



# STANDING COMMITTEE ON PUBLIC ACCOUNTS

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## STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Mr. Joe Hargrave, Deputy Chair  
Prince Albert Carlton

Mr. Todd Goudy  
Melfort

Mr. Daryl Harrison  
Cannington

Mr. Delbert Kirsch  
Batoche

Mr. Jim Lemaigre  
Athabasca

Mr. Hugh Nerlien  
Kelvington-Wadena

Ms. Aleana Young  
Regina University



[The committee met at 11:01.]

**The Deputy Chair:** — It now being 11 o'clock, we'll commence with the meeting. I'm Joe Hargrave, the Deputy Chair acting as Chair today. Who else do we have here? Mr. Harrison, Mr. Kirsch, Mr. Nerlien, Ms. Young, and Ms. Sarauer substituting in for Trent Wotherspoon, and Gary Grewal substituting in for Jim Lemaigre.

So we have the following items to table: the PAC 82-29, Ministry of Government Relations: Responses to questions asked at the September 6th, 2022 meeting. We have the PAC 83-29, Provincial Auditor of Saskatchewan: Second quarter financial forecast for the six months ending September 30th, 2022. We have the PAC 84-29, Ministry of Finance: Report of public losses, July 1st, 2022 to September 30th, 2022. We have the PAC 85-29, Ministry of Advanced Education: Report of public losses, July 1st, 2022 to September 30th, 2022; and the PAC 86-29, Ministry of Health: Report of public losses, July 1st, 2022 to September 30th, 2022.

I'd like to advise the committee that pursuant to rule 142(2), the following report was committed to the committee: the Provincial Auditor of Saskatchewan *Annual Report on Operations for the Year Ended March 31st, 2022*, sessional paper no. 187 from second session of the twenty-ninth legislature; the Government of Saskatchewan 2021-2022 public accounts volume 2, General Revenue Fund details, sessional paper no. 18; the Provincial Auditor of Saskatchewan *Business and Financial Plan for the Year Ended March 31st, 2024*, sessional paper no. 57; the Provincial Auditor of Saskatchewan 2022 report volume 2, sessional paper no. 64.

I'd like to introduce the Provincial Auditor, Ms. Tara Clemett, and other officials in attendance from the Provincial Auditor's office. The agenda, we will be considering the Provincial Auditor's *Annual Report on Operations for the Year Ended March 31st, 2022* and *Business and Financial Plan for the Year Ended March 31st, 2024*. We will begin with the *Annual Report on Operations for the Year Ended March 31st, 2022*. And I would ask the Provincial Auditor for her introductory remarks, and we'll carry on from there.

***Annual Report on Operations for the  
Year Ended March 31st, 2022***

**Ms. Clemett:** — Thank you. So thank you, Mr. Chair and members. With me today is Angèle Borys. She is our chief operating officer and the deputy provincial auditor for our support services division.

So first on the agenda is the office's 2022 annual report on operations. And I am going to make some opening comments on the annual report first and then answer any questions that the committee does have. I do just want to remind the listening public that our reports are available on our website after tabling, and they are available at [www.auditor.sk.ca](http://www.auditor.sk.ca).

So I'll start, like I said, with the *Annual Report on Operations for the Year Ended March 31st, 2022*. To ensure legislators and the public receive the value they deserve from our office, we follow a clear accountability process for the results and report these

results in our annual report on operations. The annual report does complete the accountability cycle that began when the office tabled its 2022 business and financial plan in November 2020. The report includes the details on the office's operational and financial performance for the year ended March 31st, 2022. It includes seven unqualified independent external audit reports on key aspects of the office's operational, financial, and controls.

The audit reports you will find are the full yellow pages in the report. And these audit reports are issued by Virtus Group and give legislators and the public confidence in the reliability of the office's administration and what is reported in this annual report. Virtus Group is an accounting firm who is independent of our office.

So pages 16 to 24 provide details about the operating results by each of our four strategic plan goals and their associated performance measures and targets. Overall 2021-22 was a successful year for the office. For the year ended March 31st, 2022 the office achieved 9 of its 11 performance measures and targets. We added one new performance measure and target this year since our last annual report, and so this got us to 11 measures and targets overall. We are now measuring and reporting the extent of which employees voluntarily leave the office, as this is one of the indicators in meeting our goal, whether or not we are able to maintain a sustained, engaged workforce in the office.

One of the performance targets we didn't achieve in 2022 related to staff voluntary turnover. We set a target of 13 per cent as we felt this was realistic and manageable, and we ended up having 18 per cent of our staff voluntarily leave in 2022, a total of 11 employees overall. Higher turnover is likely due partly to the fact that during COVID in 2020, we didn't have a lot of staff actually leave our office. And then as a result, in 2021-22 it did end up being a bit of a catch-up year. And when the markets opened up, a number of staff started looking for job opportunities elsewhere.

That said, the market for CPAs [chartered professional accountant] has become extremely competitive and aggressive. Professional accounting firms like our office are having to significantly increase compensation in order to attract and retain talent. So far we have had seven staff voluntarily leave between April and November this year as well. So while we know some staff departures are inevitable because we are a training office, we are working at reducing the high turnover rate through fair compensation, employee learning and training, career growth and development, and valuing our professionals. We also are increasing the promoting and awareness of the office and its career opportunities within.

The other performance measure where we did not meet the planned target was where 32 per cent of the omnibus survey respondents indicated familiarity with our office compared to 33 per cent in 2021, and we are always striving for an upward trend in this area. We do continue to work on our social media strategy, and we take the opportunity to attend speaking engagements and explain what our office does at every chance we do get.

During 2021-22, through our volumes no. 1 and 2 which we made public in June and December of 2021, the office gave legislators quality, relevant audits and objective advice. The high percentage of the office's audit recommendations that this

committee does accept reinforces that we do relevant and reliable audit work. Also you'll notice on page 18, the high percentage of implementation of our audit recommendations by government agencies shows the office's work did contribute to better management in the public sector.

During 2021 audit work continued to be done remotely for certain audits completely and in other cases just for various phases of the audit. This resulted in less spending on audit travel than was anticipated.

The challenge of retaining qualified CPAs, given a very competitive market, did make it more difficult to find contracted assistance from firms in '21-22. This meant that certain staff took less vacation, we deferred some of our specialized training, and we deferred some of our performance work until the following year. Overall a key focus for the office now and in the future is basically recruitment, retention, and succession planning to effectively manage our staff departures.

With that I would be happy to take any questions you have about our annual report and operations.

**The Deputy Chair:** — Thank you very much. And I would like to make note that we've now since been joined by Mr. Goudy; thank you very much for attending. And we'll open it up for questions. Ms. Young.

**Ms. A. Young:** — Thank you, Mr. Chair. I want to start by thanking you for your work and recognizing just the critical contribution that your office makes to the function of the province and as well as the importance of democracy here in Saskatchewan and all of the work that yourself and your team do to ensure public confidence in the operation of this building and government overall.

On that one particular measure around retention of staff, and hearing the realities that you've described and also . . . Forgive me, I can't remember the page, but my recollection in flipping through these reports is that staffing levels in the office have been relatively consistent for the past five years — I'm grasping — maybe like 58, 60 people fairly consistently, if that's accurate.

Recognizing some of these challenges, as well as both the consistency in staffing levels and perhaps the increase in work that may fall on your office with the creation of new government agencies — whether it's the health care recruitment agency or potential new revenue agency — is this concern something the committee should expect to remain going forward, with both the tight labour market as well as, you know, limits to the amount of staff that your office can retain?

**Ms. Clemett:** — Yeah, so I'll touch on a few things there. I guess, in terms of as we move to our 2024 business plan and the funding request, we do factor in, you are correct, it's almost that anticipated new work, what is the creation of those new agencies. And so I'll obviously highlight that our funding request does factor in and ask for more dollars, and hence know that it will require more audit hours and costs associated with that.

So that said, we have recently increased our overall FTE [full-time equivalent] count. You are right, we're usually around 60. So we have gone though from 62 to 63 a couple years ago. So

we're very cognizant of what is the audits that we need to do, what are the staff that we need to do it. And making sure that we do have those quality staff because that would be one of our key expenses, and obviously it's what contributes to the quality and relevant work we do.

So as an office though, I just want to highlight what we've been doing to really, I think, enhance our recruitment and retention. You know, I think I captured some of those concepts, but we have a mechanism, a number of mechanisms where we are able to figure out if our staff are staying engaged. So we have staff exit interviews that we utilize, so that helps us to figure out why are staff perhaps leaving our organization. And then, we also have a regular annual employee engagement survey, which you will see one of our measures as well. So that sort of tells me what do they think of the workforce environment.

[11:15]

We've done some things to recently change, I think though, and improve in those areas. So we are looking at rolling out almost a hybrid work policy now. We're requesting and we continue to stay abreast of what are those market adjustments in terms of fair compensation. We've implemented a family and personal leave policy so staff now have the ability to take up to two days for personal or family leave.

And then I've definitely prioritized and done a lot of work in the area of succession planning. So we figured out what are those key sort of audit subject matters where I need expertise. And we're starting to identify individuals within the office that would fit the various . . . and are interested in those roles, and then we'll develop them in that area.

So yeah, lots of things we're trying to do to make sure that . . . But I do think at this point I agree that the market in terms of CPAs is something that is very competitive and aggressive. So we're doing our best to make sure we can continue to bring in and keep those staff that do this quality work from our perspective.

**The Deputy Chair:** — I have a question, actually maybe two. What have you managed to learn from your exit interviews?

**Ms. Clemett:** — Yeah, so what we do find is sometimes they're leaving for more pay and sometimes they're looking, I would say, for work that probably isn't so, I guess, maybe demanding in terms of . . . We have definitely peak workloads where, by a lot of March year-ends — and so I have staff that work a lot of hours, I would say, April, May, June — a lot of government agencies have to table their financial statements by the end of July.

So they're looking for I think a more consistent frame of work, just no peaks and valleys. And we are a bit of, like we have some spikes and hence we bring in contracts. Those are what I do to try to spread out and make sure . . . But that said, I know people put in sort of eight- or nine-hour days at times when we're trying to get financial statements done. So they leave to probably get something a little bit more flat and consistent across the year, or they leave for more pay.

**The Deputy Chair:** — Thank you. And in work from home, I know you said you've got a bit of a hybrid model, but what

percentage would be work from the office and work from home?

**Ms. Clemett:** — Yeah, so what we've done is we're just actually rolling out and we've just created that policy. And we've identified and asked for sort of who is interested, and then there's almost a bit of an application process that we're working through right now. I've got eight staff that is interested in working from home at times.

We've always been a very mobile office in that my staff isn't always in the office. They ideally are out at the clients as well, so it's a matter of in and out of the office. We do find though those eight people are asking for about two days, so this isn't four days a week. It'll probably be two days out of the office in any given week.

And it sometimes to honestly be like probably work at home and just dedicate their efforts without the interruptions. So I'm having to work through to make sure though we've got that supervision and support for all the lower level audit staff that need it. But, yeah, not a high percentage overall.

**The Deputy Chair:** — Good. And one final question: two days' family leave, is that two days per month or two days . . .

**Ms. Clemett:** — No, two days total in any year, and obviously just available but won't necessarily be used. So it's sort of like a sick leave option, right, in that if you are . . . yeah.

**The Deputy Chair:** — And of a sick child at home or something like that.

**Ms. Clemett:** — Correct. Yes.

**The Deputy Chair:** — You could stay at home with that child or parent or something like that.

**Ms. Clemett:** — Yes, yeah. Or no day care on those days type thing. Exactly. They can now utilize.

**The Deputy Chair:** — Thank you. Okay. Mr. Nerlien.

**Mr. Nerlien:** — Yes, thank you. First of all, really appreciate the work you do. It's incredibly valuable, and I agree entirely with the member from across the way. But a question on the retention piece: do you lose people to other government agencies, other government bodies?

**Ms. Clemett:** — We do, and we almost consider that a good thing. Like I know that I am a training office for CPAs, and we do find it a good thing when obviously they stay and go on to the public sector. So about 50 per cent — we do track that — about 50 per cent of our staff do end up going to what I call public sector. That includes federal, though, corporations. So we lose staff to ministries, Crown corporations, and then a federal Crown corporation that happens to be in Regina as well.

**Mr. Nerlien:** — Thank you. Thanks.

**The Deputy Chair:** — No other questions? Okay. So then I'll ask a member to move that the committee concludes consideration of the Office of the Provincial Auditor's *Annual Report on Operations for the Year Ended March 31st, 2022*. Mr.

Harrison. All in favour?

**Some Hon. Members:** — Agreed.

**The Deputy Chair:** — Carried. So we'll continue on with the consideration of the Provincial Auditor's *Business and Financial Plan for the Year Ended March 31st, 2024*. And I'd ask the Provincial Auditor to make her remarks.

***Business and Financial Plan for the  
Year Ended March 31st, 2024***

**Ms. Clemett:** — Thank you. So yeah, this is our plan, our business and financial plan for the year ended March 31st, 2024. It does contain information that *The Provincial Auditor Act* requires, along with additional supporting information. Before I do or go through basically our request for funding, I do just want to sort of highlight, I guess, just a quick recap of what the plan's content does entail.

So section 1 describes the Office of the Provincial Auditor. It highlights key accountability mechanisms included in *The Provincial Auditor Act* and the legislative framework for the independence of the office and its staff. It highlights our responsibilities to the members of the Legislative Assembly and in particular this committee.

Section 2 outlines our 2023-24 funding request. Section 3 includes our annual work plan and supporting schedules. It includes our audited financial forecast, including a schedule of planned costs to audit over 260 government agencies, which we summarize into various government sectors or agencies like health and education.

Section 4 outlines other supporting information. It contains details supporting our work, including planned performance audit work over the next three years, so which government sectors or agencies we plan to conduct a performance audit at and the key risk area we plan to focus on, like cybersecurity, gang violence, and the opioid crisis.

And then section 5 does outline the office's strategic plan.

So I'm going to now focus on section 2.0, our 2023-24 funding request, which does start on page 7. Consistent with *The Provincial Auditor Act*, the funding request includes two separate appropriations. The first is our main appropriation and the second is our unforeseen expenses appropriation to enable the Provincial Auditor to retain the independence to manage effectively.

For our 2023-24 main appropriation (PA01) which can be found on page 9, we are requesting \$8.993 million. This reflects a net increase of \$159,000 from our prior year approved appropriation. When determining our 2023-24 request we carefully considered the work necessary to achieve our mandate and the factors, forces, and trends affecting our appropriation. We used information known at September 30, 2022. So we describe these factors starting on page 10. And I'm going to highlight a few of the external forces that we did consider when we made our request for additional funding.

Our main cost, and thus the significant increase in our request, is for salaries and benefits. The market for individuals wanting to

pursue their CPA designation, as well as those who obtain their professional designations, remains aggressive. This has meant staff from our office are frequently sought and offered more compensation or hybrid work arrangements elsewhere. Employees are the office's most valuable resources because the quality and timeliness of the office's work depends on them. It is critical our office attracts and retains qualified staff. We offer fair compensation with benefits similar to that of the public service.

This funding request includes market adjustments required to meet the demand for competitive wages and benefits for professional accountants. The funding request does not include economic or cost-of-living adjustments for salaries and benefits given the government has not confirmed any changes for the public sector as at September 30th, 2022. In the event such increases are provided, our office will provide similar increases to our employees, and we will finance it in '23-24 by drawing on our contingency appropriation.

To supplement our staff complement and to help us address those peak workloads — like I said, often when government agencies, a fair amount of them, have those March year-ends — we also hire contract staff. The use of contract staff helps us meet our reporting deadlines and obtain the expertise that are needed for our performance audits. We are finding rates for contract staff continue to increase, so we use small- and mid-size CPA firms where possible to keep down our costs.

Federal EI [employment insurance] and CPP [Canada Pension Plan] rate increases are estimated to be \$15,000, and so our funding request includes those increases.

Changes to the number and size of government agencies and whether the government hires appointed auditors to do the annual integrated audits do affect our costs. For 2023-24 we estimate these changes will increase our costs by \$84,000. Page 31 does provide more details on the changes. So for example, the creation of the Saskatchewan health recruitment agency and the Saskatchewan Indigenous finance corporation will increase our audit hours and costs.

Using the treasury board recommended inflation rate of 2.3 per cent, we anticipate an increase of 27 per cent in our costs of goods and services like office software and licensing, travel costs, and supplies.

The ability to conduct our audits is very dependent on IT [information technology] systems, so the security and availability of the IT system is critical to the effective operation of the office. In order to maintain our IT infrastructure, we are requesting an additional \$17,000.

The office does plan to offset some of the increases noted by reducing costs where possible, and so we have separately quantified it, those anticipated savings, to account for \$96,000. We will continue to leverage virtual training options where possible, and as a result that does reduce our travel costs from what we have needed in the past.

We plan to limit the extent of furniture replacements in the upcoming year as part of this funding request, and then in terms of the salary increases, we have had a number of senior staff retirements in the past year or two. Therefore the salary

differential between what those senior level staff made and the newly promoted staff are getting paid is resulting in salary and benefit savings.

Now moving on to (PA02), the appropriation for unforeseen expenses, which is also on page 9. For 2023-24 we are requesting an appropriation of \$592,000 for unforeseen expenses.

*The Provincial Auditor Act* requires the inclusion of a second appropriation with estimates presented each year. Its purpose is to provide our office with the resources in order to respond to unforeseen circumstances. This includes unforeseen work such as requests from this committee, costs to improve the timeliness of our work, and unplanned salaries and benefits expenses like the cost-of-living adjustments I just mentioned.

When our office uses this appropriation, we must report back to this committee on its use. We do this through our quarterly financial forecasts and in our annual report on operations. We don't just tell you how much we spent, but we also tell you why. We return any unused amounts to the General Revenue Fund at the end of each fiscal year. Consistent with prior years, we have determined our request to equate to one month's salary and benefits.

In summary, our office respectfully asks your committee to approve our 2023-24 funding request. Section 2.3 of the plan, which can be found at page 9, sets out this request in the Assembly-requested format.

In closing, I do want to appreciate and value the co-operation and assistance of legislators, the government officials, and the appointed auditors that help us do the work we do. In particular I do want to thank this committee for its attention to and the support of the work of our office. Your continuous review of the public reports we do ensures that our office does move government performance forward.

Thank you. I'll now be happy to take any questions.

**The Deputy Chair:** — Thank you very much. Questions from the members? Ms. Young.

**Ms. A. Young:** — Thank you, Mr. Chair. One question on the request, and then I do have a second question but I believe related to the strategic plan. Should I hold that until later?

**The Deputy Chair:** — What was that again?

**Ms. A. Young:** — My second question is related to the strategic plan. Should I hold that until later or . . .

**Ms. Clemett:** — No, you can probably do it as part of . . . Because our strategic plan is sort of . . . a content and part of this plan.

**Ms. A. Young:** — Sure. Fabulous. Thank you for the clarity. The 2.3 inflationary pressure rate identified by your office. Now understanding why that was chosen, does the Office of the Provincial Auditor always use the treasury board selected rate?

[11:30]

**Ms. Clemett:** — I believe we have. I just want to confirm. Yes. Yeah.

**Ms. A. Young:** — Okay. And is that just custom or is it like a formal obligation to adopt the same rates?

**Ms. Borys:** — It's not formal, but we do receive the memo directly that the other officers receive from the Board of Internal Economy. So we have tended to use it as our starting point, to say, okay, this is what they're generally going to be using. So we have tended to use it in most years. Yes.

**Ms. A. Young:** — Thank you.

**The Deputy Chair:** — Any other questions?

**Ms. A. Young:** — Then my second question is actually related to some of the external forces and trends identified in the appendix. And I'm particularly interested in — where is it? — essentially the ongoing mistrust or continuing mistrust of public institutions identified as an external risk amongst the general public and some skepticism as it relates. And I'm just wondering if you could offer some comment for the committee on this being an identified risk by your office.

**Ms. Clemett:** — So what we do do as part of basically our annual planning process, so we devise obviously our strategic plan on sometimes a three-to-five-year basis. These would've been created during that sort of strategic plan cycle. We do revisit the sort of external forces and trends on an annual basis too as part of our annual planning process.

In terms of, I guess, that mistrust, I guess that's one of the reasons . . . The key is that our office exists and to some degree that we provide relevant and reliable results. So it's always about making sure that we're looking at various risk processes that, from the interest of that public or legislators' standpoint, that you're wanting that independent insightful look into those processes and then us obviously making recommendations that are relevant and reliable, utilizing experts at times to formulate those audit recommendations, bring them forward to this committee, have you agree with them, and then have government agencies act on them.

**The Deputy Chair:** — Good. Thank you very much. Any other questions from any of the other members? Seeing none, we will move on. Where are we at here? We're right here. So if all the members agree with the amounts requested, we'll ask a member to move the estimates on (PA01).

**Mr. Nerlien:** — Mr. Chair, I move:

That the 2023-24 estimates of the Office of the Provincial Auditor, vote 28, Provincial Auditor (PA01) be approved as submitted in the amount of \$8,759,000.

**The Deputy Chair:** — All in favour?

**Some Hon. Members:** — Agreed.

**The Deputy Chair:** — Carried. And for (PA02)?

**Mr. Nerlien:** — Mr. Chair, I move:

That the 2023-24 estimates from the Office of the Provincial Auditor, vote 28, unforeseen expenses (PA02) be approved as submitted in the amount of \$592,000.

**The Deputy Chair:** — All in favour?

**Some Hon. Members:** — Agreed.

**The Deputy Chair:** — Carried. I would ask a member to move a motion, the motion being:

That the 2023-24 estimates of the Office of the Provincial Auditor, as approved, be forwarded to the Speaker as Chair of the Board of Internal Economy pursuant to section 10.1(4) of *The Provincial Auditor Act*.

**Mr. Nerlien:** — Mr. Chair, I move:

That the 2023-24 estimates of the Office of the Provincial Auditor, as approved, be forwarded to the Speaker as Chair of the Board of Internal Economy pursuant to section 10.1(4) of *The Provincial Auditor Act*.

**The Deputy Chair:** — All in favour?

**Some Hon. Members:** — Agreed.

**The Deputy Chair:** — Carried. Being as that's all the business, I would like to finish off with a comment myself. I thank you very much for all the hard work that you do and echo the comments of the other members that have spoken. You do do great work at the office. You do give people of Saskatchewan the confidence that we're doing things right, and if we're doing things wrong, that we'll get it right. And I think that's just as important because we do go along and that's the intent of the office. And you do very good work there and I appreciate the work that you do, as do all the members of the House.

You're extremely important and I do hope that you . . . The staffing thing, it's tough all over with staffing these days. But you know, I'm sure that lots of people aspire to be in your office and work in your office, and I don't blame them one little bit. They could learn a lot in there. So anyway I personally thank you.

And I would ask for a motion of adjournment. Mr. Harrison.

**Mr. D. Harrison:** — I so move.

**The Deputy Chair:** — All in favour?

**Some Hon. Members:** — Agreed.

**The Deputy Chair:** — Carried. I made the mistake of not asking if you have any closing comments. If you do?

**Ms. Clemett:** — I don't, no. Happy holidays, everyone.

**The Deputy Chair:** — Merry Christmas to you. Thank you all. We stand adjourned to the call of the Chair.

[The committee adjourned at 11:37.]