done the follow-up. As Trevor indicated, there was only 2 out of the 11 recommendations implemented. As the agency, the college has indicated they're taking this very seriously in that I hope the next time we go . . . And to some degree we'll probably come once they believe they're in a better place to have implemented, so to some degree we kind of say that two, two and a half years. But if they anticipate a lot of things

happening by summer '23, I won't go until kind of fall '23. And then I'll be saying, okay, have you really at the end of the day addressed these further nine?

So you are correct in that they're still not meeting the mark. There's a lot of policies. It's really about getting those expectations, I think, written down, staff understanding what those expectations are, and adhering to them. And then what we do is baseline the extent to which you're not complying, how big a deal is it, how significant. Because there is always human error in so many of these processes.

So if I come back and I . . . you know, we often look at 30 items. If one is off the mark, it's like, how big a deal is that? Or have we really got a culture where everybody now understands the importance of trying to get . . . using public money, getting that best value when they are making those purchases?

**Mr. Hargrave:** — Thank you very much. Have we gone to other colleges? And like a lot of these processes, I think, are pretty standard in business as far as following these processes. I mean, you mentioned, well we've gone back to legal; we've gone back to legal. But if we've gone to maybe other colleges that have these processes already well established, and just follow and maybe move along with their process to legal rather than try and reinvent the wheel, it might speed things up.

And you know, a lot of it is staffing. Hey, trust me. I know. I think everybody is experiencing staffing issues these days, and it's especially difficult in the North, and I know that. But it's a matter of getting the policies established and the implementation, and I know it can take some time. But other colleges have these in place, and it's just an idea that you might want to go to and try to borrow their implementation or their policies that they already have established.

**The Chair:** — Ms. Young?

**Ms. A. Young:** — Thank you. Perhaps one last question from me. Recognizing, you know, the main focus of these chapters is on procurement, I'm curious if you can offer comment on any differentiation of kind of responsibilities or strategic planning between the board and management, and how some of these challenges are being prioritized, and if this is perhaps more or exclusively a concern for management, or if this is also being reflected in the work of the board.

**Ms. McDougald:** — In my opinion, I think it's just more of management and working with our staff to ensure the board is supportive of our policies, and we need to do a better job of implementing them.

**Ms. A. Young:** — Thank you.

**The Chair:** — Not seeing any . . . Mr. Nerlien?

**Mr. Nerlien:** — Thank you. Is the board fully engaged in reviewing this audit process and these audit recommendations?

**Ms. McDougald:** — I know the audit reports go forward to the board. I'm not in the board meeting when this piece is done, as in my previous role. So I'm actually not sure if I can fully answer that question because I honestly don't know, sir.

**The Chair:** — Obviously this is a really important report. It's important to, you know, ensure compliance with the improved and adequate financial controls that have been laid out. And you've identified to us, though as well, some real challenges today in retaining some of the folks that you need as part of the leadership team.

And you know, we've got a few folks watching today, but Northlands College and what it means to the North and to the province is huge. So it's obviously very important to comply with these, you know, the financial controls that are required. But also what a tremendous opportunity for somebody that, you know, cares about the North, sees the beauty in it, enjoys the outdoors to go and serve. So I'd certainly take the moment to urge folks that have the capacity to aid the organization and help, you know, deliver on the aims to consider Northlands as well.

Not seeing any other questions at this point, with respect to chapter 9, there was the 11 new recommendations: nos. 1, 2, 3, 4, 7, 8, 9, 10, and 11. I think we could . . . I'd welcome a motion to concur and note progress. Would someone care to move that? Moved by Deputy Chair Hargrave. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. With respect to recommendations 5 and 6, would someone care to move that we concur and note compliance? Mr. Goudy moves. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — With respect to chapter 21, would someone care to move that we conclude consideration? Moved by Mr. Nerlien. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Okay, we'll move along to chapter 10. I think there's one new recommendation in that report. I'll turn it over to our Provincial Auditor's office.

**Mr. St. John:** — Thanks. Chapter 10 of our 2020 report volume 2 reports the results of our 2019-20 annual integrated audit of Northlands College. The college had reliable financial statements. It also complied with authorities governing its authorities related to financial reporting and safeguarding public resources, and had effective rules and procedures to safeguard public resources other than in the following area.

Northlands College did not remove network access timely for terminated employees. For two of five terminated employees tested, the college did not remove network access upon termination. These two employees accessed the network system after their last day of work. There was no indication that they had accessed any sensitive information or applications.

On page 68 we recommend Northlands College follow its established procedures for removing unneeded user access to its computer systems and data. Removing unneeded user access promptly decreases the risk of unauthorized access to its IT systems and data, including confidential information and inappropriate modifications to IT systems and data.

[11:30]

As noted in chapter 14 of our 2021 report volume 2, "Summary of Implemented Recommendations," during the '20-21 fiscal year the appointed auditor found Northlands College updated its processes and removed unneeded access promptly.

I will pause now for the committee's consideration.

**The Chair:** — Thank you very much for the presentation there. I'll turn it over to Ms. McDougald who will open it up.

**Ms. McDougald:** — Thank you very much. I can say that we actually have implemented this now as of the end of June 2021. Again it was a situation where we had staff turnover. We had an HR [human resources] manager leaving and another HR manager coming on, and it slipped through the cracks. So again, now that there is some consistency there, some training there, it's one of those that there's . . . Our IT has a system now that when an employee leaves, passwords are changed, the accounts are suspended, and we don't feel that this is a concern anymore. But that's not my call.

**The Chair:** — Good report. Thanks for the action on this front. Any questions? I'm not seeing any. I guess I would seek a motion to concur and note compliance. Mr. Harrison moves. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. Ms. McDougald, you're done with us, but thanks so much for being with us here today and for your work. Thank you to all those involved in the very important work of Northlands College. It is invaluable. And thanks for the commitment to, you know, ensure compliance with the financial controls moving forward.

**Ms. McDougald:** — Thank you very much.

**The Chair:** — A real brief recess, or what do we need before we . . . [inaudible interjection] . . . You're ready to rock. Okay, we will move . . . [inaudible interjection] . . . Oh, Kim's tough.

### Summary of Implemented Recommendations

**The Chair:** — We'll move along here this morning to the summary of implemented recommendations and I'll turn it over to our Provincial Auditor.

**Ms. Clemett:** — So I'll quickly just highlight what these basically five chapters do show you. So really what it is, is as part of our annual integrated audits, in the event that there has been recommendations we have made previously and they have been addressed, we do just basically summarize any of those recommendations, what agency they were at, what was the recommendations, what has the actions that have been taken?

So what you see in all of these chapters before you, as part of those annual integrated audits there was recommendations. All of them have now been addressed. And we would be happy to take any questions you have about the specific items, but otherwise it does describe in terms of the progress that was made and why we think it's done and off the books.

**The Chair:** — You consider them done and dusted.

**Ms. Clemett:** — Correct.

**The Chair:** — All right. Good. Thanks for detailing this. I think it's worthy for anyone watching this to just know how robust the follow-up is. Because of course you're in there doing the audit and then you're making recommendations. It comes to this committee, we have the folks come before us, and then there's a follow-up as well. So it's not just taking the words at face value — not suggesting we shouldn't — that come to this table, but there's the actual verification that we go through. And thanks for this. Any questions for the auditor with respect to these chapters? Ms. Young.

**Ms. A. Young:** — Thank you. I just have a couple of quick questions for clarification and I think perhaps . . . I'm sorry, Mr. Chair. We're doing all of the implemented recommendation chapters together at once, correct?

**The Chair:** — That's right.

**Ms. A. Young:** — Okay, great. Thank you. In chapter 18, under the recommendations made to the Ministry of Finance and noting footnote B, where it comments that in the:

. . . 2018-19 review of the Ministry's estimation models it was considering determined each of these models more reliably estimated annual resource surcharge revenue than the cash installment method the Ministry was using at the time.

And that in the 2019 report it was “. . . reported the quarterly estimation aspect of the recommendation was no longer relevant.”

Can you expand on that for the committee?

**Ms. Clemett:** — Do you know the details of that one, Chris? I wasn't on the Ministry of Finance, so I'm looking . . . Sometimes things become no longer relevant, and is it because of the type . . . But do you know the detail?

**Mr. Bayda:** — No, I do not.

**Ms. Clemett:** — Okay.

**Ms. A. Young:** — I'm going to assume that was a very good question.

**Ms. Clemett:** — It was a very good question, so we could circle back and have the details for you. I imagine I have somebody watching right now who's rounding up the answer. So we could bring that back to the committee this afternoon if you wanted.

**Ms. A. Young:** — Sure.

**Ms. Clemett:** — Okay.

**Ms. A. Young:** — Yeah. Wonderful.

**Ms. Clemett:** — My apologies.

**Ms. A. Young:** — No, it just feels somewhat topical this year, so I was curious. Then I had one more clarification question in the same chapter, but under Government Relations, where it notes that there are significant events that may impact key estimates. And I'm just curious what an example of significant events may be.

**Ms. Clemett:** — Like I assume an example would be in the event that we had . . . Like a treaty land entitlement settlement would be an example, right, where then thereby it's almost like from that estimate perspective, we have more . . . yeah, that obviously there could have been an amount that has now been determined and the estimate would change significantly, potentially, in terms of what has been agreed to.

**Ms. A. Young:** — Okay. And then last question — sorry — on this chapter. For the teachers' dental plan it notes in the last paragraph that for the first time, management prepared complete and accurate annual financial statements for the years ending December 31, 2018 and 2019. Perhaps reading between the lines, does that mean that prior to '18-19 there have never been complete or accurate . . .

**Ms. Clemett:** — They basically were not preparing, and now they are, and they continue to do so. Yes.

**Ms. A. Young:** — Thank you. In chapter 14 on page 79, as it relates to Corrections, Policing and Public Safety — and I believe this same recommendation is noted for Ministry of Justice as well — where it notes the ministry is continuing to reduce the number and severity of instances of late user-access removal.

This is kind of an evergreen recommendation we see before this committee time and time again. Should the committee be paying particular attention to the fact that it notes, you know, severe instances for Corrections and Policing, and Justice? Or is that just simply the wording of the chapter?

**Ms. Clemett:** — Well I think what it is is there's certain ministries, too though, that have a type of labour force. And this would be an example of that type of ministry, when you think about Corrections, too, that potentially people are with them for a short period of time and then they kind of come and go. And so those ministries you do find struggle a little bit more in terms of once people are departing, getting them off in a timely manner.

But definitely what we have seen is in the event . . . They do a good job of making sure these people don't get paid. So it is about payroll notifying, almost, the IT people. Get them off the network and get them off the applications now. And there is a process with ministries, the Public Service Commission, who pays, really, a fair amount of the employees and processes payroll, that they're doing a better job of collaborating, talking, sharing that information, and then people are being removed from the network when they no longer need it.

**Ms. A. Young:** — Thank you. And last question for me on these chapters. We see this again in chapter 2, the same recommendation. And I, even just through the frequency of this recommendation coming before the committee, understand that this is kind of a big systemic challenge for government and public institutions.

But as we do see this again and again and again, as I'm sure you see again and again obviously in your audits, understanding the scope of the work, is this process proceeding properly and as efficiently as it could across government? Or in the opinion of your office, would there be other ways of impacting a system-wide change like this?

**Ms. Clemett:** — And again I would . . . A couple things I'll sort of say in regards to your question. I would say with basically the extent of cyberattacks now, it's like we just . . . IT is becoming . . . And everybody is utilizing IT in terms of almost to help support their operations, and from that financial aspect. So we are, I think as auditors, really paying attention to the compliance of IT controls, which is always looking at that user access. Is it being removed?

I do think agencies are doing a much better job now of integrating and trying to establish systems that make things very easy. In the event, from that HR side, employees are leaving the organization, those . . . basically notifications happen in a very efficient manner, and then the IT system, network access, and so forth is removed timely. So it has been, you're right, a very ongoing issue.

But I do believe, when I think about that executive government side, I think they've definitely got a much better process set up. And things will continue to come with a lot of agencies, like the SHA [Saskatchewan Health Authority], that implement aims and so forth, so it's almost like they have almost that electronic means where everything's very automated and therefore effective.

**Ms. A. Young:** — Thank you.

**The Chair:** — Not seeing any further questions, I would ask a member to move to conclusion — what's the words here? — move to conclude consideration of chapters 2, 18, 3, 14, and 2. Moved by Deputy Chair Hargrave. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried.

### Standing Committee on Public Accounts

**The Chair:** — Okay, we'll move to a focus on this committee, and I'll turn it back over to the auditor for the reports pertaining to the Standing Committee on Public Accounts.

**Ms. Clemett:** — So thank you, Mr. Chair, Deputy Chair, and committee members. This morning I'm joined by Kim Lowe. She's an audit principal in our office, and she is also the office's liaison with the Clerk of this committee. So Kim's going to provide you with an overview of the two chapters that will basically be presented together: chapter 47 of our 2020 report volume 2; chapter 40 of our 2021 report volume 2. And now I'll turn it over to Kim.

**Ms. Lowe:** — Thank you. The chapters before you this morning do not contain any recommendations; rather, they provide your committee with an overview of its accomplishments and the status of the implementation of the committee's recommendations. In our view, your committee is very important in that it's the audit committee for the Legislative Assembly.

Your work contributes to more open, accountable, and transparent government, and better management of government operations.

In your review of our work, your committee makes recommendations either through the concurrence with those of our office or on its own. Your committee includes its recommendations in its reports to the Assembly. Your committee has asked our office to assess the government's compliance with its recommendations and to report on their status. We make this assessment as part of our examinations. We report the results of these assessments in either specific chapters or, if not discussed elsewhere in the report, in a table in the Public Accounts chapter.

Each year in the Public Accounts Committee chapter, we provide you a summary of these assessments. As set out in chapter 40 of our 2021 report volume 2, as of September 2021 the government has implemented 74 per cent of the recommendations included in the committee's reports. As well by this date, the government has partially implemented another 64 per cent of the remaining recommendations. These percentages do not include recommendations that the committee has considered but not yet reported to the Assembly.

At the time of this report, we also noted the committee was falling behind on the review of our report's chapters and had not reviewed 148 chapters. Timely review of chapters and recommendations in our reports demonstrates the committee undertakes appropriate scrutiny and holds agencies accountable. Since the release of this report, PAC [Public Accounts Committee] has met and considered 105 chapters, not including the chapters reviewed at today's meeting.

That concludes my overview, and we'd be happy to answer any questions.

**The Chair:** — Thank you very much for the presentation. Maybe just first off, as Chair, thanks so much for this assessment. And I know last year when those numbers were brought before us, we all want to make sure we're delivering on our duties. And so it was, you know, insightful to see that we had fallen behind on some of those, the consideration. And there was various factors I think that contributed to that.

[11:45]

The pandemic for the last two years made convening meetings more of a challenge, and we went through periods of time where that couldn't occur. And then this last year we've also gone through hiring of an auditor, which consumes a fair amount of time and resources. But it's certainly very important I know to the members around this table and to the Chair to make sure that we're caught back up, and that's been our commitment, and to make sure that there's timely consideration. Because we know that, you know, delaying that doesn't bode well for accountability.

So I think as a committee, I know chatting with our Deputy Chair as well, that'll be our goal. And laying out a calendar in the year ahead, that will have us right up to speed. And I think with today's 29 chapters that we'll be covering, we'll have considered 143 chapters since September of last year.

I'll open it up to committee members. Ms. Young.

**Ms. A. Young:** — Thank you. Perhaps I'll begin on the status of previous committee recommendations. And forgive me if I'm not recalling, but I think — I hope — this is the first time since I've been on the committee that I've seen a chapter like this come forward, which I find incredibly helpful and I think really speaks to both the importance and the good work of the Office of the Provincial Auditor and the committee.

But looking at these previous committee recommendations, and I didn't do a thorough count but I did note that, you know, there's some . . . I don't know how you'd refer to it. The earliest or the tardiest recommendation would be from I think 2005 maybe from the Water Security Agency, but there are also a handful from '13-14. Is that . . . For the ongoing, the lag between the recommendation and implementation, is there any comment that you could offer to the committee on this? Understanding perhaps while 100 per cent implementation may be a goal but may not be realized, just the nature of some of these going on for, in some cases, over a decade.

**Ms. Clemett:** — So I guess I'll just say that, yeah, at the end of the day when we are making these recommendations, the key is that they are proving to be beneficial for change. And so we do want obviously the committee to agree to them. So you are right in the event that what you're looking at is a matter of, these were recommendations for areas of improvement that we made. The committee agreed with them. So we do envision agencies addressing and getting these rectified in a certain amount of a time.

That said, there is certain recommendations that we do make, and we sort of classify our recommendations by type 1, type 2. And we do know some of them will take upwards of almost like five years. So we classify. So I imagine some of the ones you're looking at, we thought to some degree this might take an agency five to six years. If it has been around since 2005, 2011, if we're going on 10 or 15 years, that is a bit longer than I would anticipate.

So we continue to always though then bring forward our follow-up processes to this committee so that you have the ability to obviously engage with the agencies and figure out some of the challenges, difficulties they are having in terms of really, I guess, getting those addressed as we would hope that they would. And we continue to always keep going back to audit to sort of make sure everything still seems relevant and applicable, and to figure out where they're at and report accordingly to you, the committee.

**Ms. A. Young:** — Thank you. Is there a maximum number of follow-ups that an agency . . .

**Ms. Clemett:** — There is a time frame when we finally just go, you're right; it's almost like is this no longer relevant. But it's a matter of we try to go for that two and a half, three years. But there has probably been ones that we've done, you're right, around the fourth follow-up and then by then we maybe have been up to five. But if I'm getting to that point it's a matter of, is this still worth the dollars and so forth, right? Or do I just take a new run at it? Almost like, do I need to redo the audit to maybe like strike up the interest, the importance, and bring it back to

you?

**Ms. A. Young:** — Thank you. And then on the overall implementation rate of committee recommendations, is this fairly consistent? Is there a trend in any one direction or anything you'd . . .

**Ms. Clemett:** — You will see that it's gone down slightly. And so again, that said, I would say overall we have a very . . . So two of our key measures is whether or not the committee agrees with our recommendations and whether these agencies are implementing them. Saskatchewan I would say overall, and in the terms of what we report out through this report as well as obviously our own annual report is . . . Government agencies do take our recommendations very seriously and we have a pretty good implementation rate compared to other provinces, like so being at 70 per cent is high.

Now it has declined and I would say that COVID has impacted that. So when you do look at some of these agencies and the outstanding recommendations, you will notice some of them being in the health sector and so forth. So I do think that the pandemic has created a situation for some of these agencies where they've had to focus and prioritize obviously on certain processes and operations. And so we've been cognizant in terms of when should I follow up, because I know that they probably won't have things fixed, but I do hope that as we sort of come out of the pandemic now they sort of refocus and get back to addressing them.

I would say also agencies that almost have a function whereby there is maybe an internal audit shop or quality assurance, that they track our recommendations and they continually bring that to management or their board and say, "How are you doing?" "Let's not forget these." "What are you doing?" "Let's put a plan in place to address." They seem to do better at fixing what we would hope in terms of process improvements quicker.

**Ms. A. Young:** — Thank you. And the last question from me, and I'm segueing off your mention of the pandemic and the impact obviously that it has had on some government agencies and ministries and their ability to do business as usual essentially. Are there any other trends or challenges amongst ministries or government agencies or successes that your office would want to draw the committee's attention to?

**Ms. Clemett:** — I think I would just reiterate that those agencies that do a good job of almost like tracking, and I think what we try to do a better job of now is with our annual audit plan that we bring for even the integrated. We're almost like appending a list of here is, you know, what we plan to do in this year in terms of that work, here is outstanding recommendations when it came to the performance work we did.

We're trying to . . . Obviously the status updates that come to this committee are very key, and we're trying to do a good job of continuing to liaison with them to figure out, how are you doing, how are you progressing, when should we do that follow-up work, but keeping it in front of those with those charged with governance like the board members are made aware, the deputy ministers, by keeping that list sort of open and in front of them. And hopefully then they have a mechanism where again from that management side they're trying to devise plans to address



and get things implemented.

**The Chair:** — Any further questions or comments from committee members? Mr. Nerlien.

**Mr. Nerlien:** — What's the form and format of your follow-ups with ministries and agencies, and what's the timing of that?

**Ms. Clemett:** — Yes, so our follow-up work is audit assurance level of work basically. So the scope of our work is smaller than the original performance audit. When we go back we are only taking the recommendations we've made, and then we are ascertaining whether or not they have addressed the implementation. That does require us to potentially really confirm that whatever the recommendation is, it is now operating effectively. So whatever that process improvement we anticipated, do they now have it almost properly designed and implemented? So have they formulated a policy if they didn't have one, and then are they following it?

And so we do, yeah, our audits, and ultimately we do send out audit plans. But like I said, we're often conversing now, I would say, carefully with the agencies in terms of timing. I don't think it's worthwhile and good use of public money if I talk to an agency in January and they tell me they're going to implement something in June, and I say, well I'm going to come in March. I say, well I may as well wait till June. I'm going to come in September and then we'll publicly report out for all the public, and obviously we bring it forward to this committee, and we'll let you know as at December that year then how did they do.

So they're letting us know. They provide us with the information. An audit is done. We vet our report with them, and then we release obviously to management and then publicly as well.

**The Chair:** — Further questions, comments? I think we would just want to say thank you very much for being such a, you know, strong resource to this committee and for the robust follow-up processes. Certainly we recognize that we've got an important role within this to ensure timely consideration of reports and to support that implementation of those recommendations.

I think, based on what I've heard the last year from folks that have been coming before us, those that have been audited, that I think it's appropriate to suggest that the pandemic has been a factor around what we see as just a modest decrease in implementation when you're looking at resources that, you know, are limited and need to be focused in certain ways. So I hope and anticipate that that number will come back up. And certainly as a committee, I know we will want to do our part to make sure we're supporting that work. But just importantly, thank you very much to your office for your support of this committee.

Not seeing any other questions at this time, I would welcome a motion to conclude consideration of chapters 47 and 40. Moved by Mr. Harrison. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. All right, we will recess here and we'll be back at 1 o'clock with the Public Service Commission.

[The committee recessed from 11:56 until 13:01.]

### Public Service Commission

**The Chair:** — All right. We'll reconvene the Standing Committee on Public Accounts. This afternoon we'll turn our attention to the Public Service Commission. We have Ms. Pollack who's joined us, Chair of the Public Service Commission, along with officials. Thank you so very much to all of you for joining us. Maybe I'd invite Ms. Pollack to briefly introduce the officials that are with her here today. Just refrain from commenting on the chapters at this point. We'll then kick it over to the auditor and we'll go from there. Ms. Pollack.

**Ms. Pollack:** — It's our pleasure to be here this morning. So joining me to my left is Pat Bokitch, assistant Chair of the centres of excellence; to my right, Ray Deck, assistant Chair of our HR business partner division; and behind me, Glenda Francis, executive director of corporate services.

**The Chair:** — Thank you very much. I'll now table as well a document, the status update PAC 68-29, Public Service Commission: Status update, dated September 6th, 2022. Thanks to all that were involved in putting that together. Thank you for tabling it.

I'll turn it over now to our Provincial Auditor. And I think we're focusing on the first chapter itself.

**Ms. Clemett:** — So thank you, Mr. Chair, Deputy Chair, committee members, and government officials. With me today is Ms. Carolyn O'Quinn, the assistant provincial auditor who was previously responsible for the portfolio of work that did include the Public Service Commission and really the related chapters we'll go through.

There is four chapters that we plan to present on in the order in the agenda that they do appear. We plan to consider the second and third chapter together because they are related. Two of these chapters do contain new recommendations that will need to be considered by the committee. At the conclusion of each of our presentations, we will pause to allow for the committee's discussion and deliberation.

I do want to thank management and all of the staff at the Public Service Commission for the co-operation that was extended to us during the course of our work. With that, I'll turn it over to Carolyn.

**Ms. O'Quinn:** — Thank you, Tara. So chapter 12 of our 2018 report volume 2, which starts on page 71, reports the results of our integrated audit of the Public Service Commission for the year ended March 31st, 2018. Our audit found the commission at that time still was not consistently requesting the removal of unneeded user access to its IT systems. For five of eight individuals we tested, we found the commission did not promptly request removal of unneeded user access to its IT systems and data in the MIDAS [multi-informational database application system] system. We also found two individuals whose access to the overall computer network were not removed until 5 and 12 days after their last day of employment. As a result, at March 31st, 2018 we considered this recommendation to be partially implemented.

As later reported in our “Summary of Implemented Recommendations” chapter which was in our 2019 report volume 2, chapter 19, we found the commission implemented a new process starting in 2018-19 to notify administrators to remove user access to its computer systems and data for employees leaving government. Our testing in that period found the commission removed users’ access timely, so at that point we considered that recommendation to be implemented.

That concludes our remarks on this chapter.

**The Chair:** — Thanks so much for the report. And for those that observe these proceedings and wonder what sort of follow-up occurs, this originates from a report in 2010 I believe, this recommendation, or 2011. So there’s the follow-up of this committee and these processes, and now we see implementation as well.

Any brief comments, Ms. Pollack, before we open it up?

**Ms. Pollack:** — Sure. Some brief comments from us. So as it relates to this 2018 report chapter 12 regarding consistent and prompt removal of user access, as we reported in November of 2018, an information technology solution was developed so once employee termination paperwork is received by the human resource service centre, an automated notification system is created. This is sent to the information technology division security, and that individual’s IT access is automatically disabled. And the ministry is notified if a request has not yet been submitted to change that employee’s IT access.

This solution was first piloted in one ministry. Once that was successful, it’s been rolled out across the Government of Saskatchewan. So the Public Service Commission also considers this recommendation fully implemented.

**The Chair:** — Thank you so much. Questions? Not seeing any — it’s pretty straightforward the action that’s been taken, and it’s an outstanding recommendation — I would welcome a motion to conclude consideration of chapter 12. Moved by Mr. Harrison. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That’s carried. I’ll turn it back to the Provincial Auditor to focus on chapters 11 and 3.

**Ms. O’Quinn:** — So our 2019 report volume 2, chapter 11 and our 2020 report volume 1, chapter 3 both reported the results of our annual specified procedures that we’d performed on the MIDAS HR and payroll systems. We perform this work annually to support our integrated audits of the 34 agencies that use these systems to process and record over 1 billion in payroll transactions annually.

On page 77 of our 2019 report volume 2, we recommended the Public Service Commission agree in writing on a deadline with its service provider for receiving the annual audit report on security controls at the data centre that hosts the PSC Client system. This system is an online portal used to input and approve time cards and allow employees access to view their payroll and human resources data.

Our work found the commission did not receive timely audit reports about the effectiveness of the security controls at the data centre hosting PSC Client. The commission did not receive the 2016 audit report until August of 2017, the 2017 audit report until May of 2018, and the 2018 report until May of 2019. It had not formally agreed with its service provider as to when it would receive this annual audit report. Without clearly written deadlines, the commission may not receive the information to enable it to sufficiently monitor controls for PSC Client and its data. Without sufficient monitoring, the commission may be unaware of control deficiencies that could allow unauthorized disclosure of, or changes to, the PSC Client system’s core data.

Our 2020 report volume 1, chapter 3 reported that this recommendation was partially implemented. We found the commission received the 2019 annual audit report from its service provider in March of 2020, which was a significant improvement over the prior years. However the commission had not yet agreed on a deadline for a receipt of this annual audit report on the security controls at the data centre that hosted PSC Client.

As reported in our “Summary of Implemented Recommendations” chapter in our 2021 report volume 1, which is in chapter 3, in 2020 the commission signed an agreement with its service provider to provide semi-annual reports on security controls at the data centre hosting PSC Client about two months following the audit period. It received its first report in December 2020 for the period covering from April 1st, 2020 to September 30th, 2020. We now consider this recommendation implemented.

This concludes our remarks on those two chapters.

**The Chair:** — Thanks again for the focus on these fronts. Thanks for the status updates as well on this front. Just as a note from our audio folks to everyone around the table is just to refrain from touching your microphones when going to speak. I’ll turn it over to Ms. Pollack for a brief remark and then we’ll open it up.

**Ms. Pollack:** — Sure. So as it relates to these two reports, the 2019 and 2020 report, as was mentioned a new agreement was established with the vendor that clearly outlines in the finalized contract the reporting requirements, which are that reports are required to have been received on six-month intervals with results released to the PSC [Public Service Commission] 30 to 45 days after the completion of the audit. And the PSC also considers this recommendation complete.

**The Chair:** — Thank you very much. I’ll open it up for questions. Ms. Young.

**Ms. A. Young:** — Thank you, Mr. Chair. Thank you so much for being here today and all the work that’s gone into preparing for this committee. My first question in regards to this recommendation: was this something that was identified internally by the PSC, or was it initially first brought to your attention by the Office of the Provincial Auditor?

**Ms. Pollack:** — Just making sure my mike was on. Yes, so this was brought to our attention through the work of the Provincial Auditor.

**Ms. A. Young:** — Thank you so much. So then . . .

**The Chair:** — There's no need to touch the microphones at all. These two back here just have it covered.

**Ms. Pollack:** — Apologies.

**The Chair:** — Yeah. No problem.

**Ms. A. Young:** — It's okay. I . . . [inaudible] . . . this morning with mine, and then immediately felt guilty as soon as I did. So it's an ongoing struggle. So as the commission had not included this in a formal agreement with its service provider prior to the full implementation of this, can you explain to the committee kind of how this occurred? Is this just simply kind of one of those evolving security risks? Was it an oversight in the structuring of the agreement, or kind of the changing nature of data and cybersecurity?

**Ms. Pollack:** — So just conferring with officials who were here at the time. So this was a relatively new application at the time, so we've been using this application now for about five years. So it was really part of, I would say, an ongoing evolution of understanding of the requirements and the importance of the contractual obligations.

**Ms. A. Young:** — Thank you. So then as this agreement with the commission's service provider evolved, and I do note maybe this isn't a fair assessment, but it looks like from the commission initiating the request to the service provider to include this reporting, it seems like there was a bit of a process between the initial request and the ongoing negotiations of what an acceptable deadline would be. I suppose, to be succinct, why were the negotiations of such a duration?

[13:15]

**Ms. Pollack:** — So we're going to have to get back to you with that information. None of us were intimately involved in those negotiations.

**Ms. A. Young:** — Thank you. Maybe this is an unfair question, given that answer: was it just a portion of the agreement that had to be renegotiated, or was it the full agreement overall?

**Ms. Pollack:** — That's part of the information that we don't have. We're not sure if it was part of a larger renewal of the contract.

**Ms. A. Young:** — Thank you. And the last couple of questions from me on this, seeing that this is considered fully implemented by both the commission as well as the Office of the Provincial Auditor. Are there any, I guess, ongoing issues that you'd want to identify for the committee? Does it remain fully implemented? And if so, are there any penalties or consequences should this reporting not be done regularly on a go-forward basis?

**Ms. Pollack:** — Yeah, so I can report it is still fully implemented. We work very closely with the information technology division on this type of work, and this type of reporting is of course of significant interest to them as well because they manage IT security for government at large. So they are a key partner in this reporting and, you know, are also interested in information. As far as penalties, I can't speak to whether or not there's penalties in the agreement for lack of compliance.

**Ms. A. Young:** — No further questions from me.

**The Chair:** — Thanks so much. With respect to the one question that related to information that you didn't have that information at the table here, is it fair to ask for that to be provided to the Clerk, tabled for all of us in subsequent days?

**Ms. Pollack:** — Yes, we can do that.

**The Chair:** — Thanks so much. Okay. Any further questions with respect to these two chapters? With respect to chapter 11, we have one new recommendation. We've heard that it's been implemented, so I'd welcome a motion to concur and note compliance with respect to recommendation 1 in chapter 11. Moved by Mr. Lemaigre. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. With respect to chapter 3, would someone move that we conclude considerations? Moved by Mr. Goudy. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's agreed. Moving along to chapter 4.

**Ms. O'Quinn:** — Thank you. I will now discuss chapter 4 in our 2022 report volume 1 that related to advancing workplace diversity and inclusion in ministries. We concluded that for the 12-month period ending January 31st of 2022, the Public Service Commission had effective processes except in certain areas to advance workplace diversity and inclusion in ministries.

In total we made six recommendations for the committee's consideration. Our first recommendation, as noted on page 53, is for the Public Service Commission to modernize its employment equity policy to align with good practice. We found the policy was last updated in August of 2000 and as a result did not sufficiently reflect content and language consistent with current good practice. The absence of an up-to-date policy for diversity and inclusion increases the risk that ministry managers and employees do not have clear direction and understanding of expectations to support an inclusive and diverse workplace culture.

Our second recommendation, on page 56, is for the Public Service Commission to set clear indicators for measuring progress and a timeline for its inclusion strategy. We found the commission had an inclusion strategy but had not set out a time frame or timeline for completion, for example, within five years, to support periodic review and assessment of the strategy.

Further, the commission did not set out clear indicators or related targets to measure what success looks like relating to diversity and inclusion themes and actions that were outlined in its inclusion strategy or its annual action plan. The absence of clear indicators and time frames to measure progress of key diversity and inclusion strategies makes it difficult to hold the commission and the ministries accountable for results related to diversity and inclusion.

About 3.5 per cent of ministry employees self-reported as disabled persons compared to the Saskatchewan Human Rights

Commission target of 22 per cent. We also noted 9.3 per cent self-reported as Indigenous compared to the Saskatchewan Human Rights Commission target of 14 per cent. So one of the best ways to know if diversity and inclusion in ministries is improving is to measure and track it.

Our third recommendation, on page 57, was for the Public Service Commission to expand its inclusion tool kit to embed diversity and inclusion concepts consistent with good practice. The commission developed and established an inclusion tool kit for use by the ministries in 2019. The tool kit included tools, resources, some good practices and ideas to create a common understanding of diversity and inclusion. However we found the tool kit could be expanded to embed further diversity and inclusion concepts consistent with good practice. For example, the tool kit lacked a sufficiently detailed list of key terms and key definitions, further explicit Indigenous content, and content related to building inclusive cultures in remote work environments.

Our fourth recommendation, as noted on page 61, is for the Public Service Commission to monitor ministry diversity and inclusion plans and their progress reports to help ministries increase diversity and inclusion in their workplaces. We found the commission did not require ministries to submit annual diversity and inclusion plans for its review. As a result, the commission received only 4 of 17 plans from ministries for 2021-22. For the four plans that were received, while each plan contained some good content, we identified common areas for improvement such as including indicators or targets to define success.

Without obtaining and analyzing ministry diversity and inclusion plans directly, the commission may not have adequate information to monitor the overall strategic direction of the government related to diversity and inclusion. Also the commission may not adequately identify or offer the additional support to ministries where challenges appear to exist.

Our fifth recommendation, as noted on page 64, was for the Public Service Commission to sufficiently analyze diversity and inclusion data to identify and address risks that may prevent ministries from achieving cross-ministerial diversity and inclusion goals. We found the commission does not have routine processes such as review of ministry inclusion plans and progress reports, or robust analytics to identify and track system-wide issues related to implementing diversity and inclusion initiatives.

The commission does use a variety of working groups such as the inclusion community of practice and the equity, diversity, and inclusion working group to discuss information that's learned relating to inclusion and diversity, including issues and challenges. We also found these groups were meeting frequently as expected, however the minutes of each group did not identify, discuss, or capture all overall systemic gaps or system-wide implementation issues.

We also found the commission did not routinely analyze data that may indicate negative implementation trends. For example, it did not analyze the reasons ministries are not achieving the Saskatchewan Human Rights Commission's targets for diversity. Without formal processes to analyze the diversity and inclusion data, the commission may not be identifying and addressing

implementation risks that could prevent ministries from achieving the cross-ministerial goals in a timely manner.

Our sixth and final recommendation, as noted on page 65, is for the Public Service Commission to implement a written policy for reporting diversity and inclusion results to its senior management and to the public to demonstrate accountability and commitment for workplace diversity and inclusion.

We found the commission had not documented what reports it required by when and what analysis the report should include. As such it did not receive adequate reporting on diversity and inclusion results. For example, it reported actual diversity and inclusion statistics compared to certain Saskatchewan Human Rights Commission targets but did not explain the reasons for significant differences. Further, the commission was still in the early stages of starting to use its data to analyze gaps and determine root causes for shortcomings.

We also found the commission does not currently report publicly on diversity and inclusion statistics. Good practice suggests reporting on progress towards established targets, trends in retention, and survey satisfaction results of employees belonging to designated groups compared to all employees. Without formal reporting requirements, the commission may insufficiently report to its senior management, hindering the ability of the management to monitor and take action. Public reporting demonstrates commitment to building diverse and inclusive workplaces.

This concludes our remarks on this chapter.

**The Chair:** — Thank you very much. And this is a newer report — it was just presented in this year — but such an important area of focus. I'll turn it over to Ms. Pollack for a brief remark, and then we'll have questions.

**Ms. Pollack:** — Thank you. I am pleased to provide an update today on the progress the Public Service Commission has made in addressing the recommendations of the Provincial Auditor in the 2022 report volume 1, chapter 4. First though I would like to acknowledge the work of the Provincial Auditor. We appreciate the work that you and your team do and the fact that it does help us to improve the work that we do.

As it relates to volume 1, chapter 4.2 and the recommendation that PSC modernize the employment equity policy, I am pleased to say that we have begun work to modernize our employment equity policy since the auditor's report with the goal of implementation in 2024. We are currently gathering information on best practices from other jurisdictions and will be identifying advisory members and stakeholders for consultation in the development of the policy.

As it relates to volume 1, chapter 4.4 and the recommendation that the PSC set clear indicators for measuring progress on our inclusion strategy and setting a time frame for this, I am pleased to report that the PSC has already accomplished some work on this topic. We've been working to increase the opportunities for students with a disability through our summer student program as part of the growth plan. Last fall, we launched the summer student program with a focus on students experiencing a disability and set a clear goal of hiring 40 students who

self-identify as having a disability. I'm happy to say that we surpassed this goal by hiring 52 students who self-declare as having a disability.

For context, in 2021 there were 21 students who self-declared in that category that were hired. This tells me we are making good progress, and we will continue this work. Additional work to support this recommendation includes extending the timeline of the corporate inclusion action plan beyond one year and incorporating goals and indicators to measure our equity, diversity, and inclusion progress more effectively.

As it relates to volume 1, chapter 4.5 and the recommendation that the PSC expand the inclusion tool kit to support inclusive workplaces, we have recently completed some exciting work that we are very proud of that supports this recommendation. Early this year, we launched the gender-transition guidelines to support gender-diverse or transitioning employees in the workplace, as well as their managers and colleagues. This groundbreaking work was led by our Pride Alliance Network and the PSC, with extensive input from employees in consultation with multiple agencies and experts.

In fact these guidelines have been recognized by the Saskatchewan Human Rights Commission as an important piece of work for public service employees. The Human Rights Commission also acknowledges this work is a demonstration of leadership in equity, diversity, and inclusion for the whole province. The guidelines are available in the inclusion tool kit. We are also working on additional resources to support Indigenous recruitment, persons with disabilities, and more.

As it relates to volume 1, chapter 4.8 and the recommendation that the PSC monitor ministry diversity and inclusion plans and the progress reports to help ministries increase diversity and inclusion in their workplaces, since the auditor's report, the PSC has developed tools to help ministries develop their inclusion action plans for 2022-23, engaged with the government-wide inclusion community of practice to gather ministry plans, and will save them in a single location for easy access and review.

The next piece of work that will be undertaken this year is to formalize a process to gather, monitor, and report progress on ministry inclusion plans as it relates to volume 1, chapter 4.10 and the recommendation that the PSC analyze diversity and inclusion data to identify and address risks that may prevent ministries from meeting diversity and inclusion goals. We have a few things on the go to support this recommendation. We are looking at ways we can better leverage data that is available to us in our current systems, as well as what's possible in a future system. We are also working to re-establish our relationship with the Saskatchewan Human Rights Commission to support equity reporting.

[13:30]

As it relates to volume 1, chapter 4.11 and the recommendation that the PSC implement public reporting to show accountability and commitment, we are in the early stages of looking at work to support this recommendation, and we are examining options for public reporting processes with the goal of implementing in 2023-24. We are pleased with the progress we have made on these recommendations and will continue to work to improve in

these areas. With that, I would be happy to answer any questions the committee members may have.

**The Chair:** — Thanks for the presentation. I'll open it up now to committee members for questions. Mr. Hargrave, Deputy Chair.

**Mr. Hargrave:** — You mentioned the 40 students with disabilities and surpassing that. Just to give us an idea — I mean it's great work — but give us an idea of what kind of percentage is that. In some of this stuff, you had a number of people. But on a percentage basis, what are we talking about?

**Ms. Bokitch:** — If I'm understanding your question correctly, that number of 51 represents 2.5 per cent of all our student hiring this year.

**Mr. Hargrave:** — Yeah. No, that was the question. Thanks.

**The Chair:** — Any further? We'll turn it over to Ms. Young, come back for others.

**Ms. A. Young:** — Please feel free to jump in. I was talking with your Vice-Chair briefly over lunch, and it is wonderful not to feel like I have to carry all of the questions. So please interrupt at will and inclination.

Thank you for being here. This is a really interesting chapter to read, especially not being, you know, deeply familiar with the work of the commission and getting a much better understanding of the work that you do do for public interest in HR management and practices across the government and ministries.

And perhaps a couple high-level clarification questions, just to make sure I understand what I'm asking, and then I'll jump into some of the recommendations. So my first question is, the commission's talent branch within the centres of excellence division. This is the branch that was and remains responsible for employment equity, diversity, and inclusion in the Public Service Commission. That's accurate?

**Ms. Pollack:** — That's correct.

**Ms. A. Young:** — So within the commission's talent branch, it looks like in the 2022 report, that volume 1, it notes that there are 25 employees in this branch who are responsible for, you know, the acquisition, engagement, and development of the public service. Can you speak to the diversity of that branch in and of itself?

**Ms. Bokitch:** — So I don't have exact numbers at this point, but given the work of the branch and the importance of that representation, they do strive to align to the targets set out by the Saskatchewan Human Rights Commission to ensure that, as they do the work related to diversity, equity, and inclusion, that they have that representation within the branch to bring those perspectives and to bring those connections to the community.

In addition to that, they also liaise with a number of the other employee networks across government. So just as an example, the Pride Alliance Network that developed the gender-transition guidelines. There's also a senior Indigenous advisors' council of representatives from ministries across government as well. So to

ensure they're bringing in that broad perspective and leveraging information from various employee groups where they may not have that in the branch, they do outreach and make sure they form those connections.

**Ms. A. Young:** — Thank you. And recognizing you may not have the information right at your fingertips, are you aware at a high level whether that branch meets or is, I think in your words, like striving to meet the commission's targets?

**Ms. Bokitch:** — I don't have that information.

**Ms. A. Young:** — And those two, I believe it was a senior Indigenous council and the Pride Alliance Network that you referenced. Not being familiar with those, am I correct in understanding they're kind of government-wide voluntary associations of individuals across ministries?

**Ms. Bokitch:** — Yeah, that is exactly what they are. Government of Saskatchewan has four employee networks: AGEN, Aboriginal Government Employees' Network; Pride Alliance; Saskatchewan visible minorities' network; and — I'm going to make sure I get the name right — Government of Saskatchewan persons with disabilities network.

**Ms. A. Young:** — And these are voluntary organizations?

**Ms. Bokitch:** — Voluntary organizations. They do receive support to those committee Chairs from representatives of our talent branch to help them form, help them establish governance structures, terms of reference. And part of their mandate is to develop networking opportunities and programming, maybe learning events for their members.

**Ms. A. Young:** — Thank you. And would those be considered professional development, or are people essentially like volunteering their time to serve these groups?

**Ms. Bokitch:** — They are volunteering their time as Government of Saskatchewan employees, but it is also career development from the perspective of learning, maybe in leadership roles for folks that have not had that formal experience.

**Ms. A. Young:** — Thank you. And you spoke a little bit to, I think, some resourcing around the Chair and developing proper governance structures, but are there formal resources in place from either the commission or the ministries that these individuals or government agencies belong to that would go to supporting their work?

**Ms. Bokitch:** — The formal resources would be through the Public Service Commission's talent branch. That's a formal part of some of the roles within that branch to provide that support to the employee networks.

**Ms. A. Young:** — Thank you. So the last area of high-level questions — and I hate to ask, but I'm going to — 2000 was a long time ago, so can you perhaps help the committee understand what the typical policy review process looks like for the commission, and what either occurred or didn't occur for this policy to sit unchanged for 22 years?

**The Chair:** — Just reminding officials to introduce themselves

before speaking.

**Ms. Francis:** — Hi. Okay. Glenda Francis, executive director of corporate services with the Public Service Commission. So the question, just to repeat, was the amount of time, and do we have a process in place to review?

Okay, so we have actually something called the human resource strategic policy framework. It's a framework we've introduced to look at policies within the Government of Saskatchewan, HR policies in particular, and we've had it in place about three years. The intention is to look at all HR policies in government in a consistent, standard way. And again, from a public policy perspective and an HR policy perspective, recognizing that we want to make sure that we are considering systemic barriers, looking at a one-team approach in collaboration across the service.

So not unlike other policy reviews we've done over the last number of years — conflict of interest, remote work — we start with what are the outcomes we're trying to achieve, who needs to be involved, and what's the approach we wish to take.

So in the case of an employment equity policy, one that has far-reaching implications for government around a strategic objective, we do engage a number of stakeholders across the organization in terms of doing policy research, looking at best practice, establishing the approach that we would take. And then we also establish the policy itself, put it into place, and we go through the approvals within the Government of Saskatchewan to have it approved. So we have formalized that over the last number of years.

One of the key areas, because this does reach, and Pat spoke to some of the forums that we have within government who have expertise in this area — whether it be the Indigenous consultants, whether it be the visible minorities association, whether it be the disability network — those also become key touchstones for the policy development.

As we're developing it, we bring information in, and as well as we validate the policy going out the back end. As well, we work closely with our ministry clients, engage very closely, often through working groups, ADM [assistant deputy minister] or deputy minister advisory groups, as these policies are approved for the Government of Saskatchewan. So they're not taken lightly and we recognize the importance of this for government.

**Ms. A. Young:** — Thank you very much, Ms. Francis. So the process that you just outlined, that is the process that I believe you noted was developed about three-ish years ago and is going to be an ongoing process, as would be standard with government's practice for that regular review of policies?

**Ms. Francis:** — Yeah.

**Ms. A. Young:** — So then kind of to my question around how this policy sat for 22 years. In the three years since this process was identified, it just wasn't one of the pressing priorities for policies that had been reviewed since 2019, I suppose.

**Ms. Francis:** — That's the case.

**Ms. A. Young:** — Thank you. So moving to the specific recommendations and recommendation 4.2 that the Public Service Commission modernize this policy to align with good practice. I see that there are actions that have been undertaken for implementation since the report. So I suppose not to belabour this, but looking at that 2000 date, was this flagged internally, or was this also something that first came to light through the work of the office of the auditor?

**Ms. Bokitch:** — I can answer that. It was flagged internally for review and in fact was prioritized in the three-year cycle of reviewing the policy. You know, we want to make sure that we're aligned with other work that government is undertaking. And there's current efforts under way to develop accessibility legislation, and so had deferred development and a refresh, I guess, of the employment equity policy until we're able to have an understanding of some of the parameters of the development of that policy to make sure we were aligned.

**Ms. A. Young:** — That makes sense. So looking at the actions undertaken since this report, I see that there was a project charter created, and then some of them appear to be ongoing: building a work plan, gathering information. Do the actions listed here represent fully what has been accomplished to date?

**Ms. Pollack:** — Yes, I would say, you know, at a high level, right? There's a lot of detail underneath those comments, and policy work takes a lot of time, a lot of heavy lifting. But I think, you know, that captures the high points.

**Ms. A. Young:** — Okay. Perhaps last question on this update. Forgive me, I actually don't know if this is true or not. Would the Public Service Commission also receive complaints, like employee complaints would come forward to the commission?

**Mr. Deck:** — So we do receive complaints in a couple different forms. So occasionally grievances from employees, and we deal with the employees' official representative which is the SGEU [Saskatchewan Government and General Employees' Union]. We also deal with human rights complaints. We get very few actually per year on that.

So I wouldn't . . . If you're thinking that are there complaints that led to us . . . [inaudible interjection] . . . Yeah, I think even the work we've done on the inclusion tool kit, that work started before this whole idea of review of the policy. So there's things we've been doing in this area in advance of doing a policy review.

[13:45]

**Ms. A. Young:** — Great. Thank you for anticipating my next question. In the next recommendation, which I believe is 4.4, that the PSC set clear indicators for measuring progress and a time frame for its inclusion strategy, I guess for the actions undertaken you spoke and the Deputy Chair had a great question around the program for hiring students experiencing a disability. Looking at the action undertaken, reporting out, and continuous improvement for summer students experiencing disability initiative in fall 2022, is there a look at expanding that program to other equity-seeking groups, or is that summer student program specifically going to be focused on those experiencing disability?

**Ms. Bokitch:** — Great question. Yeah, great question and thank you for that. I think the point we're at right now, just early in September, is doing some further analysis and information gathering, both from the hiring managers of those students and from the students themselves, to understand, you know, what further growth there might be needed and supports there. We definitely want to continue with that element, and we'll look to see what sort of efforts and support are required there and the capacity to expand that to other designated groups as well.

**Ms. A. Young:** — Thank you. And seeing this is kind of a partially implemented recommendation, there are some longer term actions contemplated. Could you perhaps speak to the planned actions for implementation as they are quite broad and high level in the update that the committee received? How is progress going to be reported out on achieving these?

**Ms. Bokitch:** — So if I could just clarify, are you looking for a report out on diversity numbers or on measures?

**Ms. A. Young:** — Measures. I mean both. But in 4.4, it notes for the planned actions ongoing, the commission will establish short-, medium-, and long-term goals, measures and indicators of progress in equity, diversity, and inclusion planning processes, which are obviously quite commendable. But that's fairly high level and I'm just wondering if there's any further detail that could be provided for the committee. Not right now is also an acceptable answer as I know this is a fairly quick turnaround.

**Ms. Bokitch:** — So we are working with some other pieces of data through the government-wide engagement and culture survey that provides some indicators. And we're able to use that information under analysis to determine some common themes and where the Public Service Commission can provide some broader direction and supports for government as a whole. So that's one piece.

And the Chair had mentioned that we are collecting . . . We've developed templates for ministry diversity and inclusion plans. We will be collecting those and so able to use that information again to determine action steps and to monitor and evaluate those. So it is in progress, but we do have a couple of clear direction points set, and we will be looking for others as we continue to do our research.

**Ms. A. Young:** — Thank you very much. To the next recommendation 4.5: “. . . the Public Service Commission expand its inclusion tool kit to embed diversity and inclusion concepts consistent with good practice.”

I wanted to start off . . . You're obviously, by like acknowledging and applauding what you've I think rightly celebrated as the newly developed gender-transition guidelines, the tool kit, from the comments offered it sounds like that's fairly groundbreaking work in the public service in Saskatchewan. So I did want to acknowledge that good work as well as the development of the inclusion tool kit, which has been noted a couple times and appears to be a valuable resource for achieving the goals of increased diversity and inclusion.

But I suppose for both of these, how is the public service tracking the uptake in utilization by ministries and government agencies? Like it's good to have these things, but how are you monitoring

and measuring whether they're actually being used and how?

**Ms. Bokitch:** — Okay, so there's a couple of pieces of data available to us. One is the number of hits, the individuals that access the tool kit on our staff room, so internet hits. The other is through the work of the inclusion community of practice, and that is a regular agenda item — conversations about utilization, questions, sharing of information. We've also got data and numbers on the utilization of training programs, and so Indigenous awareness. We track those numbers as well as respect in the workplace. And as we again continue to collect ministry diversity and inclusion plans, we'll be able to monitor targets that are set through those and provide feedback and support to ministries.

**Ms. A. Young:** — Thank you. So great segue to the next recommendation. Just being mindful of the time here. As the commission works to formalizing this process, to gather and monitor ministry equity and inclusion, diversity plans, and numbers, is it expected by the commission that all ministries will be able to achieve this? Are there any flags or challenges that you'd want to identify for the committee?

**Ms. Pollack:** — Thanks for the question. It's a really great question, you know, and I think one of the challenges is really around the fact that ministries are at different places in terms of their readiness and maturity as an organization. So for example, a well-established ministry that's had a similar structure for a long time is a bit more stable and able to action new items a little easier than, say, a brand new ministry that's, you know, going through an organizational structure review and things like that. So you know, I think that said, there is definitely across the public service a real commitment to this, which aligns with our commitment to excellence and our values as public service employees.

**Ms. A. Young:** — Thank you. So am I correct in that I'm hearing there is a willingness certainly from the commission and then across all ministries to, I suppose on the commission side, require and track and the ministries to participate in the reporting out of these inclusion action plans and targets?

**Ms. Pollack:** — Yes. Yeah, so I think in terms of, you know, the submission of plans, you know, we don't see any issues with that. It's, you know, again ministries will be at different places in terms of how much they can action how quickly.

**Ms. A. Young:** — Certainly. So I think maybe I can squeeze in two last questions. In terms of recommendation 4.10, which I think speaks to some of the data that's currently available through the various systems that the commission uses or has access to, can you speak to the diversity data that does exist and that can be, I suppose, taken advantage of as this reporting develops and hopefully the targets are achieved?

**Ms. Bokitch:** — Yeah, it's a great question. Thank you. So we do have a number of sources of data. I mentioned our engagement and culture survey across Government of Saskatchewan, so we use that data to inform programming. The other two pieces of data come from our IT system. One is our recruitment system, called Taleo. And so those choosing to self-declare for the purposes of competition will self-declare in that system. We also have a mechanism, I'll call it, for open self-declaration through

our ongoing employee MIDAS and payroll system, so folks can also opt to self-declare.

One of the challenges that we'll be working on as well is educational, so ensuring that those interested or perhaps coming from one of the designated backgrounds understand the definitions and whether they're eligible to declare. And so persons with disabilities comes to mind. It's a complex and evolving terminology so we want to make sure there's education available for that, and to be able to accurately encourage people to self-declare and to be able to understand the composition of our workforce.

And if I may, I would like to correct the record. My apologies. I was looking at 2021-22 data when I answered the question about the percentage of summer students. So the success of the program for summer students with disabilities is actually higher. That is a 5.84 percentage of all our summer student hirings. So thank you for the opportunity.

**The Chair:** — Mr. Nerlien. I will come back for other questions.

**Mr. Nerlien:** — Thank you, Mr. Chair. Question on your confidence in the efficacy of your data. And I'm wondering from the perspective of . . . There must be a bit of a conflict between privacy and the inclusion information that you receive. And is there a risk of it either being over- or under-reported as a result of that?

**Ms. Bokitch:** — Thank you for that question. It's very insightful and there definitely are challenges to ensure accuracy of data, one being moving between two different IT systems and two different rationales for self-declaring in our system. So that is a challenge, and you know, the educational component again, understanding the interests of those choosing to self-declare, whether it's for employment purposes or perhaps for learning and development opportunities. And so we are looking and developing a new IT system which will integrate those concepts, and that will give us a higher degree of confidence in the data available to us. We will need to continue to do work to encourage self-declaration and have people understand the rationale and again some of the criteria and educational pieces around what that means.

[14:00]

**The Chair:** — Ms. Young.

**Ms. A. Young:** — Thank you, Mr. Chair. Last question from me. Thank you for your time. So many of the examples that have been covered off in this report as well as some of your comments today have, you know, spoken to things like training, the community of practice, all things which are great for existing employees. But I suppose my question is, how will the commission be working further to attract, acquire, and retain qualified candidates from equity-seeking groups. There was some mention of, I think, Taleo as one opportunity to pursue that. Is the commission going to be looking at prioritizing the hiring of qualified candidates from equity-seeking groups?

**Ms. Bokitch:** — Thank you. That's a great question and a talent strategy does need to be multi-faceted. So you know I think the relationships that have been pursued with post-secondary institutions to attract students experiencing disability will be a



leverage point where we will continue to build those relationships with post-secondary institutions across diversity groups and even beyond to attract candidates.

An inclusive workplace is key to retention and attraction, and having that reputation as an employer. So we'll continue to leverage the inclusion strategy to ensure workplaces are prepared, and continue to support hiring managers in pursuing talent pools that fulfill the needs of us as an employer so that we can represent the province as a whole.

**The Chair:** — Thank you. Thank you very much. I'm not seeing any further questions at this point. This is a substantive and important report. Thanks for the exchange here today. Certainly the pursuit of equitable, inclusive, diverse, and representative workplaces and that within the public service is super important. So thanks for the work on this front.

And at this time I would welcome a motion to concur and note progress with respect to recommendations 1 through 4. Moved by Mr. Lemaigre. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. I would welcome a recommendation to simply concur with recommendations 5 and 6. Moved by Mr. Nerlien. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. Ms. Pollack, and to your officials and to everybody that's involved in this work, thank you so much for your time here today and for your work. Do you have any brief closing remarks?

**Ms. Pollack:** — Thank you very much for your attention and your time today. It is an important topic for us as the Public Service Commission and for government overall. So thank you.

**The Chair:** — Thank you. We'll take a very brief recess, and up next we'll have the president and officials from one of the finest universities in North America joining us.

[The committee recessed for a period of time.]

### University of Regina

**The Chair:** — Okay. We'll reconvene the Standing Committee on Public Accounts. And we'll turn our attention to the University of Regina and a couple chapters from the auditor that relates to their operations. I would like to welcome all the officials that have joined us here today. I'd like to welcome President Keshen for joining us here. I'd invite him to just briefly introduce the officials that are with him here today. Maybe refrain from commenting on the chapters at this point. We'll then kick it over to the auditor and we'll turn it back your way. President Keshen, if you can introduce those that are with you.

**Mr. Keshen:** — Thank you so much. To my right is Neil Paskewitz, who's our associate vice-president of facilities management, and to my left is Dr. Chris Yost, who is our vice-president of research.

**The Chair:** — Thank you so much. At this point I'll table as well PAC 69-29, University of Regina: Status update, dated September 6th, 2022. Thank you to all involved that put together that status update. We're going to deal with these two chapters independently, one at a time. So I'll kick it over to the Provincial Auditor's office.

**Ms. Clemett:** — So thank you, Mr. Chair, Deputy Chair, committee members, and officials. With me is Mr. Trevor St. John, who was the deputy provincial auditor responsible for the audit at the University of Regina. Before Trevor does present the two chapters on the agenda, I do want to just thank the officials at the University of Regina for the co-operation that was extended to us during the course of our audit work. And with that I'll turn it over to Trevor.

**Mr. St. John:** — Thank you. Chapter 42 of our 2019 report volume 1 reports the results of our third follow-up of the University of Regina's progress towards addressing three outstanding recommendations we initially made in our 2013 audit of its processes to protect its interests — financial, reputational, and ownership — as it fosters research and commercialization of research.

Fostering commercialization of research is one of the core functions of the university. By January 2019 the university had implemented the three remaining recommendations. Faculty deans defined and approved what constitutes specialized resources for each of the university's faculties. The university had processes to consistently use and apply the definitions. Having clearly defined and consistently used definitions of specialized resources decreases the risk that the university does have enforceable rights to share in the intellectual property created by academic staff and any potential profits from commercialization.

The university also had followed its process to review its research institutes. Reviewing its research institutes allows the university to assess whether institutes contribute to the university's strategic research goals and whether researchers' time is appropriately spent on the institute administration. By January 2019 the university had completed reviews on 3 of 18 university-based and faculty-based research institutes. The university had a review schedule for the remaining institutes and planned to complete its reviews by 2021.

I'll pause now for the committee's consideration.

**The Chair:** — Thank you very much. Sorry. One reminder to all around the table — especially, you know, Harrison; he loves karaoke — is just no touching the microphones. Hansard will see you back there, so no need to touch the microphones.

What I'll do is I'll turn it over now to President Keshen for a brief response and open it up for questions . . . [inaudible interjection] . . . There's no need to hit the microphone. They'll . . .

**Mr. Keshen:** — Oh, sorry.

**The Chair:** — It just throws off the system, I guess.

**Mr. Keshen:** — So I think these are areas that we have . . . And I'll ask my colleagues to comment in more detail. Our

commercialization office that we're establishing will provide far more logical oversight in this area. I think they'll make a lot of progress.

The research institutes and centres and all, they're very interesting, very interesting, I agree. And I wasn't part of the discussion at that time, but it's an issue that is very common to universities, is they often create multiple centres and institutes. And I remember at a former institution, we had developed a policy to deal with that very thing: definitions of what constituted different areas. So again making progress.

But for the details, with your indulgence, I'd like to turn it over to our vice-president of research, particularly on the area of commercialization office and also to the work that's being done in clarifying what constitutes research institutes and the rules governing and expectations with respect to that.

[14:15]

**Mr. Yost:** — Sure, happy to do so. We can take any questions so I'll be brief. We provided an update. The most recent update would be we have now more research capacity within the commercialization activities. We've hired a new commercialization officer who began September 1st.

And this person is drinking from the firehose, as I've released a bunch of . . . We have a lot of faculty now that are heavily engaged in knowledge translation. So a lot of our faculty are reaching now a state in their maturity of their research where they've gone from discovery-based — so they've made curiosity-driven research discoveries — and now they're ready to take it to the next level of knowledge translation, which includes commercialization.

In the past I think we weren't doing as good a job of showing our faculty how they can partner with the University of Regina on these pursuits. Rather they were often . . . they would take it out on their own. And again, as the auditor pointed out, that's a risk. We should be partners with them on these activities, given that we've provided critical infrastructure. And that's where the specialized equipment comes. So the new commercialization officer is ready to . . . like really, as I speak, he's in a meeting right now with some of our engineers who have some very exciting applications in ag tech.

And so we're excited. I think it is . . . I've been at the university for 19 years. I was hired in 2003. I'm a microbiologist. I'm very excited where we are now, as we can see how over the past 19 years we've done that transition now from where we were a really young faculty, you know, doing our discovery-based research, and now we have an opportunity to capitalize on the translation part of it.

Research centres, reviews are critical to the research centres to give them . . . to make sure they're on point on their visions. And these research centres are ones that are basically used to link across faculties. So these are our Type 1 university institutes, we call them, which means they're institutes that function across faculties.

So SPHERU [Saskatchewan population health and evaluation research unit] would be a good example. This is a public health

one. It has faculty of social work, faculty of arts, Johnson-Shoyama, a number of different faculties work together for common goals, common missions around particular themes. And so we have ones that are strong in public health and mental health. Clean Energy Technologies Research Institute.

And so we look to where we at the university can strategically align our resources. So every five years the director has to submit, and it's an external review. We'll bring in people to look and see, are they delivering what they said they would do in their research? And so these are run through five-year cycles, and it allows us also to see, if an institute is winding down, we have a way to wind it down. If I've missed anything, happy to add further detail.

**The Chair:** — No, thanks so much. And thanks for all the work on this front and for detailing it in the report here as well, being accessible for questions. Looking to committee for members with questions. Mr. Nerlien.

**Mr. Nerlien:** — Thank you, Mr. Chair. An opening question I guess. So in this commercialization process, are you also working with the private sector and what do those relationships look like?

**Mr. Yost:** — Yes. So we have a team at the research office that handles partner . . . We call it an office of partnerships and innovation. And within there is our commercialization activities. So we do a lot of partnership with industry, and some of it . . . So it depends on the industry partner, what their needs are, and what our faculty's researcher needs are sometimes. And so this is through contract negotiations. Sometimes the industry will own all the IP [intellectual property], and we're there to really facilitate that company in its launch. Other times if it's co-created then we'll engage in a contract licensing agreement, some type of form where maybe we take an equity stake in the company or they license the technology and ultimately we sell them the patents, let's say, over a period of time.

A good example I could use right now, because it's fresh in my head, where we're doing co-creation is actually with a student spinoff company, Celestial Labs they're called. And they won a competition for a Mars lander locking system for basically space exploration. Super-keen undergrads, super excited, starting a company now in Saskatchewan on this technology. We're helping them in the patent process. So we're providing the funding and we're co-creators in that aspect. And so at some time we may say, okay they can buy us out if they're successful. We want them to lead, or to launch really.

Our vested stake in IP is really to accelerate Saskatchewan's economy and so, you know, our role is as a knowledge creator and then to translate that. So yes, we would like to have equity stakes in companies but we want them to succeed too, so we're very negotiation friendly, I'd say, with our IP. And we actually have a reputation for that now. I've had industry partners say, oh, that was much easier than if we were in the States or other universities across Canada.

**Mr. Keshen:** — Perhaps Chris can also comment on the fact that the commercialization office will give us greater . . . I wouldn't call it command and control but . . . [inaudible] . . . consistency. So when we're operating we're doing so via a set of expectations

and rules and clearer, clearer . . . because that's what I think that the auditors were talking about before is a young institution.

**Mr. Yost:** — Yeah, certainly as a policy, so invention disclosure, we have better policies, procedures with a commercialization presence now, faculty to see that. Then they'll be coming to us. We won't have a situation where they go off on their own and do things. We've also created, you know, faculty advisory groups. We're getting out there in town halls in this fall to show this new commercialization office how it's going to work. And so that, yes, certainly we're consistent. We're consistent across the board on how we treat any faculty that's coming to us with an invention disclosure and how we handle that.

**The Chair:** — Other questions? Ms. Young.

**Ms. A. Young:** — Thank you. I have a question under section 3.1 where the auditor's report is talking about definitions, and it specifies that faculty deans defined and approved what constitutes specialized resources for each of the university's faculties. Am I right in reading that different faculties will have different definitions of what constitutes specialized resources? And can you help the committee understand that diversity of definition?

**Mr. Yost:** — A good example would be, let's say we have a scientist who's studying viruses and developing vaccine candidates. They would likely use . . . When looking at the virus morphology, they would use an electron microscope. That would be defined by the Faculty of Science, the dean of Science, as a specialized piece of equipment. If in the course of their invention discovery they use that electron microscope, that would be deemed then the specialized equipment.

It's harder when it's in say something like social sciences on what constitutes a specialized piece of equipment because, you know, a laptop isn't what you might consider specialized. So certainly there's going to be . . . In the engineering and sciences, there's a lot more lists of specialized equipment than there would be in other faculties.

**Ms. A. Young:** — On the review of all the institutes, that review that was planned to be completed by 2021 is complete?

**Mr. Yost:** — Which institute? There's . . .

**Ms. A. Young:** — Sorry. It says, yeah, the university's research institutes that . . .

**Mr. Yost:** — Yeah, it would be complete. We have our process in place. Sorry, I just . . . Our reviews are ongoing. So we have seven institutes and then they work in a sort of a cycle where they are in their five-year review. But yes, the process is all . . . We have very standardized processes now. For instance, the AVPR [associate vice-president (research)] chairs the committee. The resources provided come from the research office. The types of members we select to sit on the committee are all pre-defined on who sits. The template that the executive director for each research centre provides for the review committee is all standardized. So yeah, that's all done and actually has been operational for a couple of rounds now.

**Ms. A. Young:** — Okay, great. My next question was going to

be about the regularity of that review, and I think I heard you say every five years an institute will be reviewed.

**Mr. Yost:** — Yeah, with the caveat here that COVID put things in a bit of a delay. So some are out, you know, some may be six years into it before they're going to get reviewed.

**Ms. A. Young:** — Last question for me. What's the reception from faculty? And I don't know if graduate students would be involved in research commercialization as well? But with the new research office and new poor individual who I think you said started September 1, what's the cultural uptake in the institution been with this new role?

**Mr. Yost:** — Well I think there's a lot of excitement because they can feel now that they're partnering; there's a partner on their pursuits. Graduate students — glad you brought it up — they fit very heavily into our focus. We have our dean of FGSR, Faculty of Graduate Studies and Research, Dean Douai. Actually he's launching a GATE centre, graduate applied training and entrepreneurship. We want our graduate students to be more entrepreneurial. So we are definitely investing our resources in helping them launch knowledge translation.

Graduate students are the engine of a research enterprise at a university. Without graduate students you wouldn't have research, and so we see them as a very important part and, you know, particularly as they're going to go off in careers. One of my personal goals would be to increase the number of start-up companies that come out of the university that are launched by graduate students. So we're invested in them.

**Ms. A. Young:** — Super exciting.

**The Chair:** — I don't see any further questions right now. In tracking . . . I mean these recommendations came a few years back, and I've sort of tracked the progress on it and well aware of the dynamic, you know, really impressive work going on at the University of Regina. I just want to thank everybody that's here and all the others that'll have been involved in this work and seeing implementation on these recommendations.

The university's really built a reputation of, you know, of that research and of that innovation and then of commercialization. And it's wonderful to see the actions around feeling like you've got a structure around intellectual property rights and stuff that will work well for the institution, but importantly for that research and those entities, those businesses moving forward. So thanks for all the work and all the energy you put into this important undertaking.

These have been implemented, these recommendations, so I'd simply welcome a motion at this point to conclude consideration of this chapter. Moved by Mr. Harrison. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. We'll move along to chapter 47. No new recommendations there either, but follow-up, and I'll turn it over.

**Mr. St. John:** — Thank you. Chapter 47 of our 2019 report volume 2 reports the results of our third follow-up of the

University of Regina's progress towards addressing the two outstanding recommendations we initially made in our 2013 audit related to its processes to procure goods and services. Effective purchasing processes can help the university make good use of its resources, ensure transparency, fairness, and achievement of best value.

By September 2019, the university had implemented the two outstanding recommendations. The University of Regina improved its processes to better coordinate procurement of goods and services across the university. In addition, the university established sufficient contract documentation requirements for purchasing consulting services.

The coordination of goods and services procurement across departments helps the university to ensure consistent use of its purchasing policy. The use of sufficient contract documentation requirements helps the university limit its exposure to legal and/or financial risks.

I'll pause now for the committee's consideration.

**The Chair:** — Thanks so much. I'll turn it over to President Keshen if he has a brief remark with respect to this report. Of course the recommendations have been implemented.

**Mr. Keshen:** — We've made a lot of improvements on procurement. We're doing a lot of exciting work on procurement. And perhaps in that respect, with your indulgence I'd like to just turn it over to Neil to make a couple of comments about some of the ... not just the past improvements we made, but future directions in which we are undertaking.

**Mr. Paskewitz:** — Thanks, Jeff. Yeah, the two items have been completed for a while now. The first item was around the commitment authorizations, so the university signing contracts with external bodies. And some of the issues were around people's signing authority, right? Did they have the authority to engage?

And the specific ones were projects that had changes to them that took them past thresholds. So that part we just increased our rigour with the commitment authorization process, ensuring that proper documentation was attached and it was routing through all of the right signing authorities for it. And they closed in a gap we had. We were fine on any further audits that happened on that piece.

The other was on the procurement of consultants. And as you might see in the background, with supply management services, they engage and procure consulting and resources, as does facility management. Facilities management is around architects, engineering consultants, different sort of business-planning studies. So through the evolution, SMS's, supply management services' documentation had advanced a little bit further than ours, and there were a few key points in there that SMS included that FM [facilities management] didn't.

So with the audit, we aligned them basically so that any of the points that needed to be updated were basically consistent. So again, further audits that happened to confirm that we were the same were all up to date, and so it indicated that we were fully implemented there.

[14:30]

The comment on continuous improvement, absolutely a factor. As we go through procurement, there is sort of continuing outside influences on that. And then we also strive to get increasingly efficient, so that we can go as quickly and efficiently as we can, and also effectively deal with efficiently as we can for our partners in the community, whether that's consulting or engineering and constructors. We do want to be as nimble as we can.

Construction is a little bit volatile, even more so these days, and we need to be able to kind of quickly react and not be too sort of cumbersome in our processes. We feel that we've got the right balance of protecting the university's interests but also not being too onerous on some of the timing that happens as we're kind of moving through projects.

Something that we're working on presently is working through how we can advance our Indigenous procurement methodologies here. Lots of discussion on it, watching the industry influences. I think a lot of us are really trying to understand how to do this effectively. And with the construction association, we've been at some really good forums and discussions with them. With our peer institutions, we're working through that.

A lot of it is setting SMART [specific, measurable, achievable, relevant, time-bound] goals, right, specific and measurable in aspects where we can really demonstrate the right kind of partnership levels and the right sort of measurements and accountability aspects. So some ... a very strong learning process right now.

We're working jointly with U of S and Sask Poly to have something that is more uniform between the institutions and working to that. At this point we're looking at specific goals on projects right now and trying to get something that is more consistent across all projects and across the institutions. Stay tuned.

**The Chair:** — Thanks for the report here. And any questions from members? I've been around this table long enough to track this from its genesis through to this point as well, and I just want to say thank you so much. I know it hasn't been a small undertaking, but you're doing very important work. Not seeing any further questions at this point, I would welcome a motion to conclude consideration of chapter 47. Moved by Mr. Nerlien. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. President Keshen and your officials, thank you so much for your time here today, and all those others that will have connected to the work here today. Go Rams. Go Cougars. Welcome back to students and to faculty. We wish them all the best. Any final remark before we kick you out of here?

**Mr. Keshen:** — Just to thank you all very much and we'll continue to do our best to serve the people of this province. And do they get to keep the ties?

**Mr. Paskewitz:** — Thank you for the loan of the tie.

**The Chair:** — Thanks so much, everyone.

[The committee recessed for a period of time.]

### Saskatchewan Polytechnic

**The Chair:** — Okay, we'll keep things moving here today and turn our attention to Saskatchewan Polytechnic. Thank you so much to the leadership and officials that have joined us here today, and those that have been involved in this work. I want to welcome Ms. Cheryl Schmitz, who's the CFO [chief financial officer] and VP, who's joined us, along with other officials. I'd ask Ms. Schmitz to briefly introduce the other officials that are with her here today, refrain from other comments at this point on the chapter. We'll kick it over to the auditor, and then back to you for subsequent response.

**Ms. Schmitz:** — Certainly. And we're very pleased to be here today. Again, I'm Cheryl Schmitz, and I'm the CFO and vice-president, administrative services. And to my left is Dr. Has Malik. He's our provost and vice-president, academic. To my right I have Kevin Rogers, who's our director of applied research. And we also have Sean Engemoen. He's our associate vice-president of financial services, right behind me to my left.

**The Chair:** — Well thank you so much. I'll turn it over to the Provincial Auditor to focus on, I think, the first two chapters together.

**Ms. Clemett:** — So thank you, Mr. Chair, Deputy Chair, committee members, and officials. With me today is Mr. Trevor St. John. He's the deputy provincial auditor who was previously responsible for the portfolio of the work that did include Saskatchewan Polytechnic.

Trevor's going to present the three chapters on the agenda in the order they do appear. He'll present the first two chapters together. There's one new recommendation in those two chapters for the committee's consideration, and then there's five new recommendations in the very last chapter.

I do want to thank the officials from the Saskatchewan Polytechnic for the co-operation that was extended to our office during the course of our work. With that, I'll turn it over to Trevor.

**Mr. St. John:** — All right. Thank you. The first two chapters both report on the annual integrated results of our audit of Saskatchewan Polytechnic. Our integrated audits found that Saskatchewan Polytechnic had effective rules and procedures to safeguard public resources, complied with relevant authorities, and had reliable financial statements, though both chapters included our findings related to a separate significant matter.

The recommendation in chapter 14 of our 2019 report volume 2 is a new recommendation. We recommend that Saskatchewan Polytechnic establish a policy to guide compensating for losses of its employees. In August 2018 a member of Saskatchewan Polytechnic's management fell victim to a phishing scam, and the organization compensated the victim for their personal loss that came out of their bank account, their own bank account.

Unlike treasury board, Saskatchewan Polytechnic did not have a

compensation-for-loss payments policy to guide payments for these circumstances. We consider treasury board's compensation-for-loss payments policy to be a good practice. While Saskatchewan Polytechnic is not required to follow this policy, their payment to the member of management for compensation for their loss would not have met criteria for payment in treasury board's policy.

We continue to make this recommendation in our 2020 report volume 2, which can be found on page 88 of that report. While Saskatchewan Polytechnic did not further compensate any employees for losses incurred during 2019-20, it had compensated students for theft of their tools stored on its premises.

During the '20-21 fiscal year, Saskatchewan Polytechnic implemented our recommendation. It established a policy and procedures to guide compensating losses of all members of its community, including employees, students, volunteers, board members, and the general public. I'll stop now for the committee's consideration.

**The Chair:** — Thanks for the report and the focus. I'll table at this point now PAC 70-29, Saskatchewan Polytechnic: Status update, dated September 6th, 2022. And thank you to the officials who put together that status update for us.

And just one reminder for officials, you don't need to touch the microphones at all. You'll be identified by folks over here, and things will light up.

I'll turn it over for a brief response, and then we'll open it up for a few questions.

**Ms. Schmitz:** — So I'd just first of all like to say thanks for the opportunity to discuss the issue and recommendation under review. And on behalf of Saskatchewan Polytechnic, we'd like to thank the Provincial Auditor of Saskatchewan for the comprehensive work of your office. We appreciate the advice provided on the recommendations before us. And today as we are here to provide information on chapter 14 in the 2019 report volume 2, and chapter 14 in the 2020 report volume 2 — both of which concern the establishment of a policy to guide compensation for losses of employees — I am pleased to advise that this recommendation has been fully implemented.

**The Chair:** — Thank you very much for the work on this front, that report. Any questions from committee members with respect to these chapters? Ms. Young.

**Ms. A. Young:** — Thank you, Mr. Chair. And thank you, officials, for being present today and all the work that's gone into preparing for this afternoon as well. Looking at these two chapters in conjunction, I just have a couple questions. Are you able to, for the committee, provide just like a very high-level overview of the situation that occurred in 2018 with the member of management and falling victim to, I believe it was a phishing scam?

**Ms. Schmitz:** — Certainly. So we had a member of our HR management team contacted via phone and text, and it was a phishing scam, a request. It looked like a request that our president was asking for some money wired. And she did do that

through a Western Union wire, and it ended up being a phishing scam. We found out about it the next day when she talked to the president about it. And it wasn't a phishing email through our system or anything. It came to her through text and a phone call, I believe.

**Ms. A. Young:** — Sounds fairly sophisticated. Was this the first occurrence of something of that nature for the institution?

**Ms. Schmitz:** — Yes.

**Ms. A. Young:** — And I think I note in there nothing like that has happened since.

**Ms. Schmitz:** — No.

**Ms. A. Young:** — So having seen the initial findings in — they're both chapter 14 — chapter 14 in 2019 and then the follow-up in 2020, had Sask Poly received and reviewed the findings of the 2019 report prior to the compensation for students who had their tools stolen, I believe?

**Ms. Schmitz:** — Right. The policy had not been passed at that point. It was just being drafted. And so that compensation was made for the students' loss of tools. But now we do have the policy in place and it covers students, employees, board members, and volunteers.

**Ms. A. Young:** — Great. So the policy had been considered, was under development . . .

**Ms. Schmitz:** — Yes, considered.

**Ms. A. Young:** — But not yet formally approved by the board. So are these the only situations of losses that would have occurred during this audit time?

**Ms. Schmitz:** — Yes.

**Ms. A. Young:** — And just speaking to the specific time period, I guess, covered by these two audits, when Sask Poly compensated either management or students for losses occurred, does this money come from insurance or does this come directly from Sask Poly?

**Ms. Schmitz:** — So the money came directly from Sask Poly, as I believe — and I'm going to ask Sean — I don't think it met our insurance minimum.

[14:45]

**Ms. A. Young:** — I can't imagine it would. So then with the new policy that has been developed and implemented, can you speak to what the policy covers? I understand from the updates that it's for kind of the community as a whole, but could you detail for the committee what this loss policy looks like? Kind of the process for accessing loss payments, criteria.

**Ms. Schmitz:** — So you want an outline of the policy?

**Ms. A. Young:** — Sure.

**Ms. Schmitz:** — Okay, certainly. So it's very similar to the one

that was recommended by treasury, but obviously we had to add students to it and volunteers and board members. So basically the guiding principles, it's really for safekeeping of personal property. And we will not be compensating for anything such as phishing anymore to our students or to employees. And it would not exceed \$2,000 for any individual.

You know, the policy for lost personal property may be paid with the approval of the member of senior management council, but there has to be certain criteria that are met. And that criteria is, so the individual was required to have that piece of, you know, equipment, for example, on Sask Poly premises; reasonable care has been taken to protect against the loss; and compensation is based on a reasonable replacement cost. And it would have to be approved by a member of senior management council, which would be either myself or Has or the president.

**Ms. A. Young:** — Thank you very much. With the development of and implementation of this new policy, are there any accompanying risk mitigation strategies? For example, you noted that individuals wouldn't be compensated on a go-forward basis for something like the phishing scam that the one individual fell victim to. Are there ongoing training or mitigation strategies that the institution has undertaken to help raise awareness within employee groups or students or faculty?

**Ms. Schmitz:** — Yeah, and even before this, we had regular education of our faculty, staff, and students on phishing, how to avoid phishing, what are some of the common, you know, items that they can look for if a phishing email, for example, would come in and how to mitigate against that. We have also increased that education to our faculty and students and staff.

We have some new Microsoft software in place that is really quite state-of-the-art software that is helping identify phishing emails. October coming up is Cyber Security Awareness Month, so we will be doing extra notification to our faculty, staff, and students, but it is ongoing, absolutely.

**The Chair:** — Deputy Chair Hargrave.

**Mr. Hargrave:** — As you're talking about cybersecurity, I know it's not part of this technically, but it's just a massive issue everywhere and the university and polytechs and every learning sort of institution . . . I mean there's so much information that can be stolen there and affect people's education, ongoing education. How is . . . I'm not asking what it is, but how is your cybersecurity and how often is it reviewed?

**Ms. Schmitz:** — We're very invested in our cybersecurity. We've put a lot of resources in cybersecurity, especially since the beginning of the pandemic, and we have students and staff that were training or working from home. But we have invested quite heavily in cybersecurity and have resources on hand, we have staff on hand, a team of cybersecurity on hand, and it is something that is very top of mind for Saskatchewan Polytechnic.

**The Chair:** — Not seeing any further questions. Thanks so much for all the work on this front, for the answers, and the information here today. With respect to chapter 14 from the 2019 report, there's a new recommendation there, and I'd welcome a motion to concur and note compliance. Moved by Mr. Goudy. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. With respect to the chapter 14 from the 2020 report, I'd simply look for a motion to conclude consideration. Moved by Mr. Lemaigre. All in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's agreed as well. We'll move now to chapter 22, and I'll turn it back over to the Provincial Auditor.

**Mr. St. John:** — Thank you. So chapter 22 of our 2020 report volume 2 starts on page 165 and reports the results of our audit of Saskatchewan Polytechnic's processes to carry out applied research.

We did this audit as Saskatchewan Polytechnic identified applied research as a key area of focus. It aims to have its applied research support Saskatchewan's productivity and economic prosperity, enable the organization to keep current with industry needs, and provide opportunities for students to enhance their learning experience.

Saskatchewan Polytechnic's office of applied research and innovation, at the time of our audit, had 20 faculty and almost 100 students involved in applied research activities over Saskatchewan Polytechnic's four campuses. The organization's applied research funding has grown from 642,000 in 2014-15 to 6.3 million in 2020-2021, with over half of the funding coming from external sources, including federal research funding agencies, industry partners, or a combination.

Effective applied research processes can assist research organizations with having their projects stand up to scrutiny, making suitable resources available, and appropriately monitoring project budgets and timelines. Such processes support making informed decisions, maintains the financial viability of research activities, and helps protect Saskatchewan Polytechnic's reputation with industry partners and funding agencies.

Overall we concluded Saskatchewan Polytechnic had effective processes to carry out research for the 12-month period ended January 31st, 2020, other than the areas addressed in our five recommendations. I will now focus on those five recommendations.

On page 170 we recommend Saskatchewan Polytechnic broaden the measures used to assess the success of its applied research beyond annual growth in research revenue. Saskatchewan Polytechnic established measures to evaluate the achievement of its applied research objectives, though the measures primarily focus on generating research revenues, including the number and dollar value of external applied research grants each year and the annual growth in applied research revenues.

Saskatchewan Polytechnic did not consider other measures of performance such as quality, for example, rate of satisfaction of organizations to whom Saskatchewan Polytechnic provides research. Use of measures other than those that focus on revenue generation can assist Saskatchewan Polytechnic in evaluating its processes to secure applied research projects and in providing its stakeholders with the best research products possible.

Measurement of the quality of applied research can reduce risk to an organization's reputation and improve its ability to generate applied research funding in the future.

The second recommendation can be found on page 174. We recommend that Saskatchewan Polytechnic confirm staff and students reaffirm their commitment to the code of conduct at least annually, as required by their policy.

Annually Saskatchewan Polytechnic sends a reminder to staff and students to electronically complete the requirement for reaffirming their commitment to the code of conduct policy. We tested 19 applied research projects and found four faculty and five students involved in these projects had not completed the acknowledgement within the last year, ranging from just over a year to 11 years ago. Annual acknowledgement of the code of conduct policy provides staff and students with reminders of acceptable business practices and the need to consider whether they have any new conflicts of interest to disclose.

Our next recommendation is on page 177. We recommend that Saskatchewan Polytechnic always document its assessment of the associated key risks of externally funded applied research projects prior to deciding to pursue the project. We found Saskatchewan Polytechnic used well-defined processes to evaluate risks and feasibility of potential projects financed through federal research funding or internal funding. Such projects typically required research to complete funding applications addressing this information. However processes to evaluate other types of externally funded potential projects were less formal.

For all four external projects not requiring the completion of an application we tested, Saskatchewan Polytechnic did not document its consideration of risks within the project files. For three of those four projects, Saskatchewan Polytechnic did not document an assessment of its ability to complete the projects, example, whether it had appropriate expertise to do the project.

Our discussions with the assigned research and staff from the research office found it had informally considered the risks associated with these projects. Not formally documenting the evaluation and consideration of risks of all potential externally funded applied research projects increases the risk informal evaluations are incomplete or do not occur. This could result in Saskatchewan Polytechnic undertaking projects that it cannot complete or is not well suited to complete, especially as it grows in this area.

As Saskatchewan Polytechnic's strategy is to grow its applied research activities, growth in research activities increases the risk of the research office not being able to maintain the same high level of involvement and to recall the basis of decisions about project viability and acceptance.

Recommendation 4 is on page 179. We recommend Saskatchewan Polytechnic establish guidance about requiring funding agreements with industry partners involved in applied research projects. We found research office staff used their judgment when determining the need for establishing a funding agreement with an industry partner. Such agreements would typically set out responsibilities of the parties involved, funding details, termination conditions, key deliverables, and associated

project deadlines. The research office had not specifically established when it required such agreements with industry partners.

For 5 of 10 externally funded research projects we tested involving both an external funding agency and an industry partner, Saskatchewan Polytechnic did not enter into a funding agreement with the industry partner. Not establishing funding agreements with industry partners increases the risk Saskatchewan Polytechnic not recovering verbally agreed-upon project funding if a partner were to terminate its involvement with a project. Such circumstances could jeopardize Saskatchewan Polytechnic's ability to complete the project and meet its deliverables to other stakeholders, such as federal granting agencies where industry partners match federal funding.

Our last recommendation can be found on page 180. We recommend Saskatchewan Polytechnic maintain an accurate and complete inventory of its applied research projects, project status, project dates, and ethics approvals. At the time of our audit, the research office had recently started using two spreadsheets to track and maintain an inventory of its external applied research projects: one for projects receiving funding from federal agencies and another for projects involving funding agreements with industry partners.

We reviewed the research office's project inventory spreadsheets and found that 9 of the 10 projects tested were appropriately included in the spreadsheet. One project was mistakenly included in both spreadsheets. However for 7 of the 10 projects tested, we found the spreadsheets did not include up-to-date information on the project status, project dates, or ethics approvals.

Improving its documentation of research projects will better position Saskatchewan Polytechnic to track and report on projects as it grows its applied research activities and has an increased number of projects.

Thank you. That concludes my comments.

**The Chair:** — Thank you for the presentation, for the work on this front. I'll turn it over to Ms. Schmitz to respond briefly, and then we'll have questions.

**Ms. Schmitz:** — And I'm going to turn it over to Dr. Malik.

**Mr. Malik:** — Good afternoon. Yeah, I'll be happy to speak to chapter 22 of the 2020 report volume 2. It addresses the processes around applied research at Saskatchewan Polytechnic.

The auditor concluded that Saskatchewan Polytechnic has effective processes to carry out applied research which you just heard about, with five recommendations for improvements. These recommendations include broadening measures used to assess success; annually confirming commitment to the code of conduct by students and staff; documenting key risks as a criterion for determining externally funded projects; establishing guidance regarding required funding agreements with industry partners; and maintaining an accurate and complete inventory of applied research projects.

I'm pleased to report that all five recommendations in chapter 22 have also been fully implemented. Happy to answer any

questions you might have.

**The Chair:** — Thanks for the report, thanks for the implementation. I'll open it up to committee members for questions. Ms. Young.

**Ms. A. Young:** — Thank you. First to begin I just had a question about a metric used on page 169, under section 4.1, where it notes that Sask Polytech established a revenue growth target of five per cent for '18-19, and then 41 per cent for '19-20, which feels like a fairly significant jump. And I'm wondering if you could expand on that.

[15:00]

**Mr. Rogers:** — The whole process for Sask Polytech, I mean, the referencing back to the numbers from 2014, is pretty much a reflection of the emphasis of the institution. That emphasis has continued, and actually this year was another record growth. So I believe this year we were well over 8 million in external and 11 million in combined. So it is a reflection of simply emphasis by the institution. We're pursuing a lot more grants. There are many more faculty who are involved. So the expectation is we're going to continue to see a significant level of growth.

**Ms. A. Young:** — Congratulations. And in those areas of growth, are the grants primarily federal? Are they coming from the province? Are they industry partnerships? Can you speak to the nature of the growth for Sask Poly?

**Mr. Rogers:** — Sure. The bulk of it is either federal granting agencies or industry. We are now seeing some provincial grant process through things like the Ag Development Fund, that kind of thing. But the emphasis primarily is federal, NSERC [Natural Sciences and Engineering Research Council of Canada], along with the industry-associated funding.

In terms of other funding, one of the other large ones has been National Research Council. So that's been the bulk of it along then with PrairiesCan [Prairies Economic Development Canada].

**Ms. A. Young:** — Cool. And one last question on this. Sorry, it's just the level of growth is remarkable and I think really should be celebrated. With the growth, particularly in regards to some of those federal opportunities, whether NSERC or the NRC [National Research Council] that you cited, are those — you'd be much more familiar than me — are those expansions of the existing programming or is it more a matter of Sask Poly is now more actively pursuing the opportunities that are there?

**Mr. Rogers:** — It would primarily be the active pursuit. As I said, we've got a lot more people doing this now, a lot more dedicated researchers who are undertaking projects. So most of the growth is simply we're pursuing it a lot harder than we ever had been prior to about 2016.

**Ms. A. Young:** — Remarkable. Makes these recommendations I suppose all the more timely.

**Mr. Rogers:** — It was very well timed. I think it was very helpful for us to have gone through.

**Ms. A. Young:** — Thanks. So moving on to the



recommendations themselves. The first recommendation which we noted is obviously implemented. Can you speak to the metrics that were selected for annual reporting? I note they include the annual research revenue, number of research projects, number of faculty and researchers engaged in applied research, and number of students who are employed as part of those ongoing projects. Why were those specifically chosen as metrics to report out on for the institution?

**Mr. Rogers:** — They were chosen to give a little bit more of a broad perspective in terms of the work we undertake. One of the primary focuses for us has always been students and so to reflect their involvement in the process. The number of projects and industry partners was to attempt to bring in sort of our interaction with industry as a whole.

We have started the process to survey on quality. There is some of that takes place through NSERC and NRC as well, but our finding so far is it's an extremely hit-and-miss proposition. Response rates are poor. The metrics, you know, we do have some. They're extremely positive at this point, but they're also a small set. So it's not something that we're at a point yet we can say, here's the customer satisfaction level. So that grouping was what we attempted to put together to show a little more broadly here's what we're doing year over year.

**Ms. A. Young:** — And pardon me, I think I missed it, the hit-and-miss portion of the feedback, is that from federal partners or is that from industry?

**Mr. Rogers:** — The NSERC basically has indicated to us they take kind of the first stab at doing surveying, so for any federally funded operation for a project. Even if we've got an industry partner they're the ones who are doing the initial assessment, and we get some degree of reporting from NSERC. It's not complete, but they do give us an indication as to what they've found overall. Their indication on hit and misses is very much what we've experienced as well.

The National Research Council does the same sort of thing with projects that we engage in through the IRAP [industrial research assistance program] program. They're the ones who will do the initial surveying. We've tried to avoid duplication for the most part. So we're a little at their mercy in terms of their response rate.

Anything not covered by those is what we've undertaken ourselves now to start targeting for responses. Most of that is industry oriented. We're not looking to any of the granting agencies, that kind of thing.

**Ms. A. Young:** — And for the committee, can you expand on the current state of what sounds like a bit of a nascent process but specifically for that feedback from industry partners?

**Mr. Rogers:** — Over the last year we have finally made arrangements with NSERC to receive at least a summary of what they have found. It's traditionally not something they have done and were actually a little concerned about letting loose. The National Research Council, again they're very early stage for their own surveying systems. Ours started over the last year basically. It's been this fiscal year that we've started to undertake our own. Response rate in general, I would say, is in the 20, 25

per cent range. So it's not significant at this point.

**Ms. A. Young:** — But the response rate in the opinion of officials wouldn't necessarily be indicative of dissatisfaction, just . . .

**Mr. Rogers:** — No. I mean at this point the approval rate that we were finding . . . You know, we were asking a number of questions — would you do another project, these kinds of things. And the response rate at this point, or the responses at this point are indicating a very high level of satisfaction, but again, quite low numbers.

**Ms. A. Young:** — One further question about research with industry partners. It's noted on page 173 of chapter 22 that Sask Poly has a template with standard wording for non-disclosure agreements with industry partners, and that these are signed kind of at the request of industry partners. Not knowing much about this, are NDAs [non-disclosure agreement] ever signed for projects that are funded with public money, or do NDAs exist for projects that are solely industry funded?

**Mr. Rogers:** — With pure public funding we have not generally been signing NDAs. The public reporting aspect is usually one that would make it questionable whether it's a worthwhile exercise. So at this point, yeah, our NDA process is pretty much oriented toward industry. We've actually become a little more proactive as well. We're actually suggesting them now to a number of companies, especially when we're dealing within technology items.

**Ms. A. Young:** — Protection of commercialized research.

**Mr. Rogers:** — Yeah.

**Ms. A. Young:** — On recommendation 4.5 and the confirmation of staff and students reaffirming commitments to the code of conduct at least annually, can you speak to, does Sask Poly as an organization have a regular review of their policies and processes that this would be a part of to ensure that this code of conduct is updated, you know, with a semi-regular frequency to ensure it remains current and relevant to the institution?

**Ms. Schmitz:** — Yes, we have a governance structure set up where policies have to be reviewed. If they're a board policy, they have to be reviewed . . . I believe it's every five years?

**A Member:** — Three.

**Ms. Schmitz:** — Three for the board and five for the non-board, so the operational policies. And so that's regularly reviewed. And as indicated that staff also sign off annually on the code of conduct and up to date on their policies. Yeah, and we have a person responsible for our governance and our policy piece. And so they're reviewed annually, you know, to ensure that we know which ones are coming up and that they get approved and reviewed.

**Ms. A. Young:** — And that code of conduct obviously would include like basic conflict-of-interest declaration for students and staff.

For the third recommendation focused on the documentation of assessments of associated key risks to externally funded applied

research projects, is it fair having read this to characterize this as a bit of a distinction between industry-funded projects and federally funded projects at the institution?

**Mr. Rogers:** — I would say it's probably more a reflection of size on the project. The larger projects are documented, but what we had was in small instances and sometimes down to a couple thousand dollars where we were simply invoicing. That has been clarified now so that we have a standard operating procedure setting the level at \$5,000 that we can consider simply going through the invoice route with supplementary documentation. Anything over that has to be a fully written and signed agreement.

**Ms. A. Young:** — And would that threshold include like real and in-kind, or is that . . .

**Mr. Rogers:** — That's cash, not the in-kind.

**Ms. A. Young:** — In the next recommendation — sorry, trying to go through these somewhat sequentially — it's identified by the auditor's report that not having funding agreements with industry partners could potentially increase the risk of Sask Poly not recovering verbally agreed-upon project funding were termination of the project to occur. Has an instance of this ever occurred at Sask Poly?

**Mr. Rogers:** — Not at this point. No. We've come close once but did recover the funds. It was actually through a Mitacs grant.

**Ms. A. Young:** — Oh, interesting. Oh, sorry. Pardon me. I missed one question, but perhaps it's kind of related to both the third and fifth recommendations as I believe both have the actions implemented, cited as the new applied research management database. Can you expand for the committee about the risk assessment that's contained as a part of that new database?

**Mr. Rogers:** — Sure. One of the mandatory fields within the database does reference the risk aspect. We've provided examples and require that they be indicated that there was consideration, and in the event there was something, then an explanation as to the further steps. Those are primarily oriented toward financial risk, reputational risk, but then as well capacity risk, making sure that we can actually do this.

And then if there's something outside of those, there's an "other" category to indicate here's some other things that were considered. That field is going to have to be filled out by the person initially putting the application into the database, and nothing goes forward without that process being completed.

**Ms. A. Young:** — And with this new ARMS [applied research management system] database, when was this system implemented?

**Mr. Rogers:** — We've been working on it for about two years now. We've gone fully to it as of July 1st of this year for our fiscal. We've been maintaining the Excel aspect up until now. We're actually going to run both for this fiscal year just to make sure we're catching everything. But that's the plan to go forward.

**Ms. A. Young:** — And is this — pardon me if I missed this — is

this a database that was developed in house or is this subcontracted out?

**Mr. Rogers:** — We're working with Red River College on something they had started to develop. And since then, over the last year and a half, two years, we've been pretty much putting it together with our in-house digital centre, DICE [Digital Integration Centre of Excellence]. They've got it developed to the point now where it's an ongoing thing for us.

**Ms. A. Young:** — And recognizing it's only been in place for I suppose not quite two months yet, the level of satisfaction thus far from those responsible for as well as utilizing the system?

[15:15]

**Mr. Rogers:** — So far it's good. We did beta test it for about six months in advance, worked through a number of hiccups through that process. So, so far, so good. We'll know a little better as well as we hit reporting periods for metrics and that kind of thing. That's one of the reasons for running both systems. We know that our capacity to address metrics out of the Excel system is very good, and that's something we still have to work through with the new database. We have no issues with it in relation to tracking, but it's how well we can manage to make it report to us the way we want it to.

**Ms. A. Young:** — And reading the recommendation from the auditor that Sask Poly maintain an accurate and complete inventory of its research projects, is the intent . . . or I suppose is the current state that this would be retroactive, include projects back a number of years, or this new database only going forward?

**Mr. Rogers:** — We're going to be putting everything in, and that's part of the process we're undergoing now is to bring in all of the prior ones. The initial emphasis was on current ones, but we are going to bring in the historical ones as well as best we can. To get back to the 2014 to '16 range, it gets a little sketchy.

**Ms. A. Young:** — Cool. No more questions from me. Thank you.

**The Chair:** — Good questions, too. Any further questions from committee members? Not seeing any right now. Thank you as well for all the work on this front and the fact that these five recommendations have been implemented. Thanks to all those that have been involved in the work.

I would welcome a motion to concur with the five recommendations and note compliance. Moved by Mr. Meyers. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. All right. That's all of our business with the polytechnic. Thank you so much to the leadership that's here today and thank you to everyone that's involved in the work. All the best to all the leadership team, the faculty, the students in the year ahead. Any final remarks? Ms. Schmitz.

**Ms. Schmitz:** — No, I'd just like to thank the committee today and also to the Provincial Auditor for all their help. These audits are very helpful and so we always, you know, the information is always very helpful to us. And so we just thank you for the work

that you've done on this as well.

**The Chair:** — Thanks so much. We'll have a very brief recess, and WDM [Western Development Museum] is up next.

[The committee recessed for a period of time.]

### Western Development Museum

**The Chair:** — Okay. We'll reconvene the Standing Committee on Public Accounts. We'll move along with a focus on the chapters related to the Western Development Museum. I want to welcome a couple of officials that are with us here today. The deputy minister of Parks, Culture and Sport, Ms. MacDougall. Thank you so much, Deputy Minister MacDougall, for joining us. And thank you as well to the chief executive officer of the Western Development Museum, Ms. Joan Kanigan, for joining us here today. And I would invite Ms. MacDougall to introduce the other officials with her here today, then we'll turn it over to the auditor, and then your subsequent response.

**Ms. MacDougall:** — Perfect. Thank you, and good afternoon. You should already know me, so that speeds that up. I'd like to introduce the other officials. Joan Kanigan came from Saskatoon today to be with us here, so thank you, Joan, for coming. And I understand right after this she's on vacation leave so . . . No hurry though. We can keep her as long as we want.

**Ms. Kanigan:** — Yes, I'm here as long as you want.

**Ms. MacDougall:** — And then behind me I have Dan French, the assistant deputy minister of the stewardship division with Parks, Culture and Sport; and Pam Herbert is our executive director of strategic and corporate services with Parks, Culture and Sport. And we're glad to be here today.

**The Chair:** — Thanks much. We're glad to have you here. I will now table as well PAC 71-29, Western Development Museum: Status update, dated September 6th, 2022. Thank you so much to the officials that were involved in putting this status update together for us. I'll turn it over to the auditor and her office to present on the chapters before us.

**Ms. Clemett:** — Thank you, Mr. Chair, Deputy Chair, committee members, and officials. With me today is Mr. Jason Shaw, deputy provincial auditor, and he will be doing the presentations. We will be doing the first two chapters together in one presentation. And there is no new recommendation. They are just a status update on two follow-ups we have done. And the second presentation does have one new recommendation for the committee's consideration.

Before I turn it over to Jason, I would like to say thank you to the ministry and the CEO of WDM for your co-operation that was extended to us during the course of our work. With that, I'll turn it over to Jason.

**Mr. Shaw:** — Hello. The Western Development Museum is responsible for collecting, preserving, restoring, and exhibiting objects of historical value and importance to Saskatchewan and their disposal under *The Western Development Museum Act*. Since its creation in 1949, the museum has collected and displayed artifacts of artistic, cultural, historical, or scientific

significance to the province.

Permanent removal of artifacts helps maintain the relevance of the collections while managing costs and storage space. In 2016 we audited and found the museum had effective processes to permanently remove historical artifacts from its collections, except for the eight recommendations made. Since 2016 we have completed two audits following up the museum's progress on implementing those eight recommendations.

In chapter 48 in our 2018 report volume 2, starting on page 313, we report the results of the museum's progress made to August 2018. The museum implemented four of the eight original audit recommendations. The museum's board of directors revised its delegation of authority to permit the chief executive officer to approve changes to operational policies. The museum updated curatorial staff job descriptions to clarify expectations for the identification of potential artifacts for deaccessioning and disposal. It used its database to run reports to analyze its collection to help decide which types of items to consider further for deaccessioning. Lastly, the museum appropriately approved the artifacts recommended for disposal of artifacts that were no longer significant to the museum's collection.

In chapter 45 in our 2020 report volume 2, starting on page 309, reports the results of the progress made on the four remaining recommendations in our second follow-up audit. By March 2020 the museum had implemented three of the four outstanding recommendations. The museum appropriately updated its operational collection management policies for disposing of collection items. For example, this updated policy provided staff with clear written guidance for when to obtain independent appraisals of artifacts identified for disposal. For the sample of 30 artifacts removed from its collection that we tested, we found the museum followed its processes in the updated policy, as expected.

Also we found the museum board received, at least quarterly, adequate information about the deaccessioning of artifacts to enable it to monitor deaccessioning activities. For example, the information included the types of artifacts and the reasons for removal from the collection. As of March 2020 the museum was still working to develop its collections development plan to guide staff in the systematic review of planned deaccession projects. For example, a project may include reviewing its entire car collection overall to determine if and which items should be removed from the collection. An unsystematic review process could lead to keeping duplicate or deteriorated artifacts in its collection and potentially increase storage costs of housing those artifacts that should be disposed of.

This concludes my presentation, and I will pause for the committee's consideration. Thank you.

**The Chair:** — Thank you for the focus of the work, the presentation. I'll turn it over to Ms. MacDougall.

**Ms. MacDougall:** — Yes, thank you. The WDM, or Western Development Museum, is under the authority of *The Western Development Museum Act* and is a corporate body with exhibit branches at North Battleford, Saskatoon, Moose Jaw, and Yorkton.

[15:30]

And in 2016 the Provincial Auditor identified and made eight recommendations to the Western Development Museum through the audit of its internal processes. Four of the eight recommendations from the Provincial Auditor's report have been addressed and implemented by the WDM, and today I'm happy to report the four outstanding recommendations from chapters 17, 45, and 48 of the report have been successfully addressed and implemented by the WDM.

We're open to any questions you may have.

**The Chair:** — Thank you so very much, and I'll open it up for questions. Ms. Young.

**Ms. A. Young:** — Thank you very much. I have a question on the collections development plan which is cited throughout some of the now implemented recommendations. And understanding, I hope, that this plan was put in place in . . . I think it was November 2020, now being not quite halfway through the implementation of this plan, I mean a framework for the care of your collections, how's that going?

**Ms. Kanigan:** — We've started working specifically with the car collection and a recommendation to deaccession, and I'll have to come back with the exact number of 1920s cars that we have deaccessioned. Our collection is over 75,000 objects that range everywhere from pins to locomotives, and includes a grain elevator. So it is a slow process to go and assess every single object in our collection.

We were actually very fortunate. We've just received funding through the Young Canada Works program to have an intern for a full year who will be working specifically in our furnishing collections to do that systematic review of the items that are in our collection. So it's going to take us a while to go through everything, but all of the objects that are being offered and donated to us are going through that collections process. And we use our database very closely to make sure that we don't have or we're not bringing in duplicates. And if they are, there's a really, really good reason for why we're doing that.

**Ms. A. Young:** — And the undertaking of that work that you cited with the diversity and sheer number of objects and artifacts that you have, that review that that student will be undertaking, is that across all of your locations, like the full collection?

**Ms. Kanigan:** — Actually, it'll just be the part of the collection that's not on display. Most of our collection that isn't on display is housed in our corporate office, which is a separate building located in Saskatoon. So that's where the bulk of the work will be done. Some of the assessments will be done on site in our locations, but right now we're going to be focusing on the corporate office because that's where the bulk of things that aren't worth putting on display are. So we'll have a much bigger bang for the time that we have to focus on the one location at this time.

**Ms. A. Young:** — Interesting. And as the museum undertakes a review of this obviously they're . . . I think you've mentioned a couple of goals in terms of ensuring there's not a duplication of artifacts, as well as tackling what I imagine is an incredibly

interesting storage facility.

Are there other secondary goals that are helping to guide this ongoing work? For example, is there a longer term goal — and forgive me having not read the collections development plan — of downsizing the collection to a certain size or perhaps, you know, limiting the storage space? I know cost is cited in the initial chapters as one of the risks associated with an out-of-date collections management procedure. Can you talk about some of those secondary goals that are part of this work?

**Ms. Kanigan:** — We don't have a specific number in terms of the objects that we want in our collection, but there are definitely gaps in our collection, particularly post-1940. We have very little in our collection that actually speaks to the post-1940s. We also have very little that speaks to the diversity of our province's, you know, ethnocultural communities.

So we're doing very targeted looking at what we want to acquire into our collection to ensure that we're actually representing all of Saskatchewan's diverse communities, with a particular focus on recent immigrants, you know, 1930s and on, and Indigenous communities because we have very little in our collection with that respect. So we're working very closely with First Nations communities to be able to increase our relevance in that way.

The biggest bulk of our storage really is the large automobiles and vehicles, and so that's where we'll actually, once we're starting . . . able to remove those from our collection. And it's a little bit like Tetris where you have to kind of pull one thing out, but to get it you have to move about 10 other things. So once we start moving some of the vehicles that have been deaccessioned out of the storage facility, that will actually free up a lot of space for more artifacts in our collection that represent things that we're missing.

**Ms. A. Young:** — And what does that outreach process look like as you look to expand and fill some of those self-identified gaps in the collection?

**Ms. Kanigan:** — A lot of our outreach right now is very community to community. So for example, we've been working very, very closely with Whitecap Dakota First Nation. We had found photos in our archives that we didn't know who the people were in the images from Pion-Era in the 1950s. And so we went out to the elders and we met with them and developed this wonderful partnership. And we will be opening an exhibit on October the 11th that was built in partnership with Whitecap Dakota First Nation.

And then in North Battleford we've been working very closely with Kanawayimik child services. And for the past two years, they've set up a tipi village in the North Battleford village and have offered tipi teachings to all of our guests and visitors as part of their outreach. So a lot of our work is very much community to community and just seeing how we can serve and how we can help create more representation within our facility.

**Ms. A. Young:** — Fascinating. Thank you. So kind of ongoing community development work as well?

**Ms. Kanigan:** — Yes.

**Ms. A. Young:** — That's interesting. I have no further questions.

**The Chair:** — Any further questions from committee members? Deputy Chair Hargrave and then over to Nerlien after that.

**Mr. Hargrave:** — Just a quick one. On some of the items, you said some of the larger items that are coming out now, you sell them through auction or through . . . Do you expect to get like fairly reasonable . . . you know, that's going to help you do other things? Like is it going to make some money there so you can spend more?

**Ms. Kanigan:** — There's actually a very strict process for museums around deaccessioning and the sale of artifacts. The ideal is to keep everything in the public domain, so we do offer to other museums first, particularly in Saskatchewan. If nobody accepts them then they do go to auction, and any money we receive from that process will then go back into improving the care of our existing collection.

**The Chair:** — Mr. Nerlien.

**Mr. Nerlien:** — Thank you. How do you identify or segregate what might be uniquely Saskatchewan artifacts? And I understand, I mean elevators are largely Western Canadian; vehicles aren't. Vehicles can be anywhere. So how do you identify and segregate uniquely Saskatchewan?

**Ms. Kanigan:** — It's actually a lot of research on the part of a very talented collections team. We look at the history of ownership, the stories that are surrounding those particular objects. And as part of our assessment process, we're actually accessing based on significance — historical, cultural — and so it's really the stories that we collect when something comes into our care. We do a lot of interviews with the donors so that we know what that significance is.

But you're correct. There's also a lot of things that are just in the collection because museums would — and this is just the nature of all museums — would just collect everything and anything. And so part of our deaccessioning process is to do the research to find out if there is anything uniquely Saskatchewan about a particular object before we determine whether it stays in the collection or not.

**The Chair:** — With respect to chapters 48 and 45, not seeing any further questions, I would welcome a motion to conclude consideration. Mr. Harrison moves. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. We'll turn our attention to chapter 17.

**Mr. Shaw:** — Thank you, Mr. Chair. Chapter 17 of our 2020 report volume 2, starting on page 101, reports the annual integrated audit of Western Development Museum for the year ended March 31st, 2020. The museum had effective rules and procedures to safeguard public resources, other than the need to follow its policy for the use of purchase orders. The museum's 2019-2020 financial statements were reliable and they complied with authorities governing its activities.

We made one new recommendation. On page 103, we recommended the museum consistently document the approval of purchase orders before it purchases goods or services. During our audit we identified seven purchases where the purchase order did not show that the appropriate authorization occurred prior to making the purchase. Approving purchase orders before making a purchase decreases the risk of staff making inappropriate or unauthorized purchases. Having clear documentation of such prior approval enables monitoring and demonstration of staff compliance with good purchasing practices and the museum's policy.

Then in chapter 14 of our 2021 report volume 2 on page 81 reports that during the year ended March 31st, 2021 management did improve its purchase order policy and also reviewed each purchase order during the year to verify purchase orders were properly approved. During our testing we did not identify any purchases in our sample where the employee made a purchase before obtaining an approved purchase order. Therefore we consider this recommendation implemented.

This concludes my presentation. Thank you.

**The Chair:** — Thank you for that presentation. I'll turn it over to Ms. MacDougall.

**Ms. MacDougall:** — Thank you, Mr. Chair. And I have nothing further to add, apart from my opening statements. So we're open for questions.

**The Chair:** — Perfect. We'll open it up for the questions. Deputy Chair Hargrave.

**Mr. Hargrave:** — Thank you. I see on your statement of revenues and expenses that, you know, you had a loss in '19-20 of 611 and another loss of 365. Is that consistent, or is that like . . . Is there a plan to sort of not lose money?

**Ms. Kanigan:** — When we're looking at the combined statements, we actually break our statements into our operational funds which we try very hard not to have any losses in. And we did not last year or the year . . . I'd have to double-check. I can't say for sure about the year before that.

We also have fund accounts, and these fund accounts are monies that we receive over the years that we set aside. And basically, like I say, these account for major projects that we can't complete in a normal fiscal year. So for example, this past year we had to replace two boilers at the WDM in Saskatoon for about 260,000, and we're replacing a section of the roof at our corporate office for 800,000. And those are funds that come out of our capital savings.

Because of the way generally accepted accounting principles work, the money that we receive is recorded in the year that it's received, but the money that is spent is recorded in the year that it's spent. So those funds always show a deficit, which kind of balances out that way in our books. But we focus very hard on having no operational deficit from year to year.

**Mr. Hargrave:** — Okay.

**The Chair:** — Mr. Goudy.

**Mr. Goudy:** — Sorry, just on the same chart there, your expenses, what's the support programs and services? What is that compared to the curatorial programs and visitor services? What's support services?

**Ms. Kanigan:** — That would be our administration, and it's the way they're classified in our audit. So it's our administration. It's our marketing, fundraising, curatorial service — well curatorial is separate — so it would be the additional programming, a lot of our program activities as well.

**The Chair:** — Ms. Young.

**Ms. A. Young:** — Thanks, Mr. Chair. Just a question for the auditor on the seven purchases identified where the purchase order didn't show the appropriate authorization had occurred. Were there any concerns with the purchases themselves? Or just the process?

**Mr. Shaw:** — I believe it was just the process.

**Ms. Clemett:** — Yeah, it was just the process in that you should really make sure that you've got that authorization before. But in terms of what was purchased — was that approved in terms of the payment? — that was fine. It's just a matter of almost like committing to something you shouldn't without those approvals before purchases are made. But there wasn't any questionable purchases made.

**The Chair:** — Any further questions? Not seeing any, thank you again for the work on this front. This is a new recommendation that's before us. So I would welcome a motion to concur with the recommendation and note compliance. By Deputy Chair Hargrave. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Okay. That's carried. I'd simply like to say thank you so very much to those officials that are here with us today, all those that are involved in this very important work, and thanks for the time, the answers, and implementing those recommendations. Would either Ms. Kanigan or Ms. MacDougall have any parting words you'd like to offer us?

**Ms. MacDougall:** — I would just like to say a few words. I'd really like to thank the Provincial Auditor's office for their diligence and recommendations, and then for the opportunity to speak to those recommendations here today. So thank you very much for that. It's always been helpful.

[15:45]

**The Chair:** — Well thank you so much. Have a wonderful day. We'll have a very brief recess and then we'll get at it with the Ministry of Government Relations. Two minutes.

[The committee recessed for a period of time.]

### Government Relations

**The Chair:** — Okay, we'll move along with our chapters that relate to the Ministry of Government Relations here today. I'd like to welcome all the officials that have joined us here today

and all those that'll have been connected to the work that we'll be discussing here today. I'd invite at this time Mr. Donais, acting deputy minister, to briefly introduce the officials that are with him here today. Maybe refrain from any further comments at that time. We'll kick it over to the auditor, and then you'll have a chance to respond.

**Mr. Donais:** — Thank you, Mr. Chair, and good afternoon to committee members. Just before I get into the introductions, I just want committee members to know that we, like many across this province, our thoughts and our minds are elsewhere in the province, you know, with regards to the events, the horrific events that happened this past weekend. And so that's really where our heads and our hearts are. But of course we are here before the committee, and we are prepared to answer as best we can the questions of the committee, you know, with regards to the Provincial Auditor's recommendations.

So in terms of introductions, I have with me today Sheldon Green who is the assistant deputy minister of municipal relations. I have Jeff Markewich, acting assistant deputy minister of central services and standards. And in behind me in no particular order — maybe they can just give a wave — is Brad Henry, executive director, northern municipal services; Jeff MacDonald, executive director, municipal infrastructure and finance; Rod Nasewich, executive director of policy and program services; Bonnie Chambers, executive director, advisory services and municipal relations; and my name is Laurier Donais, acting deputy minister of Government Relations, First Nations, Métis and Northern Affairs.

**The Chair:** — Thank you. And thank you for identifying where your hearts and minds are here today. I think that's where everyone's are. And certainly your officials connect to communities and people all across this province, so we appreciate that that's where your minds are at.

I'll table at this time PAC 72-29, Ministry of Government Relations: Status update, dated September 6th, 2022. And thank you to those that put together that status update as well. And now I'll turn it over to the Provincial Auditor to present on the respective chapters.

**Ms. Clemett:** — Thank you, Mr. Chair, Deputy Chair, committee members, and officials. With me today is Carolyn O'Quinn, the assistant provincial auditor who was previously responsible for the portfolio of work that did include the Ministry of Government Relations and the chapters being considered. Carolyn will present the three chapters on the agenda in the order they do appear. In between each chapter she will pause to allow for the committee's discussion and deliberation. There is no new recommendations for the committee's consideration. Before I turn it over I do want to thank ministry officials and management for the co-operation that was extended to us during the course of our work. With that, I'll turn it over to Carolyn.

**Ms. O'Quinn:** — Thank you, Tara. Chapter 15 of our 2021 report volume 1, which starts on page 189, provides the results of our follow-up audit on providing safe drinking water in northern settlements as of March of 2021.

So our first outstanding recommendation was for the Ministry of Government Relations to take prompt action to address problems

in providing safe drinking water to northern settlements. As at March 2021, the ministry began implementing strategies to resolve significant drinking water issues for the northern settlements of Uranium City and Brabant Lake, which have been outstanding since 2001 and 2018 respectively. The ministry was in the process of securing funding for upgrades to the Uranium City water treatment plant and was actively upgrading Brabant Lake's water treatment facility with further upgrades being planned.

It was also working with the First Nation responsible for the water system for Stanley Mission and the federal government on upgrading the water system to address issues with trihalomethane levels. This recommendation remained partially implemented at March 2021. Taking corrective action to resolve drinking water issues timely is essential to ensure the safety of drinking water being consumed by residents.

Our second recommendation was for the Ministry of Government Relations to test drinking water samples and document the results as required by its water system permits issued by the Water Security Agency. We found the Ministry of Government Relations did not consistently test and document the results of testing of drinking water samples as required by its permits.

For 304 drinking water tests we examined, we did find that all daily, bi-monthly, monthly, and bi-annual water quality tests were completed, but 5 per cent of weekly and 14 per cent of quarterly tests were not all completed in accordance with the related permit. This recommendation remained partially implemented. Completing drinking water tests as required by permits is essential to ensuring the safety of drinking water being consumed by northern residents.

So our third and fourth recommendations were for the Ministry of Government Relations to consistently carry out all required maintenance for its water systems and to document its monthly supervision of maintenance carried out on its water systems to evidence that all required maintenance was occurring. We found the ministry did not consistently complete maintenance nor document its completion of the monitoring of maintenance carried out on each of its water systems. These two recommendations remained partially implemented. Not having consistent and timely maintenance increases the risk of providing unsafe drinking water to northern residents.

This concludes our remarks on this chapter.

**The Chair:** — Thank you for the focus of the report and the consistency in following up to see this through to implementation. I turn it over to the deputy minister for brief remarks and then we'll have some questions.

**Mr. Donais:** — Sure. Thank you, Mr. Chair. So as the Provincial Auditor indicated, this chapter sets out the results of the third follow-up of management's actions on the four remaining recommendations from the 2012 report, the audit of the ministry's processes to provide safe drinking water to northern settlements. The Provincial Auditor found that the ministry had partially implemented four of the remaining recommendations, and the ministry notes that it has made progress on those four remaining recommendations as follows.

So no. 1, taking prompt action to address problems in providing safe drinking water to northern settlements. Just want to update the committee on corrective action that has taken place. So in February 2022 the ministry completed an infrastructure improvement project for Stanley Mission. The ministry is delivering an infrastructure improvement project for Brabant Lake, which is to be completed by December of this year. And in Uranium City a consultant is performing a treatment upgrade feasibility study to identify water treatment options, and the ministry is installing treated water meters to sort of monitor the flow into and out of that system to quantify the current system's capacity.

No. 2, the testing of drinking water samples and documenting the results as required by water system permits issued by the Water Security Agency. In areas where the municipality operates water systems, the ministry continues to work with municipalities to ensure drinking water samples are tested and documented as required by the operating permit.

To ensure the accuracy and reliability of test results, the ministry is improving the packaging of water quality tests to prevent them from being damaged during transport, and the ministry is establishing water testing procedures for water treatment plant operators to follow to improve the accuracy and reliability of water quality test results.

The third recommendation: consistently carry out all required maintenance for its water systems. The ministry is establishing requirements for water treatment plant operators to follow to ensure scheduled maintenance is carried out and correctly documented. To improve the day-to-day maintenance of water treatment systems, the ministry is exploring options to increase the technical capacity of water treatment plant operators. And the ministry is reviewing the terms of the circuit rider program, which is a training program to ensure that deliverables align with the Provincial Auditor's recommendations.

And finally the fourth recommendation: document its monthly supervision of maintenance carried out on its water systems to evidence that all required maintenance is occurring. The process improvements for maintenance and reporting requirements have ensured that maintenance issues are being performed and documented as per the ministry's expectations. The ministry has built capacity to manage its water systems, to manage maintenance requirements, and to facilitate their time to completion more effectively. The ministry now considers this recommendation to be implemented.

And that concludes our remarks on this chapter, and we're pleased to answer any questions.

**The Chair:** — Thanks for the presentation and the work, importantly on this front, to see these through to implementation. I'll open it up to committee members for questions. Ms. Young.

**Ms. A. Young:** — Thank you, Mr. Chair, and thank you, officials, for all being here today to present on the important work of this chapter and the two subsequent chapters. Understanding this is a follow-up, I do have just a couple questions in regards to some of the metrics shared in the introductory comments, just to get an understanding of the current state of affairs.

[16:00]

Specific to the Ministry of Government Relations, how many individuals would there be working specifically on this file?

**Mr. Donais:** — We'll just get that answer from one of our officials here.

**Mr. Green:** — Good afternoon. Sheldon Green, assistant deputy minister, municipal relations division. Thank you for the question. We'd have about six people out of our La Ronge office that have varying components of among multiple of their duties but to assist in supporting that this work gets done across the settlements and the five water systems that the ministry is responsible for as well as two that are managed in partnership with First Nations. And then on the ground in those individual communities, there are occasional contract people that will help do both the water treatment plant operations technical work and water testing.

**Ms. A. Young:** — Thank you. And then one last verification question, and this may be for officials, this may be for the auditor's office. Noting in the introduction the settlements and the number of dwellings served, but also noting that there's an exclusion of some northern settlements from the scope of this audit. Does anyone know how many are excluded? And if I'm right in reading that, those that are excluded are excluded because they don't have water systems at all?

**Ms. Clemett:** — Correct. Like so we didn't . . . Yeah, if they almost didn't have a public like drinking water distribution type water treatment plant, that wasn't in, right. So it'd be no different than like a farm, right, having their own well concept. Yeah.

**Ms. A. Young:** — Right, for sure. And do you have a sense of how many dwellings would . . . What percentage of people or dwellings are we talking about included in this versus . . .

**Ms. Clemett:** — Population-wise?

**Ms. A. Young:** — Yeah.

**Ms. Clemett:** — I don't.

**Ms. A. Young:** — That's okay. Thanks. Moving on to the recommendations themselves. And thank you so much for the timely update on the state of these. Perhaps looking at some of the work specific to Uranium City, Stanley Mission, and forgive my southern pronunciation, is it Brabant Lake?

**Mr. Donais:** — Brabant.

**Ms. A. Young:** — Brabant. Thank you so much. With the funding listed in the introduction for those projects, I believe it noted in March 2021 the ministry was in the process of securing \$1.7 million in funding for upgrades to Uranium City. Obviously that funding was secured?

**Mr. Donais:** — That's correct. Actually, no. That funding is not secured. That's sort of preliminary estimates.

**Ms. A. Young:** — And is that provincial funding? Federal? What's the nature of that funding source? Or was the nature, I

suppose.

**Mr. Donais:** — Yeah, that number is actually total project funding. So you know, contributions from the federal government, provincial government, and municipal.

**Ms. A. Young:** — Okay. And then the 1.5 associated with Brabant Lake? It's noted as an estimate in the introductory notes, but I see in the actions that contract was awarded and construction is under way.

**Mr. Donais:** — Yeah, actually the most recent estimates on that is 1.65 million funding.

**Ms. A. Young:** — And would that also be a combination of provincial, federal?

**Mr. Donais:** — It will. Yes.

**Ms. A. Young:** — Okay. And I suppose same question for Stanley Mission. There is, I believe, again in the introductory paragraphs it notes the ministry is providing approximately \$1.1 million of funding for this, but the cost estimates are a total of just shy of \$14 million.

**Mr. Donais:** — Yeah. I'll just have Brad respond.

**Mr. Henry:** — For the Stanley Mission project, this project is primarily being performed by Stanley Mission on behalf of Lac La Ronge Indian Band. And so \$13.6 million of that funding is coming through Indigenous Services Canada from the federal government. The municipality of Stanley Mission is funding 43,000 of that amount, and 433,000 is funded through the NMTA [Northern Municipal Trust Account].

**Ms. A. Young:** — Thank you. And remaining on recommendation 3.1, can you speak to the timelines for implementation provided in the update? I suppose for the first section related to Uranium City, which I note — I'm relatively new to this committee — has been under a precautionary drinking water advisory for 21 years, which seems significant.

With December 2023 as a timeline for implementation, is that December 2023 date a resolution of the issue for the drinking water advisory, or is the December 2023 date listed the end date for the actions listed under planned implementation?

**Mr. Henry:** — That is the timeline within which we expect the actions taken to be completed. If there's infrastructure work, that can sometimes take multiple years to complete, so it depends on what the option is that comes forward out of that work.

**Ms. A. Young:** — Is there any estimated timeline then for the full resolution of the issues in Uranium City?

**Mr. Henry:** — We wouldn't really be able to speculate until that feasibility study is complete, we've consulted with the community, and come to an agreement on what the path forward is.

**Ms. A. Young:** — Okay, but that feasibility report will be completed December 2023?



**Mr. Henry:** — That's correct.

**Ms. A. Young:** — Okay. And then this report comes back to the committee at some point in the future? Okay.

**Ms. Clemett:** — Yes.

**Ms. A. Young:** — Then I suppose I have the same question for the other two communities. Are the timelines for implementation listed for the remediation of the issue or specifically for the actions for implementation? Like for Brabant Lake, is construction expected to be completed December 2022?

**Mr. Henry:** — That's correct. For Brabant Lake, that project is expected to be completed construction by December 2022, and for that community would completely address the recommendation. With Stanley Mission, that work was completed in February 2022, and so we feel it has completely addressed that recommendation.

**Ms. A. Young:** — Okay, great. And then with Stanley Mission, forgive my attempted pronunciation, the challenges with trihalomethane are considered resolved?

**Mr. Henry:** — That's right. Testing since the project has been complete has shown that trihalomethanes are within allowable limits.

**Ms. A. Young:** — Great, thank you. And circling back to Uranium City, which I noted that E. coli was detected in the water. When was this first detected and does it remain an ongoing challenge?

**Mr. Henry:** — It definitely remains an ongoing challenge. I don't have a date on the top of my head for when it was first present, became present in the system, but it is definitely an ongoing challenge. We chlorinate and test regularly in order to manage that risk.

**Ms. A. Young:** — Thank you very much. Moving on to recommendation 3.2, understanding perhaps . . . I'm thinking I understand perhaps from the report as well as some of the actions and responses given by the ministry that there is a variety of challenges that impact testing in terms of regularity and completion. But it does appear that testing is being missed on occasion both at the ministry level as well as at the independently operated facilities.

So I suppose my question is, if then the Ministry of Government Relations is, through missing some of these testings, essentially in contravention of the WSA [Water Security Agency] permits, like what's the good solve here? In the opinion of the officials present, do the permits need to be re-evaluated, or are the permits actually fine and it's just ongoing attempts at more consistent testing that will eventually ameliorate this challenge?

**Mr. Henry:** — We certainly don't contest the permit requirements or anything like that. They're there for a reason and the Water Security Agency puts them in place to make sure that the drinking water available for residents is safe. And we definitely support that.

There certainly are situations where occasionally an operator

may fail to submit a test, but there's lots of occasions where tests are submitted and they don't get to the testing facility in a timely manner or they get to the testing facility and they're either frozen or damaged due to transport. And it's those sorts of issues we feel that we can make some change to. So that's what we're working on right now, improving packaging to make sure that, you know, when it's in an airplane it doesn't freeze while it's in cargo, those kind of fixes; more secure packaging so they don't break — that kind of stuff.

We're also working with our operators to make sure that they understand the necessity of this testing and making sure that our oversight is sufficient to ensure that we know that when these tests aren't being submitted.

**Ms. A. Young:** — Thank you. I note on page 195 of chapter 15 in footnote 18, it speaks about the infrastructure management consulting company that the ministry utilizes to help clarify its maintenance expectations and work with operators of ministry-owned and -operated water systems in regards to things like maintenance logs and documenting maintenance.

Recognizing obviously some of the challenges that you've outlined in regards to remoteness and transit of samples and the challenges therein, but also 2003 is a significant duration for an ongoing relationship with one organization. Does that relationship remain positive, and is it the opinion of officials that this is still providing good value on this file?

**Mr. Henry:** — Absolutely. We do follow standard public procurement processes for establishing our contractual relationship with that provider. So every five years we do go through a public procurement process to acquire that resource, and it's been that company over that period of time. We're definitely happy with them and the work that they're providing. We definitely, absolutely rely on their technical expertise to see the successes that we have.

But we do feel that the terms of the agreement could be reconsidered or at least just to make sure that they meet the needs of all parties. And so we are planning to sit down in the near future with the executives of that organization to make sure that we're all on the same page with what we need out of this agreement.

**Ms. A. Young:** — Perfect. Thank you. And is that just part of a regular review of processes and contractual obligations?

**Mr. Henry:** — That's right.

**Ms. A. Young:** — Thank you. Also, in recommendation 3.3, "We recommended the Ministry of Government Relations consistently carry out all required maintenance for its water systems." I note in planned actions for implementation, the second one, that the ministry is exploring resourcing opportunities that would provide consistent and technical depth to the day-to-day oversight of system operations. I'm wondering if officials could expand on what that means in the outcomes anticipated with the timeline for implementation being just a couple months from now.

**Mr. Henry:** — Sure. So you know, what we're doing is really extending what we said and the actions we've taken since the

Provincial Auditor's report, that we're seeking to enter into regional operator agreements where we can and expand that so that there's additional oversight over these facilities and these operations. That's primarily what that item is speaking to, and we're expecting to have that completed by December 2022.

[16:15]

**Ms. A. Young:** — Thank you. And then for the last recommendation in 3.3, where it notes this recommendation is now considered implemented and the ministry has internally established a single point of contact to ensure water and sewer systems-related issues are handled consistently and effectively, when was this point of contact implemented?

**Mr. Henry:** — That point of contact would have been implemented over the last couple of months.

**Ms. A. Young:** — Okay. So quite recently, then.

**Mr. Henry:** — That's right.

**Ms. A. Young:** — And is that point of contact, is that one of the individuals who would be based out of La Ronge?

**Mr. Henry:** — That's correct.

**Ms. A. Young:** — I believe it's noted somewhere in here that the staff turnover has contributed to some challenges, outlined in chapter 15. So on a go-forward basis can the ministry offer some comment on how staff turnover will be managed, recognizing a single point of contact is quite new, but going forward what the plan is?

**Mr. Henry:** — Sure. Ultimately that's going to be a key piece to the strategy that we're implementing in order to manage this recommendation. But ultimately what we're establishing is, like previously we had a model where the responsibilities were distributed across a larger number of staff, which meant that staff turnover had a more significant effect. What we're building right now is a model where we've got more centralized expertise internally, and then that way, you know, resources who depart and come don't have as much of an impact.

The other thing with those single points of contact we're doing though is making sure that they're documenting all of their work and all of their processes so that it's easier to transition if that person ends up moving on.

**Ms. A. Young:** — And so is that single point of contact then also the responsible party for ensuring completion in the record keeping for some of the ministry-owned water systems?

**Mr. Henry:** — That's correct. Absolutely. And making sure that we're getting the logs we're expecting as well.

**The Chair:** — Good questions, super-important work. I'm glad to see some, you know, timelines that are nearing to have some certainty for these communities. And just to put in perspective, of course there's a whole bunch of other communities that have water delivered through SaskWater, and of course the Water Security Agency is the regulator for all these systems. So what's canvassed here are simply the systems that the ministry has direct

responsibility for.

But thank you for the work on this front. It's important on all those other fronts. I guess I would just mention as well that all those other communities as well, they need and deserve, you know, integrity in the water system and confidence in the water that they're receiving.

Any other questions? Not seeing any, at this point I would welcome a motion to conclude consideration of this chapter. Mr. Lemaigre. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. And I'll turn it over to the auditor to turn our attention to chapter 16.

**Ms. O'Quinn:** — Thank you. Chapter 16 of our 2021 report volume 1, which starts on page 199, reports the results of our follow-up audit on recommending infrastructure projects for federal-provincial funding as of October 2020.

Our first outstanding recommendation was for the Ministry of Government Relations to make publicly available the factors it uses to determine which eligible projects to recommend for federal-provincial infrastructure funding. We found the ministry included the factors used in recommending projects for federal-provincial funding on its website. As a result we consider this recommendation implemented.

Our second recommendation was for the Ministry of Government Relations to require an independent review of project rating scores used to select projects to recommend for federal-provincial infrastructure funding. We tested 47 projects and found the ministry required independent review of project ratings before it recommended them for funding. As a result we consider this recommendation implemented.

Our third recommendation was for the Ministry of Government Relations to consistently document rationale for key decisions made when recommending infrastructure projects for federal-provincial funding. Our testing of 47 projects found the ministry sufficiently documented rationale for selecting the recommended projects. As a result we consider this recommendation implemented.

Our fourth recommendation was for the Ministry of Government Relations to determine a written strategy for notifying, within a reasonable time frame, applicants who are unsuccessful in obtaining funding under federal-provincial infrastructure programs. For ineligible projects, we found the ministry had a written process in place to inform the applicant that their project was not eligible under program guidelines, and for the five ineligible projects we tested, the ministry communicated with the applicants as we expected.

So for unsuccessful projects, so those are projects that would have been eligible but were not selected, the ministry had an informal or undocumented strategy to inform applicants their projects were not successful. For the 33 unsuccessful projects we tested, we found the ministry informed those applicants timely via email. As a result we consider the intent of this recommendation to be implemented.

In this chapter we also identified another matter related to the use of a different approval process for certain projects that was not made public. During our testing we found cabinet approved 25 projects using a different process than the government had communicated to the public in a news release and that the Ministry of Government Relations communicated to the public in its Investing in Canada Infrastructure Program program guide.

We found cabinet approved these projects prior to the ministry completing their detailed assessment and ranking of the projects. The ministry did complete a high-level assessment of these projects determining whether the project was eligible for funding prior to cabinet's approval and the submission of those projects for the federal government's review and approval.

The government did not publicly communicate its plans or use of a different process to select these projects when it announced the approval of these projects. These 25 projects represented a total of 185.5 million in grant funding which was approximately 30 per cent of the total grant funding approved for the Investing in Canada Infrastructure Program as of October 2020. Clearly communicating changes to the process used to evaluate and approve projects for funding can help the government demonstrate transparency and that it treated all project applications fairly and equitably.

This concludes our remarks on this chapter.

**The Chair:** — Thanks so much for the report and the focus of the work. I'll turn it over to Government Relations for a brief response. I guess first off though, you know, you come before us and you're dealing with recommendations from a few years back. It's wonderful to see implementation across the board here on this front. So wanting to give credit where it's due. Thanks to all those that have been involved in that work. I'll turn it over for a brief comment, and then we'll see if there's questions.

**Mr. Donais:** — Thank you, Mr. Chair. And certainly those accomplishments are a result of the folks behind me here and the folks behind them. So, yeah, just real quickly regarding the audit of the ministry's processes to recommend infrastructure projects for federal-provincial funding, as the Provincial Auditor did note, as of October 2020 the ministry had implemented those four outstanding recommendations.

We do note the Provincial Auditor's observation on the other matter and that more communication could have benefited applicants during the 2019 expression of interest process. And we will consider this if another expression of interest is pursued.

And that concludes my remarks.

**The Chair:** — Thanks so much. Any questions from folks on this chapter? Ms. Young.

**Ms. A. Young:** — Thanks. This is the first time this chapter has come back before the committee?

**The Chair:** — These have all been considered in 2018 when they first came. This is the follow-up, and then we have the report of the implementation.

**Ms. A. Young:** — Right.

**The Chair:** — So these are outstanding ones with follow-up.

**Ms. A. Young:** — Right. And the other matter in section 4.0 has come before the committee before?

**The Chair:** — No, that one has not.

**Ms. A. Young:** — Okay. So we'll echo the Chair's comments in terms of the good work that was done in the implementation of them. But also for transparency and accountability, I will be asking just a few questions about the other matter then in section 4.0. Recognizing also that you're all here in your capacity as public servants and officials with the Government of Saskatchewan, some of these questions are about cabinet processes. Recognizing that, I think I'll just proceed.

I'm wondering of the 25 projects that were approved, is there a list available or . . . Is this list of the 25 publicly available?

**Mr. Donais:** — Those projects, I believe one of them was withdrawn and the remaining 24 have been made public or announced publicly already.

**Ms. A. Young:** — As part of the full slate of projects that were approved or would the, I suppose then, 24 that progressed, would those be indicated anywhere differently?

**Mr. Donais:** — Yeah, actually . . . So there isn't a complete list of the 24, but they would be included in various, you know, news releases or backgrounds, you know, as they were rolled out and announced.

**Ms. A. Young:** — But so for the committee or members of the public who are interested in finding out, you know, why these 24 were prioritized, there would be no ability for anyone to establish which projects those were.

**Mr. Donais:** — Yeah, that wouldn't be something that would be on a . . .

**The Chair:** — I guess we'd request if you don't have that here today, I guess . . . And maybe just enlighten me why that wouldn't be able to be provided to the committee. Would it be possible, I suspect, in the coming days to just provide the 24 projects, the amount, the project, to this committee?

**Mr. Donais:** — To the committee. Yeah, certainly we can provide that list.

**The Chair:** — Thanks. To table that properly, it just comes to the Clerk and then they table it and it's part of the committee's processes. Thank you very much.

**Ms. A. Young:** — Thank you. With this different approval process not made public, were there only the 25 that were brought forward to cabinet, or was it a larger group of which then the 24, I suppose, were approved?

**Mr. Donais:** — I'll get Jeff MacDonald, our executive director of our municipal infrastructure, finance branch to provide some comments.

**Mr. MacDonald:** — Thank you. Thanks for the question. The

expression of interest resulted in over 1,400 interested applications, which was essentially names on a list, projects, some basic description. And so that entire list would have been provided and ultimately the 25 were selected.

**Ms. A. Young:** — So then were . . . Forgive me, Mr. MacDonald. Were the 1,400 brought to cabinet, or was it just the 25 of which one was later withdrawn?

**Mr. MacDonald:** — That's a good question, but I wasn't there at the time so I'm just . . . Various lists would have been provided, but I'd have to confirm ultimately whether or not all 1,400 would have gone to cabinet. There was some, as the auditor noted, high-level analysis that was done to deem some ineligible, as an example, or if the projects weren't going to meet construction timelines as an example. So there likely would have been a reduced list provided, but we'd have to confirm.

**Ms. A. Young:** — Is that something that could be done for the committee? Basically what I'm trying to establish is how many projects were specifically brought to cabinet for approval under a different process as opposed to . . . you know, essentially how many out of the 1,400.

**Mr. MacDonald:** — Yeah, I think that's something that we could confirm.

**Mr. Donais:** — Yeah. Yeah, we'll certainly look into that.

**Ms. A. Young:** — Thank you. And of then the 25 that were brought, or the 24 that went forward — I'm not sure which number I should be using so I'll use them both — did all of them receive federal government approval?

**Mr. MacDonald:** — So 24 of the 25 did and have been officially announced under the program. There was one of the projects that was submitted to the federal government but was deemed ineligible by the federal government, which is why it was ultimately withdrawn from the program.

**Ms. A. Young:** — Okay, so of the 25 of which we currently know were brought to cabinet for approval under a different process, the committee can be confident that they would have otherwise been successful through the regular funding process.

**Mr. MacDonald:** — Yeah, all but the one that was deemed ineligible by Canada ultimately, because they're the partner and they have final approval authority. So it was submitted and then sent back as ineligible.

**Ms. A. Young:** — Are you able to speak to the reason it was deemed ineligible?

[16:30]

**Mr. MacDonald:** — In this case it was a landfill project with a management authority where the eligibility of the authority itself was questioned. And it had to do with ultimate ownership, and so it created an ineligibility component.

**Ms. A. Young:** — Thank you. Has this different approval process been used previously or since?

**Mr. MacDonald:** — No, this is the first time the ministry had ever operated an expression of interest, and subsequent intakes under the Investing in Canada Infrastructure Program have held formal intakes and gone through the process that the auditor had reviewed.

**Ms. A. Young:** — So there's different processes. This is very much the exception then. And to your knowledge then, is this a new process that with the two tiers of processes, the main expression of interest and evaluation and then the cabinet approval, will there be two processes going forward, or is this a one-time occurrence?

**Mr. MacDonald:** — It was one time in the sense that the expression of interest was implemented when Investing in Canada Infrastructure Program was announced in 2018 because it was going to be a 10-year program and 10-year relationship with the federal government. So the province determined that it would be good for us to get a sense of the demand, if you will, that was out there in communities, what types of projects were communities themselves prioritizing. There's a broad sweep of eligibility across the program as a whole. And so it was an opportunity to frankly become informed as we look to plan future intakes into the future. So the sense was to try and get a sense of that demand, where that priority might be, and help us to navigate future intakes.

So it was new because of a new program opportunity, whereas in the past some of our programs had very tight construction timelines. As an example, Clean Water and Wastewater Fund came in. You had to do an intake and projects had to be construction completed in two years. This gave us a much bigger time frame. And so that expression of interest was new. Whether or not it would be used again, I think I would say it depends on the nature of the programs that would come from the federal government and how long they might be or what that might look like.

**Ms. A. Young:** — And forgive me, you're speaking to the regular, broader process, not the 25 projects going to cabinet?

**Mr. MacDonald:** — Yeah, the 25 projects were a result of the expression of interest, so they were included within that piece. I guess the distinction between even the name, right — expression of interest — and then ultimately specific intake. So as an example, since the expression of interest, we've run specific intakes under the green stream, under the community culture and recreation where it narrows down the types of applications that can be made.

**Ms. A. Young:** — So for those other streams that you've listed then, to go back to my previous question: do those follow . . . I guess what I'm struggling to call, like, a regular process of expression of interest? Or are there also . . . Have projects been approved by cabinet outside of the regular process?

**Mr. MacDonald:** — To borrow your words, I would say that projects approved out of the subsequent intakes have been the process that was reviewed by the auditor and verified that our outstanding components had been implemented. And so all have since used that process.

**Ms. A. Young:** — So then to circle back to my initial question

then, this other matter, the different approval process not made public was thus far very much a one-time application of a process?

**The Chair:** — Deputy Chair Hargrave.

**Mr. Hargrave:** — It seems to me that all of the projects would have gone forward to cabinet, not just the 25; that all the projects would be reviewed by cabinet and be approved, would it not?

**Mr. MacDonald:** — Yeah, that's a piece we'll have to verify. I mean the results of the expression of interest were shared, but ultimately what . . . As I said, because some of that due diligence was done, that that project may have . . . the list may have been weaned down, if you will, just based on eligibility as an example.

**Mr. Hargrave:** — Well yes. It wouldn't have been all 1,400 but it would have been . . . Because out of 1,400, there would have been a number of them — a third of them probably or 25 per cent anyway — that were deemed, very quickly, ineligible by your department and then weaned down to probably 100 projects for consideration, would it not? That's probably one of the areas if when you get back on the other if you could determine for us, because it seems to me that that would be the protocol.

**The Chair:** — I think there was an undertaking to provide that information. I heard another, a good question again on that front. So as an additional piece to supply through the Clerk, you are confident that you can provide that information as well, correct?

**Mr. Donais:** — Yes, we'll certainly look at that and determine, you know, how we can present that information. Because like I said, there is no list, I guess, of the 1,400 or 25, if you will, or 24, that exists publicly. And so we'll have to go back and see what we can put together.

**The Chair:** — I think that's maybe part of the problem. And maybe I'm missing something here, so I would suspect you'll have that information . . .

**Mr. Donais:** — Yes. Yes.

**The Chair:** — And then if we can . . . Now at this stage of accountability there was a process that wasn't followed. If that information can now be provided to this committee, that's our role, and when processes aren't followed that's when we get engaged. So we'd appreciate that information, and it will provide some clarity I think.

**Mr. Donais:** — Yeah. We'll certainly endeavour to do that.

**Ms. A. Young:** — Thank you. Perhaps just one last question on that. In regards to the 24 projects that were ultimately successful through the different approval process, for the officials present, are these projects that you're able to say with confidence would have been amongst those on the list whittled down had they gone through the traditional process? These are 24 projects that would have been otherwise, I assume, recommended by the ministry for approval?

**Mr. MacDonald:** — Two parts to me. When we're reviewing projects, eligibility becomes the first screen, so making sure that it's eligible under the program. So that's often a way to decipher,

right. And then the prioritization in terms of the scoring and comparison that we do across projects. My team and I, we endeavour to give a sense of comparison but really all projects are good projects, and we say that to communities, right. They're the number one priority for a community. That's why they submitted it as a project.

And so ultimately these projects were deemed eligible. And in the sense of the priority, they would have gone through a prioritization exercise. They would have and could have if you will. So my simple answer would be yes, I think I'd have no concerns in terms of them being considered as part of this funding program. Where they would have ended up on the priority list is due to a bunch of factors.

**Ms. A. Young:** — That's kind of to the nature of my question is — you know, especially hearing what you've said about all of the needs of communities in the province and that all projects are good projects — the accountability piece around ensuring whether these 24 projects were ultimately the best 24 that would have met all of the criteria had they gone through the mainstream process and they didn't, you know, bump potentially 24 other very good projects from other communities off the list.

**The Chair:** — Any further questions? Good exchange. Thanks for the undertakings to get that information back to us in a timely way through the Clerk's office that will be tabled. And not seeing any other questions, I would welcome a motion to conclude consideration of chapter 16. Moved by Mr. Harrison. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. Then we'll move along to the final direct chapter for Government Relations, and I'll turn it over to the auditor.

**Ms. O'Quinn:** — Thank you. Chapter 25 of our 2021 report volume 2, starting on page 191, reports the results of our follow-up audit on proposing education property tax mill rates as of July of 2021. Our first outstanding recommendation was for the Ministry of Government Relations to document its rationale for decisions made on which education property tax mill rates to propose.

The Ministry of Government Relations clearly documented its rationale for selecting education property tax mill rate options proposed to treasury board, including why the ministry chose to propose the options it did and pros and cons of each proposed option. We also found the ministry held regular discussions internally and with senior staff at the Ministry of Finance related to why it chose certain options over other potential options. As a result we consider this recommendation to be implemented.

Our second recommendation was for the Ministry of Government Relations to include the impact of potential changes and key assumptions — property growth rates — and more information on economic and social impacts when proposing education property tax mill rate options to decision makers.

We found the ministry provided appropriate information on economic and social impacts when proposing education property tax mill rate options to decision makers. It included discussion of the general impact of certain proposed options on municipalities,

some of the economic impacts of the proposed options, and some information about proposed options, social impacts in its education property tax 2021 mill rate options paper. As a result we consider this recommendation to be implemented.

That concludes our remarks on this chapter.

**The Chair:** — Thanks so much for the presentation. This committee has concurred with these recommendations and considered them in 2018. I appreciate the implementation on this front. Are there brief comments before we see if there's any questions?

**Mr. Donais:** — Yeah, just quickly. The Provincial Auditor, as you heard, found that in July 2021, the ministry implemented those two outstanding recommendations, and our EPT [education property tax] mill rate process manual and EPT mill rate options paper were revised to address those. So I'll leave my remarks at that.

**The Chair:** — Thanks so much. Any questions from committee members? Ms. Young.

**Ms. A. Young:** — Thanks. One super quick question. Outside of the note about the separate school divisions and their ability to pass bylaws setting their own mill rates, I don't see any discussion in this chapter about consultation with school divisions. Is that something that is undertaken by the ministry when it re-evaluates the mill rate?

**Mr. Donais:** — Yeah. In terms of consultation with school divisions, we don't consult ahead of time. We do inform them afterwards how mill rates work.

**Ms. A. Young:** — Thank you.

**The Chair:** — Any further questions? Not seeing any, I'd welcome a motion to conclude consideration of chapter 25. Moved by Deputy Chair Hargrave. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried.

### Northern Municipal Trust Account

**The Chair:** — We'll move along now to the Northern Municipal Trust Account, and chapter 1 will be focused on first . . . Oh, we're going to do them all together. That sounds great. And there's one new recommendation within them. I'll turn it over to our Provincial Auditor.

**Ms. Clemett:** — So thank you, Mr. Chair, Deputy Chair, committee members and officials. With me is Carolyn O'Quinn, assistant provincial auditor, who was previously responsible for the portfolio of work that did include the Northern Municipal Trust Account and the chapters being considered. We will present all three chapters together, as they do relate to an annual integrated audit for the Northern Municipal Trust Account. There is one new recommendation for the committee's consideration. I do want to thank management and staff at the Northern Municipal Trust Account for their co-operation that has been extended to us during the course of our audits. I'll now turn it

over to Carolyn.

**Ms. O'Quinn:** — Thank you, Tara. So the three chapters mentioned that I will be discussing include the results of our annual integrated audit of the Northern Municipal Trust Account for the years ending December 31st, 2018; December 31st, 2019; and December 31st of 2020.

Chapter 1 of our 2020 report volume 1 starting on page 19 reports the result of our follow-up on four outstanding recommendations we've previously made to the committee. Our first outstanding recommendation was for management to carry out a detailed review of quarterly and year-end financial information prepared by staff responsible for recording Northern Municipal Trust Account financial information. While we did find some improvements were made in this area during 2018, 2019, and 2020, we found the reviews conducted were not completed in sufficient detail. As a result, the trust account's 2018, 2019, and 2020 accounting records and financial statements prepared for audit contained numerous errors. We also found staff were not appropriately following key policies when reviewing and approving bank reconciliations and journal entries and pursuing collection of accounts receivable.

[16:45]

Without adequate supervision, including detailed review of the financial information used to prepare the financial statements, the ministry may not detect and correct within a reasonable time frame errors in the trust account's financial records. As reported in chapter 6 of our 2021 report volume 2, at December 31st, 2020 this recommendation remained partially implemented.

Our second outstanding recommendation was for the Ministry of Government Relations to adequately segregate duties of employees responsible for key accounting functions of the Northern Municipal Trust Account. In 2018, 2019, and 2020 we found the ministry assigned staff responsibility for what we considered to be incompatible duties. For example, we noted multiple instances where one staff member received money, prepared bank deposits, and recorded financial transactions in the trust account's accounting system.

We also noted a number of instances in 2020 where one employee completed most of the payment processes. Not properly segregating responsibilities assigned to staff does increase the risk of undetected fraud and error, including inappropriate adjustments to accounting records. As reported in chapter 6 of our 2021 report volume 2, at December 31st, 2020 this recommendation remained partially implemented.

Our third outstanding recommendation was for the Ministry of Government Relations to prepare timely and accurate bank reconciliations for the trust account as its policies require. Back in 2018 we found that staff did not always prepare bank reconciliations before the end of the following month as its policies required. Five out of 12 of the reconciliations were prepared between 4 and 23 days late.

Completing these reconciliations as close as possible to the period end is important, as it enables identification of and, if necessary, expedited follow-up of differences and corrections. Our 2019 audit found that management did prepare and approve

each of the monthly bank reconciliations timely as its policies required, so we concluded in our 2019 audit that that recommendation was implemented.

Our fourth recommendation was for the Ministry of Government Relations to provide the trust account's annual report to the Legislative Assembly in accordance with the timelines set in *The Executive Government Administration Act*. We found the ministry did not table the trust account's 2015 through 2020 annual reports in accordance with these timelines. The lateness ranged from five months late to 22 months late. Difficulties in preparing accurate financial statements for the audit did delay completion of the annual reports. So not tabling the annual reports within the established timelines set out in legislation results in legislators not having the sufficient detail to monitor the trust account's operations. As reported in chapter 6 of our 2021 report volume 2, at December 31st 2020 this recommendation remained not implemented.

So in addition to those four recommendations that were previously considered by the committee, we did make one new recommendation in our 2020 report volume 2, chapter 5. On page 42 of that report we recommended the Ministry of Government Relations clarify the legislative authority to make grants from the Northern Municipal Trust Account to northern municipalities for landfills that are not wholly owned by the ministry.

We found the Ministry of Government Relations made grant payments from the trust account for expansion of a landfill without the clear legislative authority to do so. In 2019 the Ministry of Government Relations approved a program that provided funding of up to 4.9 million relating to construction costs for the expansion of the Lac La Ronge regional landfill.

Between 2019 and 2021 the ministry paid approximately 4.4 million from the trust account for this program and recorded this amount as a waste management operating expense. We determined that 2.8 million of these amounts was not operating expense but was a grant, as the amounts paid benefited municipalities that were not part of the northern Saskatchewan administration district. The ministry agreed with this assessment.

As of September 2021 neither *The Northern Municipalities Act, 2010* nor *The Northern Municipalities Regulations* provided clear authority for the trust account to make grants for landfills. Ministry staff consulted with legal counsel in October of 2020, who indicated that existing legislation was likely insufficient authority to make these landfill grant payments. Management indicated they're working on preparing updated regulations to provide clear authority to make landfill grants.

Making such grant payments without the clear legislative authority increases the risk of making payments that could be inconsistent with the mandate of the trust account. As reported in chapter 6 of our 2021 report volume 2, at December 31st, 2020 this recommendation was not implemented.

This concludes our presentation of these three chapters.

**The Chair:** — Thank you for the presentation with the three chapters in the area of focus. We have one new recommendation of course before us, some that are partially completed, some that there's been more action on. Would you care to offer any brief

comments before we open it up for questions?

**Mr. Donais:** — Sure. Thank you, Mr. Chair. I guess I would just note that the Provincial Auditor found that for all three years — 2018, 2019, and 2020 — found that the financial statements are reliable and were reliable, and that the ministry complied with authorities governing the Northern Municipal Trust Account's activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing, except as noted by the Provincial Auditor. And also that the Provincial Auditor concluded that the ministry had effective rules and procedures for NMTA to safeguard public resources, again except for those noted by the Provincial Auditor.

I am pleased to see that the Provincial Auditor, you know, has considered the recommendation on the bank reconciliations completed. And so with the four remaining recommendations carried forward, just to summarize them, the Provincial Auditor did find that the ministry partially implemented two recommendations, that being, not always preparing accurate quarterly year-end financial information, and second one, adequately segregating duties of employees responsible for key accounting functions.

And then the remaining two recommendations of not tabling the annual report within required timelines, and legislative authority to make grant payments from the NMTA to northern municipalities for landfills not wholly owned by the ministry are not yet implemented.

I would like to note that the ministry tabled the 2020 financial statements in the Legislative Assembly on April 25th, 2022, and the ministry agrees with the recommendations made by the Provincial Auditor. We did create a segregation-of-duties matrix in 2021. We've hired sufficient staff, that being a director of finance and accounting as well as an assistant accounting manager to perform those segregation of duties outlined in that matrix. And the ministry considers that recommendation of adequately segregating duties to be implemented now.

And that concludes my remarks on the recommendations.

**The Chair:** — Thanks for the work and for the update. I'll open it up for questions. Ms. Young.

**Ms. A. Young:** — Thanks, Mr. Chair. Being cognizant of the time, just a couple quick questions on the unclear authority for landfill expansion grant payments. Just to make sure I, the committee understand, essentially these funds are being used for the development of a landfill that will impact communities that don't contribute to the trust through taxation revenue, and that's part of the issue here?

**Mr. Donais:** — That's right, yeah. Yeah, communities that are not part of that northern Saskatchewan administration district.

**Ms. A. Young:** — Thank you. And I note on page 37 of chapter 6 it's indicated that the ministry expects to benefit from the planned landfill expansion as it owns part of the regional landfill. Is this a financial benefit that the ministry will be realizing?

**Mr. Donais:** — Yeah, there won't be any financial benefit. It's operational through the NMTA in that.

**Ms. A. Young:** — Okay. So, sorry. Can you clarify for me, or perhaps the auditor, what is meant by “benefit”?

**Mr. Donais:** — Yeah, so from our perspective what that is with regards to is just improved service delivery to those communities that utilize that landfill.

**Ms. A. Young:** — Okay. Thanks. And the current state of any contemplated changes to regulations or legislation to address this recommendation?

**Mr. Donais:** — Yeah, currently we are looking at, you know, whether or not legislative authority exists in other pieces of legislation, and if that does not exist, we will come forward with amendments to the regulations.

**Ms. A. Young:** — Thank you. And in the interim . . . Forgive me, I’m not clear if there is more additional funding expected to flow in the absence of . . .

**Mr. Donais:** — As a result of that project?

**Ms. A. Young:** — Mm-hmm.

**Mr. Donais:** — So for that specific project, it is complete. And it was completed July. But however there are some other landfill projects in that sort of northeast part of the province that we will be looking at as well.

**Ms. A. Young:** — So there will potentially be additional funding flowing out of the trust in the absence of clarified responsibilities through legislation?

**Mr. Donais:** — Sorry, it’s been a long day. Yeah, no. Absolutely we would make sure that there was authorities in place before we did any more payments out of that fund for those purposes.

**Ms. A. Young:** — Okay, thanks.

**The Chair:** — Mr. Nerlien.

**Mr. Nerlien:** — Thank you, Mr. Chair. Quick question with respect to your comment about “except as noted.” It strikes me that a lot of the issues raised by the auditor were pretty fundamental, pretty basic accounting principles with respect to management of trust funds. Was there a human resource issue here or what happened that brought this all about? Thank you.

**Mr. Donais:** — Yeah, we certainly did have some staffing challenges through, I would say, a number of years there. You know just attracting and retaining some of the professionals or some of those with the expertise to perform those duties. Yeah, I can certainly, you know, have Brad provide more information, but there were some human resource challenges that we were dealing with, you know. And I would say generally that may be sort of the case, you know, for our La Ronge office and sort of some of those northern operations. We do find that a challenge.

**The Chair:** — Good questions, and you know, I think we all look forward to seeing the follow-up here with implementation across the board on these fronts. Thanks to the good folks, the leadership that’s come before us here today. Thanks for all your work on these fronts. With respect to the new recommendation in

chapter 5, I would welcome a motion to concur a note of progress. Moved by Deputy Chair Hargrave. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That’s carried. With respect to chapters 1 and 6, I would welcome a recommendation to conclude consideration. Moved by Deputy Chair Hargrave. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That’s agreed. Thank you again, Deputy Minister Donais, for being here today, all the officials for your work. Thanks as well for expressing where your hearts and minds and your efforts are today and in the days to come. And would you have a brief parting comment our way before we kick you out of here?

**Mr. Donais:** — Sure. I’ll keep it real quick here. Just thank you to you, Mr. Chair, and all committee members for your questions and comments today as we addressed the Provincial Auditor’s recommendations here. I want to thank the Provincial Auditor’s office for the work they do and the professionalism in which they do that, and a big thank you to my staff at the Ministry of Government Relations — it happens to be my favourite ministry — but for all the work that they do for our great province. So thank you.

**The Chair:** — Thanks so much. All right folks, thanks to all the committee members for their engagement here today. Of course to the auditor and the auditor’s office, all the leadership there, and to our Clerks, those in Hansard, and to those, you know, making us look good on TV, and making our voices heard. Thanks to everybody today. I would welcome a motion of adjournment. Moved by Mr. Harrison. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — This committee stands adjourned to the call of the Chair.

[The committee adjourned at 17:00.]