



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Mr. Jim Lemaigre
Athabasca

Ms. Aleana Young
Regina University

[The committee met at 09:02.]

The Chair: — Well good morning, everyone. We'll get rolling here with the Standing Committee on Public Accounts. Thanks to everybody that's joined us here today.

I'll introduce our committee members: Deputy Chair, Mr. Nerlien; Ms. Lambert; Mr. Goudy; Mr. Keisig substituting for Mr. Lemaigre; Mr. Harrison; Mr. Fiaz substituting for Delbert Kirsch; Ms. Aleana Young.

I'd like to introduce our officials from the Provincial Comptroller's office: Chris Bayda, our Provincial Comptroller; Jane Borland, our assistant provincial comptroller. Bayda, I thought you had a good choice in tie here today. Looking sharp at the table.

I'd like to welcome and introduce our Provincial Auditor, Tara Clemett, and I'd ask her to introduce just briefly the officials that she has with her here today.

Ms. Clemett: — Thank you. So with me to my left is Deputy Provincial Auditor Trevor St. John and he is the deputy provincial auditor for the finance division. And then behind me is Michelle Lindenbach. She's our liaison with this committee so she will be with us all day, and so I won't reintroduce her for each of the various sessions that we flip to this morning.

The Chair: — Thank you very much, Auditor. Ms. Young.

Ms. A. Young: — Thank you, Mr. Chair. I would like to move a motion. I appreciate that . . .

The Chair: — Just hold for a moment.

Sure, if you have a motion, you can speak to it briefly and then you can move your motion.

Ms. A. Young: — Thank you, Mr. Chair. I think at the outset I'd just to note that I did circulate this motion, as a courtesy and out of respect to all my colleagues around this table, in advance. And I appreciate that this is a unique situation, and it does bring me no great joy or pleasure to move this motion but it is important.

As I said I appreciate this is a unique situation and an important issue. Trust in government and the management of public resources is of the utmost concern to the work of public officials and to elected governments. As is noted by the Office of the Provincial Auditor, for the parliamentary system of government to work properly, it must have the public's confidence. To merit this confidence, the government's programs must be effective, open, and accountable to the public and one important responsibility of the Legislative Assembly is to hold the Government of Saskatchewan accountable for its management of public resources. We've endeavoured to move this issue forward through the Legislative Assembly and now bring this motion forward to the Public Accounts Committee.

So with those brief comments, Mr. Chair, I would like to move the following motion:

That the Standing Committee on Public Accounts, pursuant

to subsection 16(1) of *The Provincial Auditor Act*, requests that the Provincial Auditor perform a special assignment investigation to examine the Ministry of Social Services' policies, expenditures, and procedures regarding the management of public funds through the payment of hotel fees for clients and those in the care of the ministry.

I so move.

The Chair: — Okay, the motion's been moved. Ms. Young has moved a motion. And should I repeat the motion, or did everyone hear it?

A Member: — No, as read.

The Chair: — As read. Certainly others can speak to the motion now. Any other speakers? Deputy Chair.

Mr. Nerlien: — Thank you, Mr. Chair. Ms. Young failed to explain section 16(1) in her remarks. It's not enough just for this committee to request a special assignment. Subsection 16(1)(a)(ii) states that this committee is responsible for providing the funding needed to undertake the special assignment.

CTV News reported on December 1st, 2023 that the Provincial Auditor is already reviewing these matters as part of the 2024 audits. This audit is being done within the scope of the auditor's regular budget. I want to thank the auditor for her work. I do not think it is responsible to duplicate the auditor's efforts by ordering a special assignment into what is already being reviewed. This will only increase the cost to taxpayers at the expense of this committee's budget. Thank you.

The Chair: — Any other speakers to the motion? I guess at this point then would members be ready for the question on the motion?

Some Hon. Members: — Question.

The Chair: — Do members agree with the motion as read?

Some Hon. Members: — No.

Ms. A. Young: — Yes. Can I request a recorded vote, Mr. Chair?

The Chair: — Sure can. A recorded vote has been called. The question before the committee is:

That the Standing Committee on Public Accounts, pursuant to subsection 16(1) of *The Provincial Auditor Act*, requests that the Provincial Auditor perform a special assignment investigation to examine the Ministry of Social Services' policies, expenditures, and procedures regarding the management of public funds through the payment of hotel fees for clients and those in the care of the ministry.

All those in favour of the amendment please raise your hand . . . [inaudible interjection] . . . Oh sorry, yes. Thank you, sir. All those in favour of the motion please raise your hand. I get to vote as a . . .

All those opposed to the motion please raise your hand.

So just a clarification. We don't have the substitution form yet, so we aren't able to record a vote or participation yet for Mr. Fiaz. But as it stands, those in favour of the motion were two. Those opposed to the motion were five. So the motion is defeated.

Financial and Consumer Affairs Authority

The Chair: — Okay, folks. We'll move along with our first agenda item here this morning, the Financial and Consumer Affairs Authority. At this point I'd like to welcome CEO [chief executive officer] Sobotkiewicz for joining us, along with Executive Director Huyghebaert for joining us here this morning. What I'll do is I'll turn it over to the auditor's office for a brief presentation, then we'll flip it back your way for a brief response. Then we'll open it up for questions.

I'll turn it over to the auditor.

Ms. Clemett: — So good morning, Mr. Chair, Deputy Chair, committee members, and officials. Today Trevor St. John, the deputy provincial auditor for the finance division, is going to do a presentation highlighting both chapters that are on the agenda together, given that they do cover the same topic, so one being the original performance audit and the other one being the follow-up audit at the authority with regards to regulating motor vehicle dealers to protect consumers.

The first chapter does include four new recommendations for the committee's consideration. I do want to thank the CEO of the authority as well as his staff 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. The Financial and Consumer Affairs Authority is responsible to regulate Saskatchewan's marketplace, including motor vehicle dealers. Without effective processes to regulate vehicle dealers, the authority may not effectively protect Saskatchewan consumers, public interests, and businesses. There were 841 motor vehicle dealers in Saskatchewan at March 31st, 2022.

Chapter 7 in our 2020 report volume 1, starting on page 65, reports the results of our audit of the effectiveness of the Financial and Consumer Affairs Authority's processes for regulating motor vehicle dealers to protect consumers. We concluded for the 12-month period ended December 6th, 2019, the Financial and Consumer Affairs Authority had effective processes for regulating motor vehicle dealers to protect consumers, except as noted in our four recommendations.

Chapter 12 of our 2022 report volume 1, starting on page 159, reports the results of the authority's actions to implement these recommendations by February 2022. We found it implemented two recommendations, partially implemented one, and made no progress on the last recommendation. My presentation will summarize the new recommendations and then provide the status at February 2022.

The first original recommendation is on page 76. We recommended the Financial and Consumer Affairs Authority select motor vehicle dealers for inspection based on a formal analysis of key risks for non-compliance. In 2019 the authority

had a draft compliance policy and procedure manual and would require investigators to assess each dealer's risk, which would inform the frequency and content of inspections. However the manual was not in use and did not document key parts of the inspection planning process, including how to assess dealers' risk level when determining how many and which dealers to inspect in any given year.

In addition the authority did not document its rationale for selecting the licensed vehicle dealers it inspected. Authority management advised us it informally considered factors such as the dealer's history, previous enforcement, and location, but did not consider other risk factors such as size of the dealership or number of individuals impacted by past incidents. Without clearly defined risk factors to select motor vehicle licence dealers, there is an increased risk of an inconsistent selection process and not focusing inspection resources on dealers of a higher risk.

By February 2022, on page 160 of our follow-up chapter, we found the authority had developed a well-defined risk framework it plans to use to select motor vehicle dealers for inspection, but had not yet fully used this framework to select motor vehicle dealers to inspect. We found the framework set out key steps in providing a list of risk factors to consider. The authority planned to use the framework once it obtained some additional information from motor vehicle dealers and automated key aspects of their inspection rating process.

The second original recommendation, on page 79 of our 2020 report, is that we recommended the Financial and Consumer Affairs Authority update and implement a policy and procedures manual for inspections of motor vehicle dealers.

[09:15]

In 2019 we found the authority gave inspectors some guidance such as objectivity requirements and steps to initiate inspections. The guidance did not include standard time frames to communicate inspection results, criteria for development, determining enforcement actions, or requirement to leave evidence of inspection file reviews. Not having finalized and approved guidance can impede the authority's ability to effectively and efficiently train and support staff in the event of planned or unplanned turnover.

On page 162 of our follow-up chapter we concluded the authority implemented this recommendation. We found the authority implemented a new policy and procedures manual that included appropriate and sufficient guidance to support the authority's compliance and enforcement efforts.

The third original recommendation on page 80 of our 2020 report, we recommended the authority formally monitor the completion of motor vehicle dealer inspections compared to inspection plans. In 2019 the authority maintained a spreadsheet of inspections completed each year, but did not document its comparison to planned inspections and if not completed, why not.

We found for 2018-19 the authority completed 32 of 42 planned inspections, and for the eight-month period ending November 2019, it completed 12 of 27 planned inspections. Not formally

monitoring the completion of its annual inspection plan increases the risk of the authority not using inspections as an effective, proactive enforcement activity. This could lead to a loss of confidence in the ability to protect consumer rights.

On page 163 of our follow-up chapter we concluded the authority implemented this recommendation. We found the authority's inspectors tracked inspections completed, compared to planned, and properly recorded an explanation when they did not complete a planned inspection.

The last and fourth recommendation is on page 81 of our 2020 report. We recommended the Financial and Consumer Affairs Authority formally analyze the results of its enforcement activities for motor vehicle dealers to support a risk-informed enforcement approach. In 2019 we found the authority sufficiently reported to senior management and the board on licensing, complaints, education, and enforcement actions taken, but did not analyze and report information about the results of its enforcement activities.

The authority did not analyze the non-compliance identified to help it assess whether inspections completed sufficiently promoted compliance and assessed risks of non-compliance. Without formal analysis of motor vehicle dealer enforcement activity results such as non-compliance trends, the authority does not know if resources it is expending on enforcement and compliance activities make the expected difference and whether it is focusing its efforts in the right areas. A well-defined, risk-informed approach helps protect motor vehicle purchasers and supports consumer confidence.

On page 163 of our follow-up chapter we found the authority did not formally document its analysis of non-compliance trends and other findings from inspections and complaint investigations. The authority was working on a process to document its analysis and expected to start reporting to senior management in 2022-23.

So that concludes my presentation. Thank you.

The Chair: — Thank you. Thanks very much for the presentation, the work, and the follow-up. Thanks as well to FCAA [Financial and Consumer Affairs Authority of Saskatchewan] for their work on these fronts.

I want to table at this point PAC 112-29, Financial and Consumer Affairs Authority: Status update, dated December 14th, 2023. And I'll turn it over to them to provide a brief response. Then we'll open it up for questions.

Mr. Sobotkiewicz: — Thank you for inviting us to speak to these important reports. The FCAA agreed with and accepted all of the Provincial Auditor's recommendations. As noted in the follow-up report in chapter 12, 2022 report volume 1, the FCAA fully implemented the second and third recommendations.

Regarding the first recommendation, that we select vehicle dealers for inspection based on a formal analysis of key risks for non-compliance, we consider this recommendation partially implemented. As noted in the Provincial Auditor's follow-up report in 2022, we have designed and developed a well-defined risk framework. The framework utilizes a robust risk assessment matrix that includes a listing of all key risks and a weighting of

those risks to emphasize more severe risks.

The follow-up report in 2022 also noted there were two remaining steps planned by the FCAA to fully implement this recommendation. The first was to obtain the additional information we need to utilize in the new enhanced risk assessment from the licensed vehicle dealers because we weren't collecting all the information at that time. And the second was to automate key aspects of the new risk assessment framework in our registration and licensing system or RLS.

Since the follow-up report in 2022, we've worked with our RLS vendor to develop our risk identification solution. The solution will expand the information collected from vehicle dealers so that we have all the information when we need to do the enhanced risk assessment, and it will also automate most of the risk assessment process.

As of the current date, the risk identification solution has been fully developed in RLS and testing is substantially complete. The next step will be to go live and launch the solution, which we expect to do at the end of the fiscal year. Our vendor was not able to deliver the solution before that time because they are currently launching an upgraded platform for all of their clients including the FCAA's RLS system.

While the risk identification solution will be live and operational at the beginning of the '24-25 fiscal year, we will not be able to use it in the way intended to determine our inspection plan for vehicle dealers for '24-25 because we won't have all the data yet. Vehicle dealer licensees' annual filing requirements fall due on the anniversary of their initial licensing date, so we don't get all of their annual filings at one time of the year. They're spread throughout the year, so we expect to have all of the data towards the end of the '24-25 fiscal year. So the '25-26 fiscal year would be the first year that we actually use the full solution to determine our inspection plan.

Regarding the fourth and last recommendation, that the FCAA formally analyze the results of its enforcement activities for motor vehicle dealers to support a risk-informed enforcement approach, we now consider this recommendation partially implemented. As noted in the follow-up report in 2022, the FCAA was working on a process to document and report our analysis of enforcement and compliance trends. Through this work we identified a need to utilize our digital systems to most effectively and efficiently identify the non-compliance trends.

The risk identification solution in RLS will play a significant role in this process. The enforcement and compliance results that will be fed into the risk identification solution is the same information we will use to identify the enforcement and compliance trends. We plan to develop a separate report to be run in RLS that will extract and summarize those trends for efficient analysis and discussion.

The RLS reporting function is expected to be live and operational at the same time the risk identification solution is live, so the end of this fiscal year. But as with the risk identification solution, we will not have all the data to do the full analysis as intended. But once we get all the filings for the '24-25 fiscal year, we'll have all the data and we will be able to do the full analysis and reporting of enforcement and compliance trends to feed into the

'25-26 inspection plan.

In closing, I'd like to thank the Provincial Auditor and her officials for their professional and diligent work, and the recommendations they made that will improve the FCAA's regulation of vehicle dealers in the province. Thank you.

The Chair: — Well thank you, CEO Sobotkiewicz, for your presentation and the work of all within the organization on these fronts. Thanks for detailing your actions in this status update to us. That's really helpful to clarify where we need to focus with questions. I'll look to committee members who might have questions at this point. Ms. Young.

Ms. A. Young: — Good morning. Thank you so much for being here and for the work undertaken as well by your staff back at the office and working with the Provincial Auditor implementing these recommendations.

I understand, based on your status update and the comments that you've made here, that the new automated risk identification solution is set to launch prior to March 2024, but not all of the data points used in the solution will be accessible until '25-26 fiscal. Just to make sure I understand, you indicated that the vendor's upgrading their platform. And am I right in my understanding that it's not necessarily specific data points that aren't available, but rather it's due to the staggered nature of registration for vehicle dealers that there is that lag?

Mr. Sobotkiewicz: — It's because we don't have all of the data points, and we won't get all of them because of the staggered filing dates until towards the end of '24-25.

Ms. A. Young: — Thank you. Having heard that, I believe it's noted in the report that some trend analysis did begin in '22-23. Can you provide some, like, general statistics on that? You know, how many dealers were found in non-compliance over the past three years?

Mr. Huyghebaert: — How many dealers found not in compliance? I mean certainly with respect to the risk matrix, we're using the information that we have available to us right now, you know, the basic requirements they have to provide as part of their filing, so whether or not they're a consignment dealer or do they lease vehicles and that sort of thing. So we use that information to assist us in identifying which vehicle dealers to inspect and why, along with some of the complaints information available to us.

To Roger's point, we don't have all the information available to us to do a fulsome review. You know, a question that we have in our new enhanced one's whether or not they sell rebuilds, the salesperson turnover, those sorts of things. So using the information we have available to us now is helpful in terms of who to identify and who to inspect and where to inspect. In terms of compliance trends, though, we haven't seen to this date, you know, an increased number of complaints or issues with those inspections based on the information that is currently available to us.

Ms. A. Young: — Thank you. And do you track or maintain records on how many vehicle dealers are found to be non-compliant year over year?

Mr. Huyghebaert: — Well we track the number of disputes that we receive. And so in general we receive holistically up to 500 disputes in a year that are complaints that are filed. Some of them are founded and some of them aren't founded of course. In regards to the number of vehicle dealer disputes, it's around 55 per cent of the total disputes that we have.

Yeah, in terms of the inspection results, I mean certainly we see trends. We know how many vehicle dealers aren't in compliance with respect to the . . . Typically we do 40 inspections a year, and as a result of those inspections, there are dealers that aren't compliant. I would say between 40 and 50 per cent of them are not compliant. And it's trends that we're working on, you know, identifying and educating them. And it's the same, similar trends that we've seen in previous years.

Ms. A. Young: — So of those 40 inspections, I'm right in hearing like 18 to 20 of them are found to be non-compliant every year, and that's a trend that has held steady over the past three years?

Mr. Huyghebaert: — I wouldn't say it's held steady. But generally speaking, a portion of the vehicle dealers that we inspect are non-compliant, yes.

Ms. A. Young: — Right. Thanks. I'm just trying to get a handle on what a portion means in terms of . . .

Mr. Sobotkiewicz: — So just to add a little bit of colour to that too, the non-compliance that we find could be small things and it typically would be, because if it was more serious, we would escalate and take enforcement action. So it's not necessarily that 18 to 20 are rampantly non-compliant. Yeah.

Ms. A. Young: — I understand that. Thanks. I guess maybe a last try at that question. So you do have that information available in terms of each year how many vehicle dealers are found to be non-compliant?

Mr. Huyghebaert: — From the inspections that are undertaken? Yes.

Ms. A. Young: — And sorry, how many is that for the past three years?

Mr. Huyghebaert: — I'd have to go back. I don't have that data available in front of me.

Ms. A. Young: — Okay, great. Thanks. If that could be made available to the committee at some point, that'd be appreciated.

The Chair: — Just to jump in here then, thanks for the undertaking. That's information that you'll be able to provide back to the committee in due course? Thank you for that undertaking. You just do so through the Clerk, and then that's circulated to the committee. Thank you very much.

Ms. A. Young: — So of that portion every year, having heard that you've said obviously they're not egregious violations that are found, but of those do you have information in terms of how many are high risk each year?

Mr. Huyghebaert: — I can state that a low number of them

would be high risk because we would go through our progressive enforcement discipline model if there were ones that were egregious. So it could be something as simple as, you know, signage that's not in line with the signage that we have on file, or a disclosure issue that wasn't provided to the consumer, which is more of a concern of course. And so we take steps to rectify that through our progressive enforcement model.

Ms. A. Young: — Thank you. And do you track year over year the number that are found to be high risk?

Mr. Huyghebaert: — We do.

Ms. A. Young: — Great. If that information for the last three years could also be provided, that'd be appreciated.

[09:30]

Mr. Huyghebaert: — Certainly.

Ms. A. Young: — Thanks. And then how many licences have been suspended for each of the last three years?

Mr. Huyghebaert: — I'd have to provide that information to you as well.

Ms. A. Young: — Thank you. So I guess maybe taking a step back, for the committee's understanding, what are the highest risk areas of non-compliance?

Mr. Huyghebaert: — The highest risk areas that we've seen? Or the highest risk areas that are contemplated in our new framework?

Ms. A. Young: — Ooh, why not both?

Mr. Huyghebaert: — Sure. So I mean, we see high-risk areas if a vehicle dealer is selling a vehicle on consignment, right. That's a huge issue. So if somebody is selling their vehicle on consignment and there's a delay in payment back to that consumer.

We see higher risk areas if they're selling rebuilds, a vehicle that appears to be totally written off, and they have to go through two different inspections through SGI [Saskatchewan Government Insurance] — a light vehicle safety inspection and then a body integrity inspection. So those are high-risk areas, right, vehicles that have been in substantive previous collisions.

High-risk areas where . . . Disclosure issues, or negative equity when people are purchasing vehicles on a nine-year loan and interest rates the way they are, right, and not disclosing that there's negative equity within those transactions. So those are issues that were being addressed through our matrix.

Certainly lien payouts is a high-risk area that we spend a lot of time on right now. And so when a person is refinancing their vehicle or financing a new vehicle, it's a payout of an original lien. It's a high-risk area that certainly causes some concern as well if there's a delay in that payment being made . . . [inaudible interjection] . . . Yes, multiple tax violations.

Ms. A. Young: — Thank you for that. For the committee, can

you explain what the process is currently? And then I suppose if it isn't expected to change, for when a motor vehicle dealer is found to be in non-compliance? You spoke about this a bit in terms of, kind of like a graduated level of intervention or discipline. Can you explain to the committee what that looks like, practically speaking?

Mr. Sobotkiewicz: — So it would be fairly consistent with regulation in the other areas that we regulate as well. Typically when someone's in non-compliance, depending on the severity of it, if a consumer suffered harm, the first step is always trying to get voluntary compliance through letting them know, you're not in compliance, you know; you're expected to do these things. And then if they don't come into compliance, or not in a time frame that we'd asked them to, then we have a number of enforcement tools. We can suspend a licence. We can impose terms and conditions. We can cancel a licence. The more severe sanctions we have are reserved for the more severe infractions.

Now with that said, the first . . . If it was a severe contravention that showed intentional dishonesty and a harm to consumers, something of that nature, we might go to a stronger intervention. We do have the ability to suspend a licence immediately and then provide a hearing within 15 days. And that's reserved for if we feel they pose an undue risk, that we have to prevent them from harming consumers even before we actually give them a hearing. But that's reserved for very unusual situations.

Mr. Huyghebaert: — Yeah. Just like Roger said, the egregiousness of the situation really dictates where you proceed. I mean obviously we want to work with educating licensees and informing them, giving them an opportunity to address that consumer harm and then, you know, going through our progressive tools, whether it's a written warning or potentially a suspension or notice of suspension with an opportunity to be heard. We want to work with our licensees as much as we can to help with their voluntary compliance.

Ms. A. Young: — Thank you. And perhaps, hopefully, last question from me. Consumer protection obviously being incredibly important and the work that you do really supporting that, for the viewing public at home, I think the average consumer would appreciate that there has been a significant shift in the vehicle market since I suppose the start of the pandemic back in 2020 at the outset of the auditor's initial report. And I'm wondering what, if any, impacts this has had on the work that you do day-to-day in this area or that you've undertaken in implementing these recommendations.

Mr. Huyghebaert: — There hasn't been an increase in the number of, volume of complaints that we've had.

Mr. Sobotkiewicz: — For us, we're not seeing . . . There's a trend there on sort of the consumer's buying experience, but it's not necessarily translating into a material change in the regulatory risk that we have to change how we approach things. And if we see that trend happening then of course we would adjust.

Ms. A. Young: — Thank you very much. No further questions from me, Mr. Chair.

The Chair: — Good questions. Good responses. I think there

was three different questions that there was an undertaking to provide information back, so if you can just have that provided back through the Clerk here. Is a month's time from this meeting reasonable? Thank you very much.

We'll kick it over, see if there's other questions at this point. No? Keisig, you bought a used truck or anything lately that you've got a question about?

Mr. Keisig: — I'm perfectly fine. Thank you, Mr. Chair.

The Chair: — All right. Well listen, thank you again for the work in these areas. There's four new recommendations that we need to vote on here. The first and no. 4, I believe we've heard progress towards compliance or implementation on that front. So I would welcome a motion to concur and note progress. Is there someone who'd care to move that? Ms. Lambert.

Ms. Lambert: — I concur with the recommendation and note progress . . . [inaudible].

The Chair: — Okay. All agreed?

Some Hon. Members: — Agreed.

The Chair: — Okay, that's carried for recommendations 1 and 4. For 2 and 3, can we concur and note compliance? Is there a motion to that effect? Mr. Goudy moves. All agreed?

Some Hon. Members: — Agreed.

The Chair: — All right, that's carried. Any final words on your behalf? And I just want to say thank you so very much again for your time here today, all those involved in this work as well.

Mr. Sobotkiewicz: — Thank you for having us.

The Chair: — Okay. Well thank you, CEO Sobotkiewicz and Mr. Huyghebaert. Thank you for your time this morning.

We will now move along and turn our attention shortly . . . Looks like they're not on deck here right now, so a very brief recess and up next is 3sHealth [Health Shared Services Saskatchewan].

[The committee recessed for a period of time.]

3sHealth

The Chair: — Okay, folks. We'll reconvene the Standing Committee on Public Accounts, and we'll turn our attention to the auditor's chapters focused on 3sHealth.

I'd like to welcome all the officials and all the leadership that's here for Health and 3sHealth. I'll turn it over briefly to Deputy Minister Smith to introduce the officials that are here with her today. Maybe hold off on providing other comments on the chapters at this moment because we'll kick it over to the auditor and then bring it back to you.

Ms. Smith: — Thank you and good morning, everyone. I just want to again thank, on behalf of the Ministry of Health, want to thank the auditor for the opportunity to discuss the chapter that we have in front of us. I do have with me today a few people from

the ministry and from 3sHealth with me to answer some questions and any follow-up on the reports.

From the ministry, we've got Greg Gettle, assistant deputy minister, just sitting behind me; Norm O'Neill to my left, assistant deputy minister; Diana Fink, who is our director of operations and internal audit; and Victoria Zhang, our manager of internal audit. And also with me today I have from 3sHealth, I have Mark Anderson, the chief executive officer for the organization; Alana Shearer-Kleefeld, the vice-president of employee benefits; and Jade Lea-Wilson, director of claims services. Thank you.

The Chair: — Okay, thanks to everyone for their attendance and their work on the items we'll discuss here this morning. I'll turn it over to the auditor for her presentation and then we'll bring it back your way.

Ms. Clemett: — So thank you, Mr. Chair, Deputy Chair, committee members, and officials. With me today is Mr. Jason Wandy. He's the deputy provincial auditor for the health division. Behind him is also Ms. Kim Lowe. She's the senior principal who was responsible for leading the audit that we're going to discuss today.

This morning Jason is going to present our chapter about 3sHealth's processes to manage disability claims which does include four new recommendations for the committee's consideration. I do want to thank the CEO of 3sHealth and all of his staff for the co-operation that was extended to us during the course of our work.

With that I'll flip it over to Jason to give an overview on the chapter.

Mr. Wandy: — Thanks, Tara. Chapter 3 of our 2022 report volume 1 reports the results from our audit of Health Shared Services Saskatchewan's, or 3sHealth's, processes to manage disability claims for certain health care employees for the 12-month period ending October 31st of 2021. This chapter includes four new recommendations.

3sHealth is responsible for administering four disability income plans for certain health care employees in Saskatchewan, such as those working in hospitals or long-term care homes. At October 2021, there were over 40,000 health care employees from various health care organizations among the four disability income plans. 3sHealth staff assess and adjudicate disability claims and may obtain advice from medical advisors to help guide adjudication decisions or from physicians to help interpret medical information and the appropriateness of treatment.

We concluded 3sHealth had, other than the areas identified in our four recommendations, effective processes to manage disability claims for certain health care employees for the 12-month period ended October 31st of 2021.

In our first recommendation on page 30, we recommend Health Shared Services Saskatchewan send completed disability benefit claim applications to adjudicators on time. A claim application for disability benefits is complete when 3sHealth receives both employee and employer applications and an attending physician statement.

Upon receiving a completed application, 3sHealth requires a benefit service officer to set up a member profile in the claims management IT [information technology] system and contact the member the same day, advising their application is complete. The officer then submits the application to an adjudicator to assess the member's eligibility and coverage.

We tested 30 applications and found the benefit service officers called and sent emails to members advising their application was complete. However officers did not always make timely application submissions to the adjudicator, causing delays in decision making. For 12 applications tested, we found the delays in submitting completed applications to adjudicators ranged from 4 to 11 business days, resulting in some members not receiving a claim decision until up to 30 days later.

Delays in processing incoming applications cause further delays in adjudicating, which places more stress on members waiting for decisions on their disability claims and subsequent payment of benefits.

In our second recommendation on page 37, we recommend Health Shared Services Saskatchewan follow its established timelines to complete appeal reviews on disability claims and document reasons for significant delays. 3sHealth expects staff to review and make a decision on all appeals within 30 business days of their receipt.

We analyzed 3sHealth's appeals data and found it does not make timely appeal decisions. During 2020 and 2021 our analysis found 3sHealth made over 80 per cent of its appeal decisions later than the expected 30 days. Our testing of six appeals found similar results. Without timely appeal review and decisions, members may not be receiving benefits on time which may place undue stress on plan members. Without knowing why appeal decisions take longer than expected, management cannot address root causes of delays.

In our third recommendation on page 38, we recommend Health Shared Services Saskatchewan centrally track and analyze complaints from plan members regarding disability benefit claims. When a member has a complaint or inquiry, the member can contact 3sHealth via phone or email. 3sHealth expects adjudicators to escalate complaints or inquiries to management, such as to a claims specialist, who will contact the member to resolve the issue.

We tested three complaints and found that all three were appropriately resolved within three to eight business days. However we found 3sHealth does not centrally track the number or specific nature of complaints related to plan member disability benefit claims and subsequent resolution. Without centrally tracking complaints, 3sHealth does not know the number and nature of complaints it receives. As such, it is unable to analyze complaint information to improve its disability claims management processes.

In our fourth recommendation on page 42, we recommend Health Shared Services Saskatchewan enhance its written reports to senior management and the board of trustees about its disability claims management processes. We found that 3sHealth reports most of its key performance information to senior management and the board of trustees, such as information about its two key

performance measures related to the delivery and quality of disability claims or the results of member surveys.

However we found neither senior management nor the board receive information on 3sHealth's performance target for appeals; that is making appeal decisions within 30 business days of receiving an appeal. Additionally, 3sHealth could further improve its reports to senior management and the board by including written analysis of the results. Having more information and analysis on its disability claims process would allow senior management and the board to know whether the claims management process is working as intended and make adjustments as needed.

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

The Chair: — Okay, thanks for the focus of the chapter and the recommendations. Thanks as well for the status update provided and the work that's gone in on these fronts. I'll table at this point PAC 113-29, 3sHealth: Status update, dated December 14th, 2023.

Thanks again for providing that to us. I'll turn it over to Deputy Minister Smith for a brief response to the recommendations and then we'll open it up for questions.

Ms. Smith: — Thank you, Mr. Chairperson. I'll just maybe add that I just have some brief comments really at the front end because there were just the four recommendations, just sort of summing that up, and then appreciate we'll go into questions. And again I want to just thank the Provincial Auditor Tara and her team, Jason and Kim, for your support on this audit. We do really appreciate the services and the oversight that you help to provide to not only the Ministry of Health but to our partner agencies such as 3sHealth Saskatchewan who is with us here today.

So just to summarize, the Ministry of Health and 3sHealth, we have made good progress on the four managing disability claims recommendations with two fully implemented and two partially implemented. Work is under way to continue to fully implement the outstanding recommendations and I am confident that ongoing work will continue as a result of today's review and discussions.

We do appreciate the analysis and detailed audits provided by the Provincial Auditor. You really do provide a very thorough analysis through the processes that help generate some really important recommendations to ourselves and to our other service sector partners as well. So we appreciate that, again the ongoing dialogue that we have and some of the input that you give to us on the services that ultimately, regardless of whether we're talking about 3sHealth or of our other partner agencies, which is really critical to delivering services to the citizens of our province and to the patients who are receiving those services.

So I'll just maybe conclude, just some comments that we, I know we'll get into maybe some questions on the recommendations in front of us, but we will continue to work with the Provincial Auditor on a series of recommendations and just really appreciate the input. So thank you.

The Chair: — Well thank you, Deputy Minister Smith. I'll look

to committee members now for questions. Ms. Young.

Ms. A. Young: — Thank you, Mr. Chair. Thank you, Deputy Minister, for being here today and my thanks as well to all of your officials as well as to the auditor's office and everyone who undertook to implement these recommendations. I know a great deal of work goes on that is unseen by this committee on both sides, and I appreciate it.

[10:00]

In the status update, it notes the performance of 3sHealth was surpassing its target of over 90 per cent within eight days and then starting from October 2023, this dropped 12 per cent below the standard, currently at I believe 78 per cent. Can you expand on this rapid decline in the performance on this measure?

Ms. Smith: — Thank you. I'm going to introduce again Mark Anderson who's the CEO of 3sHealth, and he can provide a little bit more detail on the question that you've asked. Thanks, Mark.

Mr. Anderson: — Sure. So thanks very much. I think, you know, when you set a service standard in any part of your business, its goal is to ensure we know what we're targeting, what we're driving towards, and every single day we aim to achieve it. And as you can appreciate, a variety of things can impact your ability to deliver on that on a day-to-day basis. And it's sort of our north star we course-correct to.

So in the last number of months we have seen our volumes increase in the number of claims coming in. And that is of course one of the key drivers that would take you in a slightly different direction and off of your standard, although I am very pleased that we were able to be in standard for the majority of the year and we've done a lot of work to get to that point.

The other component is of course staffing levels, and since the audit, we have increased our staffing levels significantly to ensure that we can maintain that standard. You know, of course, we do suffer from the seasonal illness, some turnover at times, and that of course has an impact as well.

So I would say those are the two key drivers that have, you know, got us currently off track, and we continue every single day to work back to that standard.

Ms. A. Young: — Thank you, Mr. Anderson. You know, you noted in your comments that staffing levels are a concern, and it is reflected in the status update that 3sHealth is experiencing significant staff movement. I believe it notes departures and internal transfers. Can you clarify why there is such high staff turnover at this time, turnover and movement?

Mr. Anderson: — So you know, the turnover I think in our organization is not necessarily out of the norm. We are seeing that in lots of parts of, I think, our economy generally where people are moving to other positions. And you know, as I just chatted here with some of our staff, some of that turnover has actually been internal promotions where we've had other opportunities available within the organization. And so we are actively recruiting to fill those roles.

Ms. A. Young: — Thank you. So the status update notes

significant staff movement. Am I understanding that that's not the case? This is business as usual?

Mr. Anderson: — I think, you know, in my conversations with staff back here, I think "significant" is a relative term. So for us it's significant relative to the last number of months where we've been in standard. But I'll just check on our total adjudication team because I think significant . . . When you think about the size of the team, even a couple of movements can be significant for us.

Ms. A. Young: — Sure. That was going to be one of my future questions: how many adjudicators you currently have and what your staffing target is for that role specifically.

Mr. Anderson: — Sure. So currently we have 13 budgeted adjudication positions, and we have 12. So we have one vacancy in that position as of right now. And on the benefit services side, which is where that claim is set up in the first place, we currently have three vacancies.

Ms. A. Young: — And three vacancies out of a targeted staff team of what size?

Mr. Anderson: — On the BSO [benefit services officer] side, I'll just double-check again. Fourteen total.

Ms. A. Young: — Correct me if I'm wrong. I believe you said it's really been the last couple months that there's been significant staff movement. Some departures, some internal movement as well. Looking at the full staff component relevant to the auditor's chapter — so I'm not sure if it's just the adjudicators in your consideration or if it's those two parts — how many employees have left out of what size of a staffing component?

Mr. Anderson: — Today compared to the period that the audit happened? Is that what your question is?

Ms. A. Young: — Oh, I'm curious. The status update talks about, and you've said I believe in your comments that in recent months — so I'm not sure if that starts in like August or if that starts in September, where you see the decline in the service standard — but that there's in recent months been significant staff movement.

So I guess my question would be like what time period are we looking at? And then what has the actual movement of staff been during that time period?

Mr. Anderson: — Where we've come out of standard is the October, November time period. So I believe we're in standard for all of the months of 2023 up until the October period. So that's when we've come out of standard. And I'd have to get back to you exactly about the turnover during this specific time period. And maybe my officials can drum that up.

Ms. A. Young: — That would be appreciated. Thank you. What's the current adjudicator caseload?

Mr. Anderson: — So our current caseload is 111 files per adjudicator.

Ms. A. Young: — And I assume that that's like an average.

What's the highest caseload that any one adjudicator would be carrying recognizing that, you know, there's work being done to levelize that across employees?

Mr. Anderson: — 130.

Ms. A. Young: — Thank you. In the status update and in your comments today, it's been indicated that there has been a significant increase in the volume of claims. And it's noted that in, I believe, October, there was a four-year high of disability applications of 270, which was then again surpassed in November with, I believe, 271 applications.

Historically what has the high-water mark been for disability applications? And I should note if any of this is tough to find immediately, or if you do require more time, I think we would be happy as a committee to receive this at a later date as well.

Mr. Anderson: — I believe we have this information handy. Okay, so our high, over the last five years anyways with the data I have, was the month of June of 2021 where we had just over 300 applications.

Ms. A. Young: — Thank you for that. If you have that information available in terms of the trends or like the month-over-month claims levels for the past five years, I think I heard you say, I'd really appreciate having that information provided to the committee.

The Chair: — Maybe on that, so we could receive that right now if you have that. You could read it into the record. The other option of course would be that maybe within a month's time, you could supply that information back to this committee through the Clerk. Whatever your preference. If you've got it there, that's great.

Ms. Smith: — I think we'll submit it afterwards. We'll just take a look at the information we have, make sure that it all lines up with the questions that you're sending, and we'll put that forward.

The Chair: — That probably makes sense. I think we're talking 60 months then in the end anyway, so that's probably the best course of action. Thank you very much.

Ms. A. Young: — Thanks. So picking up on that, on your last comment, is it correct to assume that this so far appears to be a bit of a trend, the increase in . . . I mean we only have the two months here; I recognize that. I think there's been reporting going to the board since 2022 if I'm remembering accurately.

But I guess to focus, is this a trend that we're seeing in terms of the ongoing increase in disability numbers or is it really only October, November that have been particularly significant?

Mr. Anderson: — I think, you know, you see normal variation throughout the year, so it's tough to say whether a couple of months represents a trend. And that's what makes it difficult sometimes to ensure staffing levels are exactly adequate because you don't know how many claims are going to come in in that particular month. Certainly it may end up there, but I think two months is probably too early to call it a trend.

Ms. A. Young: — So you've noted perhaps a seasonal nature to an ebb and flow of claims trends. Can you expand on what you'd attribute to, even in the last two months, a higher number of disability claims?

Mr. Anderson: — You know, I don't know that we can attribute it to anything in particular yet. That would be probably me, you know, guessing. But certainly we do see some seasonal variation there.

[10:15]

We took a look at what were the types of things that people were submitting claims for, and it has not changed significantly in the last, you know, several years. So I don't have an answer to that at the moment.

Ms. A. Young: — Understanding that you do have data available over the past number of years, can you speak to, like, who these people are putting in claims. Like I understand the groups that participate in this disability program, but is there anything you'd like to bring to the committee's attention? Like are these folks primarily, you know, long-term care workers? Are they EMS [emergency medical services]? Are they health care workers? Are they spread across these professions?

Mr. Anderson: — Spread across. So our plans cover, you know, as noted by the auditor, certain health care workers, but I think I might say the majority of health care workers are covered by these plans. So not physicians, you know, but the vast majority of other health care workers would be covered by these plans.

Ms. A. Young: — Okay. And I'm right in understanding then that this is kind of levelized then across professions within the field? You're not seeing like, for example, a spike in EMS claims in particular, or any particular employee group or categorization?

Mr. Anderson: — Not that I could point to, no.

Ms. A. Young: — I suppose along a similar vein, understanding that, you know, this is a sector that was really impacted on the workload side by the pandemic, we hear a lot about ongoing levels of burnout. Hearing that this is kind of levelized across the professions represented in your field, do you track or maintain a breakdown of the nature of the claims?

Mr. Anderson: — At a high level we do. So our largest type of claim is musculoskeletal injury or problem. So that would be, you know, the biggest one that we have. And then the other categories, I'll just verify that I have the right information.

So we have really four categories that we're able to report on. The first is, as I mentioned, musculoskeletal injuries, so 36 per cent; then mental or nervous disorders at 16 per cent; cancer oncology at 9 per cent; and then all other, 39 per cent.

Ms. A. Young: — Thank you. And do you also track those numbers month to month or year over year?

Mr. Anderson: — Year over year, for sure. Twice a year.

Ms. A. Young: — Twice a year. Okay. And would you have that information available for the same time period, at that five-year

period you spoke of earlier?

Mr. Anderson: — We do track it. We'll just have to confirm the specifics though for you.

Ms. A. Young: — Great, yeah. Hearing that that is available, if that could be provided to the committee as well, it would be appreciated.

So looking at the four categories that you listed, which I believe were musculoskeletal; nervous disorders; kind of perhaps mental health more colloquially speaking for that second category, if that's a fair . . .

Mr. Anderson: — That would be in that category, for sure.

Ms. A. Young: — Oncology; and then other, that remaining 39 per cent. Is there an increased incidence of mental health claims in that second category?

Mr. Anderson: — We have not seen that. We checked the last two years anyway, and we have not seen that change. No.

Ms. A. Young: — In the musculoskeletal category, I think in the public consciousness there's an awareness of, you know, concerns that this is really physical work that a lot of health care workers undertake that can — you know, like many professions — take a toll on people's bodies, and then as a consequence lead to greater increase in claims if it is potentially work that could be prone to injury or security concerns.

In that first category, do you have, do you track a breakdown of reasons that members would be physically injured?

Mr. Anderson: — We do not. And remembering that this particular program would be secondary insurance to WCB [Workers' Compensation Board], so if somebody was injured in the workplace, that would be a Workers' Compensation Board claim.

Ms. A. Young: — For sure, yeah. You want people to go to all of their insurance programs — whether WCB or SGI if it's motor vehicle — and then to this program.

Mr. Anderson: — Correct.

Ms. A. Young: — So there's no breakdown of reasons that members could be physically injured. So if I was curious as to whether or not there was a trend, if this was increasing or decreasing, that's not information that you would have for the committee.

Mr. Anderson: — I don't believe so, no.

Ms. A. Young: — Recognizing that this is almost a tertiary plan, as you've noted, is there work that 3sHealth undertakes to mitigate, to address root causes of injuries or to mitigate the number of claims that comes into this plan?

Mr. Anderson: — So just to confirm some of our protocols around communication, so we do communicate statistics information to employers, the employers that participate in these plans. And then it's up to the employers to, you know, do with

that as they see fit.

Ms. A. Young: — Thank you. So expanding on that perhaps a bit. As the administrator of these plans, you simply provide the information to the employers who then, by your understanding, are responsible for undertaking any kind of risk mitigations or actions to decrease the incident of workplace injury or disability claims? I shouldn't say workplace injury. Disability claims.

Mr. Anderson: — Yeah, and I think that's the nuance though is, you know, those workplace injuries again are covered by Workers' Compensation Board. And I do understand those conversations do occur with employers and WCB. These are, you know, areas where you would become ill or injured outside of the workplace that we're covering. And so we certainly provide information to the employers about what's happening with these plans.

And then we take a more active role on the . . . You know, if they are injured, we basically have a program which we've called Path to Health which is really around, you know, helping these folks who come into our plans return to health and get back into a place where they're feeling healthy enough to work again.

Ms. A. Young: — So just to make sure the committee is crystal clear on that, in terms of the responsibility then for ultimately . . . I mean with any insurance plan, with any program, obviously you want to decrease the number of claims that go into that program. There are always going to be some, but you know, you want to be proactive in terms of managing your risks and then the exposure of organization members in the plan. With whom does that responsibility lie? Am I right in hearing there's none with 3sHealth? There's none with the board of trustees?

Mr. Anderson: — I think that would be a fair assessment related to this particular plan, yes.

Ms. A. Young: — Okay, great. So then kind of circling back to my earlier question around attention to or addressing, you know, root causes of injuries, whether physical or mental, I believe you said the root cause, this isn't necessarily tracked within 3sHealth. Is there like a central repository for that information? Do the employer groups track that? Please correct me if I'm mistaken in my understanding.

Mr. Anderson: — So just want to reiterate sort of what our role is and what the plan's role are here. So our role is to, you know, receive the claim. So a claim will come in. We then assess and adjudicate whether the claim is covered through the insurance that's provided. That's typically done through medical information, you know, that's provided. And then if they are eligible, then we will pay the claim, and we will work with that claimant to support them throughout the claim in every way that we can to help them in that process. So we pick up at the point that they've been injured or that they've had an illness, and not the root cause kind of front end of that.

Ms. A. Young: — And again, that's with the employers then?

Mr. Anderson: — I think the employer certainly, as I mentioned as it relates to the WCB claims, but because these are often outside of the workplace, they can be more, you know, societal types of issues that occur that cause these types of issues in the

first place.

Ms. A. Young: — Okay. Interesting. Yeah, I thought some of that information would be centrally tracked somewhere for a plan of this nature. But I am hearing that it's not at 3sHealth and that's not part of your responsibility.

So I can move on. In regards to the implemented central tracking and the analysis of complaints from plan members as it relates to disability benefit claims, I see in the report that documentation and central tracking has been implemented. A similar vein of questioning, can you speak to any trends that you're seeing in these claims? Are complaints up, down, steady?

[10:30]

Mr. Anderson: — So as pointed out by the auditor, we did not have a central complaint reporting system previously. So I can't speak to trends, unfortunately. But we do now have it in place so we will be able to on a go-forward basis. But I can indicate that, you know, we had 23 complaints come in 2022 and 16 of them were related to disability benefits.

Ms. A. Young: — Can you remind me when that reporting began? Was it July 2023?

Mr. Anderson: — 2022.

Ms. A. Young: — So beginning of 2022. And do you have information available then, I guess, for the past 15 months in terms of the nature of those or the prevalence of those complaints?

Mr. Anderson: — They have some. I'll just get clarity on the time period I have here. So I misspoke. The 23 were not from 2022. They were from the start. So it's been since that July 2022 up until current, we've have 23 complaints, 16 related to disability.

Ms. A. Young: — Okay, so 23 complaints in — as she tries to do math on her feet — like 17-odd months, I guess.

Mr. Anderson: — Ish.

Ms. A. Young: — Ish.

Mr. Anderson: — Yeah.

Ms. A. Young: — Are you able, and you said of the 23, forgive me, 17 were . . .

Mr. Anderson: — 16.

Ms. A. Young: — Sixteen were related to disability benefits?

Mr. Anderson: — Correct.

Ms. A. Young: — Okay. With the new reporting, can you speak to how your claim management process has improved?

Mr. Anderson: — So as the complaints are identified and come in, the leadership team within benefits — that's the folks behind me here — they take a look at them. And they look to identify,

you know, specifically are there areas that they need to respond to and/or are there systemic things that they would need to resolve and, you know, that we might have a break in our process or something.

So we're very active in the continuous improvement space in our organization. And so as we get feedback and information, we look to identify areas of improvement.

Ms. A. Young: — Thanks. And have any systemic concerns or breaks in process been identified?

Mr. Anderson: — For the most part what we've seen are pretty, you know, single-incident-related so far in the tracker. But that doesn't mean, you know, in the future we wouldn't see some that we would look to make those improvements.

Ms. A. Young: — Having heard “for the most part,” are there other parts beyond “the most part” that you can comment on, or is that just a turn of phrase?

Mr. Anderson: — What phrase? I'm sorry.

Ms. A. Young: — You said, “for the most part” they've kind of been one-offs, and I was just curious if there was . . .

Mr. Anderson: — Well you know, when I look at the complaints that we've gotten, there's certainly an area there around late payment that we may have something going on more specifically. But I can't speak to it becoming, you know, a systemic issue with those type of things. They do happen from time to time. You know, there's a lot of claims coming through, a lot of payments coming through, and so occasionally things do get missed.

And we try to, you know, pin down our processes very clearly so that we have standard work for our employees and are making sure they're checking those boxes each and every step along the way. And occasionally those steps get missed. Occasionally you need to add a process step, and you say, well we need to add this component in. And so I don't think we've updated anything on the late payment in that category to my knowledge.

Ms. A. Young: — That was going to be one of my further questions. In recommendation 4 it's clear that reporting to the board has become regular and enhanced. And I was going to ask if you could expand on any changes or direction provided by your board of trustees to the organization in regards to the disability claims management process, if there have been any.

Mr. Anderson: — You know, I think probably at every board of trustee meeting there are a variety of conversations that the board, you know, would weigh in on and give influence to. And as we provide these reports, they ask us questions that, you know, might change some of our processes slightly. I think that happens at every board meeting.

Ms. A. Young: — A sign of good governance. Have there been any specific directions from the board?

Mr. Anderson: — Not that I can point to in this regard, no.

Ms. A. Young: — Thank you. So circling back to where we began, with the past two months obviously having high numbers

of claims as well as some challenges around the staffing in your organization for the folks who work to move those claims along, obviously the longer individuals are off work, the harder it is for a return to work. An increase in disability claims kind of paired up with even a temporary decrease in that performance standard, recognizing the staffing challenges you've spoken to, is not necessarily great.

I have heard that you're hiring. I've poked around on your website. I see there's some jobs posted, closing in the next couple weeks. Have there been resources or direction provided by the board or senior management to help alleviate this in the short term?

Mr. Anderson: — We have always immediately asked the team to fill vacancies as they come up. We're actively working towards level loading those cases to ensure that, you know, folks have cases. And there's some balancing that needs to occur based on complexity of cases too because not every case is the same. Some are more complex than others.

So I think, you know, that making sure we have the right balance of staff to handle these claims is really driven by that metric that I started with, that true north, that turnaround time. And so if we're adjudicating these claims in time, then that says to me we're sufficiently resourced. And if we're not, then we either have some process challenges we need to improve on or we have some staffing levels that we need improve on as well.

And you know, like I said, very pleased with our progress because we were not meeting standard, as was pointed out. We got to within standard. It's now come a little bit out of standard, and we're going to work hard every day to get it back into that standard.

Ms. A. Young: — So the caseload levels then, just to be clear, are manageable for the staffing component once you fill those vacancies that have been identified?

Mr. Anderson: — We believe they are, but we're always looking to ensure they're balanced and load levelled.

Ms. A. Young: — Okay. And there's no intention or expectation at this point that you'd be looking to increase human resources in order to lower those caseload levels or expedite those processing times, get that standard back in order?

Mr. Anderson: — Given that we've had the positive results earlier in the year, we think that our staffing complement, when full, is appropriate.

Ms. A. Young: — Great, thank you. Moving on, related to the employee benefits plan team, it's noted in 3sHealth's annual report that the EBP [employee benefits plan] team implemented a new disability claims management system, claims health care information program. I don't know if you call it CHIPs. I'm okay if you call it CHIPs.

Mr. Anderson: — Indeed we do.

Ms. A. Young: — I'm always cautious of inventing or claiming acronyms in this committee. So with CHIPs, is this new software involved in tracking complaints from plan members?

Mr. Anderson: — No.

Ms. A. Young: — So hearing no, how is 3sHealth then tracking those? Kind of circling back to recommendation no. 3 from the auditor.

Mr. Anderson: — So as the complaints come in, as per recommendation no. 3, we manage that centrally, and then the team reviews it on a monthly basis for responses.

Ms. A. Young: — And that central management system, is that like something formal? Is that an Excel spreadsheet? I don't have any value judgments on that. I'm just curious.

Mr. Anderson: — Yeah, it's the latter.

Ms. A. Young: — Okay. So then can you maybe expand on what CHIPs is used for in terms of that disability management piece?

Mr. Anderson: — So CHIPs is really our system where, when the claim comes in, it's the place where we house all of our claims and have all the information related to all of our disability claims. It is the primary system to manage claims.

Ms. A. Young: — Thanks. Who's the provider of that? And what was the cost of implementation?

[10:45]

Mr. Anderson: — Okay, so the vendor's name is Penad, P-e-n-a-d. And the payments would be in our payee disclosure that we do on our website and on our annual report. We'd have to follow up with the specific question though about the cost.

Ms. A. Young: — Yeah, if there's a total cost for the implementation of that program as well as payments to the vendor specifically, that'd be appreciated.

The Chair: — I'm just going to jump in here again. There's been a few different moments when there's been an undertaking to provide information back. That's wonderful. That can come again through the Clerk. Is it reasonable to have all the undertakings provided within the next month? Is that a reasonable period of time?

Mr. Anderson: — So far, yes.

The Chair: — Sounds good. Thanks so much.

Ms. A. Young: — I only have one more line of questions, so hopefully we stay within that. Moving on to the Path to Health, I believe in the auditor's report it was launched in 2019 as a three-year project, implementation in March 2022 if I'm right in that. Can you provide an update on the Path to Health and where it's at since this publication?

Mr. Anderson: — The Path to Health was a very exciting initiative for us. And I can proudly say that we've concluded that as a program, but it's now into our daily operations. So the highlights were the implementation of the new disability system, which you pointed out earlier. We'd redesigned our case management processes. So the way I sometimes describe it is, previously we were more like an organization that just, you

know, we adjudicated your claim — we took a look, you were either eligible or you weren't, and we decided to pay it or not — and that we handled, you know, everything around that.

Now we are more hands-on. We are making what we call care calls throughout the process. We're interacting with the claimant on a more regular basis and we're helping them navigate their journey back to health. So it's a much more hands-on type of case management process.

We simplified our forms and our booklets so that when people that were applying for disability, when they came onto our website or tried to understand the process, it was simpler and easier to follow for them. We increased our staffing complement to manage that higher-touch case management, so we actually doubled our staffing complement of adjudicators during that time period to help reduce our caseloads. And then we also began to invest more significantly in treatment funding, so to assist our plan members in their recovery efforts.

So those are the highlights of Path to Health, and I'm pleased to say we've embedded those changes into our daily operations as a result of that initiative.

Ms. A. Young: — Thanks so much. So can you speak to the experience of members through the disability claim life cycle? Has it improved since this project?

Mr. Anderson: — I believe it has, yes, and we certainly do hear many stories from our claimants about their experience. And we actually use those to read out to staff to encourage them to continue along that journey and, well, as we say, "take care of our caregivers" is the tag line that we have.

Ms. A. Young: — Thanks. And it's noted in the auditor's report that some of the performance metrics do include those plan member satisfaction surveys. Those would align as well in terms of member satisfaction with the process?

Mr. Anderson: — Yes.

Ms. A. Young: — Just one last question on this. You mentioned rehabilitation, return-to-work. Who's the rehabilitation service provider?

Mr. Anderson: — Largely CBI is our rehab service provider. And then we have another smaller relationship, but CBI is the primary provider.

Ms. A. Young: — Okay, thank you. The last area of questions for me as it relates to the various kind of, like integrated business systems that you use at 3sHealth. Is there a relationship or will 3sHealth have a relationship with the AIMS [administrative information management system] system?

Mr. Anderson: — So AIMS is not a disability system. The CHIPs system will continue to be our disability system.

Ms. A. Young: — Right. And forgive me, I'm not our Health critic, so I'm out of my depth here. All I can recall is it's, you know, 80, 80-odd, 82 different business systems being integrated into AIMS. And so there's no impact on 3sHealth? There's no relationship between any of your systems and AIMS?

Mr. Anderson: — No. The disability-related system is not one of those 82 systems being replaced.

Ms. A. Young: — Okay. So there wouldn't have been any disability claims impacted by AIMS at all? Like, as you said, no relationship?

Mr. Anderson: — So not related to the disability system, no.

Ms. A. Young: — Okay. So not related to the disability system. What other systems — sorry if this is obvious to everyone but me — would this have impacted?

Mr. Anderson: — So the AIMS system is, you know, a sector-wide platform and it is, you know, related to HR [human resources] systems, scheduling systems, supply chain systems, financial reporting systems. So it is sector wide. But the disability side of it is a separate system as I mentioned. So I think that's the best way I could describe that.

Ms. A. Young: — Yeah, thanks. Sorry, in trying to figure this out and looking at the readily publicly available information for AIMS and the business systems that it is replacing, you need a log-in.

The Chair: — Deputy Chair.

Mr. Nerlien: — Thank you, Mr. Chair. I think the member is a little bit outside the parameters of the audit report at this point.

The Chair: — Yeah, I think we're getting clarity. I think there's responses we'll see. I mean, the scope of the committee is the work of the entity that's before us. So we'll see where, you know, the questions are being brought here and listen to the response there as far as how it connected to the disability systems.

Ms. A. Young: — Yeah, thanks. I was just flagging it in trying to investigate this, and just going to see if there was any impact in delays for members or with the AIMS rollout, not being clear if it had impacted disability claimants. There doesn't seem to be any ability to look at the list of the business systems being replaced online. You need a MyConnection log-in to see that list. So that was kind of along the lines of my questions. It's unclear I think to see what, if any, systems the implementation of AIMS is going to replace at 3sHealth.

Mr. Anderson: — There is no impact on the disability claims as a result of AIMS. As I said, that system is separate and will continue on.

Ms. A. Young: — Thanks. No further questions.

The Chair: — Thanks for the work and responses, folks. Looking to committee members to see if there's any further questions with respect to the chapter and recommendations before us. Not seeing any further, with respect to recommendations 1 and 2, I think we heard and have seen the path towards compliance and timelines in actions on that front.

[11:00]

So I would welcome a motion to concur and note progress with recommendations 1 and 2. Do we have a mover? Moved by Mr.

Goudy. All agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. With respect to 3 and 4, we could note that implementation has occurred and that . . . I would welcome a motion to concur and note compliance. Moved by Ms. Lambert. All agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried as well. Okay, those are the four new recommendations. At this point I want to just say thank you very much to Deputy Minister Smith, to CEO Anderson over at 3sHealth, and to all the folks that are with us today and all those that are involved in the work that connects to the recommendations before us here today.

So are there any final words, Deputy Minister Smith, on your behalf before we kick you out of here and bring in the SRC [Saskatchewan Research Council]?

Ms. Smith: — We will get out of here quickly. I do just want to say thank you for the questions and thank you for the opportunity to be here. And to the teams for their responses, much appreciated. So thank you.

The Chair: — Yeah, thank you so much to everyone. And we'll have a very brief recess, and on deck next are Saskatchewan Research Council.

[The committee recessed for a period of time.]

Saskatchewan Research Council

The Chair: — Okay folks, we'll reconvene the Standing Committee on Public Accounts. I want to welcome the leadership from the Saskatchewan Research Council that have joined us here today. We're going to turn our attention to the chapters focused on the SRC, and I'd welcome Ryan Hill, chief operating officer, to briefly introduce his official that's with him here today. Refrain from commenting on the chapters just now. I'll send it over to the auditor, and then bring it back your way.

Mr. Hill: — Beside me is Jocelyn Allard. She's the associate vice-president of finance.

The Chair: — Great. Thank you very much. I'll turn it over now to the Provincial Auditor to make presentation and we'll go from there.

Ms. Clemett: — So good morning. Thanks, Mr. Chair. Welcome Deputy Chair, committee members, and officials. With me today is Mr. Jason Shaw. He's the deputy provincial auditor that is responsible for SRC. Jason will be making one presentation highlighting both chapters noted on the agenda together because they are both on the same topic.

The first chapter does include five new recommendations for the committee's consideration, and I do want to thank SRC senior management and staff for the co-operation that was extended to us during the course of our work.

With that, I'll turn it over to Jason.

Mr. Shaw: — Thank you. The Saskatchewan Research Council purchases various goods and services to deliver research and development services. Effective procurement processes are key to ensuring purchases are transparent, fair, and support the council's achievement of best value. Not having effective procurement processes increases the risk of not using public resources wisely and placing the council's reputation at risk.

In '22-23 the council incurred expenses of about \$275 million. Chapter 10 in our 2020 report volume 1, starting on page 119, reports the results of our audit of the effectiveness of the Saskatchewan Research Council's processes to purchase goods and services. We concluded for the 12-month period ended November 30th, 2019 that Saskatchewan Research Council had, other than in the following areas, effective processes to purchase goods and services. We made five recommendations to the council.

Chapter 21 of our 2023 report volume 1, starting on page 203, reports the results of the council's actions to implement these recommendations by December 2022. We found it implemented one recommendation, partially implemented two, and made no progress on the last two recommendations. My presentation for each recommendation will summarize the new recommendations and then provide the status at December 2022.

On page 124 we recommended the Saskatchewan Research Council establish expectations about when and how to communicate results of tenders for purchases with suppliers. The council maintains a comprehensive set of written procurement-related policies and procedures; however at November 2019 we found the council did not provide staff with sufficient direction in two areas.

Council did not indicate how it expects staff to communicate the results of its evaluation of tenders to successful and unsuccessful suppliers. The Canadian Free Trade Agreement requires making its contract award notices public, such as posting notices on the SaskTenders website. In addition, the council did not expect staff to keep track or document the results of debriefs with unsuccessful suppliers.

Not establishing expectations for communication with successful and unsuccessful suppliers responding to public tenders increases the risk of the council not demonstrating to suppliers the fairness and transparency of its purchasing decisions. In addition, it risks violating requirements of external trade agreements.

By December 2022, on page 204 of our follow-up chapter, we found the council had improved its processes to communicate the results of public tenders; however it had not updated its policies to align with these processes. We found the council posted all four tenders we tested on the SaskTenders website, including the results of winning bidders. Also we found the council appropriately sent letters of intent and regret to each successful and unsuccessful bidder for all four tenders tested.

On page 125 of our 2020 report volume 1, we recommended the Saskatchewan Research Council establish guidance on setting the amount of time to allow suppliers to respond to tenders. The council had not established a standard minimum amount of time

to leave tenders open to allow suppliers sufficient time to respond to tenders.

Good practice suggests 25 to 35 days and recognizes the time allowed may vary depending on the complexity and size of the purchase. Without a minimum sufficient time to respond, suppliers may choose not to respond to tenders or provide incomplete responses, resulting in fewer viable options. On page 205 of our 2023 report volume 1, at December 2022 the council had not developed guidance or formal expectations to help staff establish how long to leave tenders open.

On page 126 of our 2020 report volume 1, we recommended the Saskatchewan Research Council monitor compliance with its policy for individual transaction limits when using purchasing cards. The council's purchasing card policy and purchasing card procedure give staff clear and complete guidance on their use including setting individual monthly transaction limits.

For 1 of 17 purchase card transactions we tested, an employee did not follow the council's policies by splitting a purchase transaction exceeding 5,000 into two separate payments. The employee's single transaction dollar limit was \$5,000. The employee did not have approval to exceed their single transaction limit. There was no evidence the supervisor responsible for reviewing and approving the employee's monthly statement noticed the split transaction.

Adhering to purchasing card policies and procedures reduces the risk employees make inappropriate purchases on purchasing cards. Appropriately monitoring purchasing cards allows management to confirm purchases are appropriate and align with council policy.

On page 206 of our follow-up chapter, by December 2022 we concluded the council implemented this recommendation. We found it followed its policy for purchasing card transaction limits for the transactions we tested.

On page 127 of our 2020 report volume 1, we recommended the Saskatchewan Research Council monitor the continued appropriateness of individual transaction limits on purchase cards when approving temporary changes to dollar value limits for special circumstances.

We found the council did not reduce individual transaction purchase card limits after granting temporary increases for a single purchase due to special circumstances for 2 of 17 items we tested. For example, an employee had an individual transaction limit of \$10,000 for two months after the temporary increase from \$5,000. Not actively monitoring and timely returning temporary transaction limits increases the risk of employees making inappropriate purchases or purchases not in accordance with the council's expectations.

On page 206 of our 2023 follow-up report, by December 2022 we found the council improved its processes to monitor purchasing card transaction limits by periodically reviewing transaction limits. However further work was required. We tested eight purchase card transactions up to December 2022 where staff required a temporary transaction limit increase. We found three transactions where the council did not reduce limits to previous limits within 60 days. Also we found one transaction

where staff did not obtain all appropriate approvals before temporarily increasing the transaction limit to make the purchase.

[11:15]

On page 133 of our 2020 report volume 1, we recommended the Saskatchewan Research Council establish a formal process to assess and track supplier performance. The council took an informal approach where staff verbally discuss issues as they arise with suppliers and address performance issues as they occur.

The council did not formally assess whether suppliers performed to a satisfactory level after the conclusion of the contract or after its receipt of its goods and services. Good practice suggests use of formal processes to assess supplier performance. This allows for appropriate consideration of supplier performance when making future purchasing decisions, which decreases the risk of the council using unqualified or inappropriate suppliers. On page 207 of our follow-up chapter, by December 2022 we found the council did not change its process and did not formally assess the results of supplier performance.

This concludes my presentation. Thank you.

The Chair: — Thank you very much for the presentation. And then I'd like to thank as well SRC for the status update on this front and the follow-up by the auditor's office. I'll table at this point PAC 114-29, Saskatchewan Research Council: Status update, dated December 14th, 2023.

And I'll turn it over to chief operating officer Mr. Hill for a brief comment with respect to the recommendations of the chapters, and then we'll open up for questions.

Mr. Hill: — Thank you very much. We agree with all the comments and all of the findings within the auditor's report, and subsequent to the most recent follow-up audit, we have fully implemented all recommendations. Within all of these situations, we did perform these as identified informally. However when they're not appropriately documented, not appropriately followed, it does make it difficult for the purposes of determining it during an audit.

The Chair: — Thank you for the words. Thanks for the work on this front. We'll open it up to members for questions. Ms. Young.

Ms. A. Young: — Thanks so much and thanks for being here today. It's been really exciting to watch the expansion of SRC. I understand you're the second-largest research and technology organization in Canada these days, which is a remarkable accomplishment for the province and, I think also speaks to the importance of this audit and looking at the tendering that you do for goods and services, having expanded from, I think, it's 72 million in '18-19 up to \$275 million a year, I believe, was the number cited by the auditor's office most recently. So yeah, just wow and thanks for that. I think it really underscores the importance of, as you said, proper documentation of all of these policies as it pertains to procurement and purchasing and all of that.

So where do I want to begin? So many questions. Love SRC. Maybe starting on PCards [purchasing card]. Has SRC been

monitoring compliance with the split authorities between what is purchased on PCards and what is tendered through your purchasing group to ensure that that \$5,000 limit is adhered to?

Mr. Hill: — Yes, we have been.

Ms. A. Young: — And there's no incidents of that not being adhered to?

Mr. Hill: — No.

Ms. A. Young: — Great, thank you. One of the audit goals was to assess SRC's approach to accessing feasible sources of supply for purchases that you make. And so looking for real-world examples, perhaps one of the most prominent ones, can you advise what you've done in relation to the source of or supply for the new critical minerals processing facility?

Mr. Hill: — With regards to the critical minerals facility, we are in discussions with a number of entities surrounding to the securement of supply. We do have supply already secured for a year's worth of operation.

Ms. A. Young: — Okay, great. So was the first ingot poured in 2021? Am I right in remembering that?

Mr. Hill: — I believe so, yes.

Ms. A. Young: — Okay. So when that first occurred, where did you purchase the raw ore from? And what are the sources of supply going to be then for this test facility?

Mr. Hill: — The initial ore secured was from Brazil, from the state-owned company in Brazil for the nuclear entity INB [Indústrias Nucleares do Brasil]. As far as the oxides that were used to create the first metal ingots, they were secured I believe from Europe, those oxides. Going forward of course with regards to supply, we are talking to a number of entities within the United States, Australia, Vietnam with regards to securing supply.

Ms. A. Young: — Thanks. And in terms of Europe, do you have the specific countries from which . . .

Mr. Hill: — I apologize. I can't recall where we purchased those oxides from. They were a very small amount because we were using it to be able to take and prove out the actual technical viability, being able to create the metal alloys.

Ms. A. Young: — That's okay. If you have that information available and it could be provided to the committee at a later date, that would be appreciated.

The Chair: — Just a follow-up to confirm for the process around the table, is that something you're able to undertake and supply back to this committee?

Mr. Hill: — Yeah.

The Chair: — At a later date? Is a month's time reasonable as a due date there?

Mr. Hill: — Absolutely.

The Chair: — And that can be sent through the Clerk here.

Ms. A. Young: — Thanks so much. And then on a go-forward basis, I believe you mentioned the United States, Australia, and Vietnam. Those are the three countries that SRC is looking at for sourcing this from?

Mr. Hill: — We're looking at all available areas, but those are the ones that we've had some advanced conversations with regards to.

Ms. A. Young: — Okay. Knowing little about this, what are the other countries that play in that field, that you'd be pursuing?

Mr. Hill: — With regards to monazite, monazite is actually fairly broadly available and is available in a number of areas. The whole consideration of rare earth elements being rare, it's a bit of a misnomer with regards to the name. They're not actually that rare. They're rather common. It's more the ability within the appropriate concentration to be able to get them. And what we're looking for is basically companies that are in areas whereby we have a good relationship, we're willing to work with them, and more than anything we have security of supply.

Ms. A. Young: — Thanks. So on that security of supply, given the policy framework for purchasing that's outlined in the 2020 audit, the use of sole-sourcing requires like very specific management overrides, as it should. So can you advise how many sole contracts above 25,000 have been awarded in the past, I don't know, three years?

Mr. Hill: — Don't have that information available, but it is information that we can take and pull.

Ms. A. Young: — Okay. Great, thank you. I'd be really interested in 2020-2021, '21-22, and then '22-23 if it's available, as well as, of course, like what those contracts were for and what amount those contracts were for as well.

The Chair: — A similar intervention here just to make sure we have a good record of things. That's information that you're able to undertake and supply back to the committee in a month's time as well? Is that reasonable?

Mr. Hill: — Yes.

The Chair: — Thank you very much.

Ms. A. Young: — So maybe tying those two together, the processing equipment that goes into that critical minerals facility, it must be like — I'm not anything close to approaching an expert — but it must be fairly unique given this type of processing facility is found in very few countries.

Mr. Hill: — The equipment itself is actually . . . The most unique portion is the solvent extraction, which is one of the main value-added considerations. And it's what we are actually building ourselves.

Ms. A. Young: — Oh wow. Okay. So that was going to be my follow-up question is, you know, from a cost perspective of the actual equipment, how much of it is being sole-sourced or has been sole-sourced?

Mr. Hill: — Once again, don't have that information available on hand with regards to direct award versus RFP [request for proposal], but it is something that once again we can obtain.

Ms. A. Young: — Thank you. I appreciate that as well as, you know, any of those specifics around if there's equipment that's being developed in-house versus, you know, where other equipment may be originating from.

Mr. Hill: — Yes.

Ms. A. Young: — I appreciate that undertaking. Looking at the progress, the good progress that has been made on the auditor's recommendations and hearing your opening comments that many of these existed in practice but perhaps weren't documented or necessarily always adhered to. The auditor's first report was in 2020 I believe and then the second in 2023, and by 2020 only one of five was formally implemented. And now looking through, obviously there's five out of five.

Can we just go through them? And can you clarify when these were formally implemented between, I guess, 2020 and now?

Mr. Hill: — I'll pass that over to Jocelyn.

Ms. Allard: — Sure.

Ms. A. Young: — Thank you.

Ms. Allard: — So on the first recommendation on establishing when and how to communicate the results of the tenders, those purchasing SOPs [standard operating procedure] that we follow were formally updated in the summer of 2023. So they have been updated to reflect our guidance effectively as of September 2023, our original appearance date.

In terms of, again, establishing the guidance on the amount of time to allow suppliers to respond, that update again, the same purchasing set of procedures or SOPs, as of September 2023.

The monitoring of individual transaction limits for purchasing cards, that again we were doing throughout this whole phase. We had implemented this back shortly after the auditor's report and have formally documented that on a monthly basis now. So there's evidence of that control being implemented.

The formal process on assessing and tracking supplier performance, that process has been implemented through key surveys of project leaders. And those surveys started in our second quarter this year. So we are trying to do that on a quarterly basis where we ask for any feedback, or in one-off situations where there may be, you know, considerations where we'd like to document on a more regular basis.

Ms. A. Young: — Thank you. Thank you very much. Just a couple questions, and then I have maybe one higher level question. We might be out of here early.

On the second recommendation that SRC establish guidance on setting the amount of time to allow suppliers to respond to tenders, recognizing that tenders can be unique — sometimes there may be readily available off-the-shelf solutions; sometimes it may be very, very specific — have there been any instances in

which purchasing was sole-sourced due to an abbreviated timeline?

Mr. Hill: — Very few situations whereby purchasing has been sole-sourced due to abbreviated timeline. Generally if anything is associated with that, it's actually work whereby we are doing work for a client, and the client's timelines and therefore the client's direction as to who we should be purchasing from, is built within that. We don't generally make considerations with regards to short timelines for the purposes of direct award.

Ms. A. Young: — So, forgive me, the clients that you're working with can direct purchasing?

Mr. Hill: — The clients that we're working with, if we were taking and actually delivering them a product, they can direct the purchasing with regards to the product that we're delivering them.

Ms. A. Young: — Hmm, interesting. Okay. Recognizing like SRC has an incredibly impressive group of people working for it and, you know, board members with extensive expertise specifically within the private sector, given that new . . . And my understanding is like many of them continue to work in the private sector which I think speaks again to the quality of board members that you have. How do you ensure then that there are no conflicts of interest?

Mr. Hill: — We have very stringent requirements with regards to conflict of interest, going all the way from the board of directors level all the way down to the employee levels. There's annual reporting with regards to potential conflicts of interest, annual sign-off of potential conflict of interests. Within the board meetings, one of the very first things we open up with is a declaration of conflict of interest.

And then with regards to any new suppliers, or any new clients on the other side of it, we actually perform a detailed review of the entities, going back to beneficial ownership.

Ms. A. Young: — Okay, so then in the purchasing processes regarding the companies that you purchase products and services from . . . and the companies, are there instances in which companies may be owned or operated by board members?

Mr. Hill: — No.

[11:30]

Ms. A. Young: — Okay.

Mr. Hill: — No. In any situation whereby there might be something such as that, it would be absolutely identified. It would be taken and escalated for review. And if it was something that would ever be escalated to the board in a situation whereby there's a board vote, of course the board member would take and recuse themselves from anything associated with that. But it's not something that we've had happen.

Ms. A. Young: — Right. Okay. Interesting. Do you think, would it be possible to table any guidelines that you have, or like send to the committee, any guidelines that you do have for staff or board members as it relates to that, to conflict of interest?

Mr. Hill: — To conflict of interest? Absolutely.

Ms. A. Young: — Great. Thank you.

One specific question on the third recommendation, that SRC monitor the continued appropriateness of individual transaction limits on PCards when approving temporary changes to the dollar value limits for special circumstances.

It was noted in your comments as well as in this that it is reviewed in full on a regular basis. Can you just be a little bit more specific? Like what's a regular basis, and who's ultimately accountable for that?

Ms. Allard: — Right. So our typical process on purchasing cards, so if an employee requires an invoice to be processed in excess of their \$5,000 transaction limit, an email is sent typically with support for the transaction to their manager as well as to a finance person. And both those individuals are required to approve the extension of the limit for that transaction to be processed.

Once the transaction is processed, we ask the vendors to notify that the transaction has been posted to the credit card or ask the employees to monitor. The employees then notify our purchasing card group and that limit is reduced down.

On a frequent basis, which I would say typically quarterly if not monthly, we go back through the list of extended limits on our online banking system. We can see which employees have extended limits at that point above the \$5,000. At that point if we're not certain that the extension is still required, we ask the employee, and the limit is reduced back down. So quarterly if not monthly we are documenting that and have emails and such.

Ms. A. Young: — Thank you so much. And then just on the last recommendation, that SRC establish a formal process to assess and track supplier performance. It's indicated in your comments and in the update that the purchasing team has email surveys of project leads related to supplier performance. Do you know, what's the response rate of those surveys? Or is it obligatory?

Ms. Allard: — Right now we are making obligatory, yes.

Ms. A. Young: — And is that documentation, how is that maintained? Is there like a central location for it? How's it shared with team members?

Ms. Allard: — So our purchasing team has a SharePoint site that they retain all of the responses on.

Ms. A. Young: — Thank you. And it's mentioned in the auditor's report that your procurement team, your senior leadership works closely with the provincial corporate procurement committee. Is that information that's shared at that level as well?

Mr. Hill: — Yes. Within the meetings that they have, they take and they share best practices with regards to all procurement.

Ms. A. Young: — Okay, great. And the same would be true for, you know, experiences with suppliers?

Mr. Hill: — Yes, absolutely. And going beyond that, we've actually shared our templates with regards to a number of situations with other entities to be able to use as a basis for the creation of their own.

Ms. A. Young: — Wow. So not reinventing the wheel every time. Okay, awesome. Thank you, Mr. Chair. I have no further questions.

The Chair: — Further questions from the committee members? I see Deputy Chair Nerlien.

Mr. Nerlien: — I just have a comment, and I too want to congratulate you on the outstanding growth at SRC and the quality of work that you're doing. Really appreciate it very much. Thank you.

Mr. Hill: — Thank you.

The Chair: — Thank you very much. Any further questions? No. Thank you for the work on these recommendations, the time here today. We have four new recommendations before us, and I believe the actions that have been taken will have implemented the four recommendations. So I would look for a motion that concurs and notes compliance with respect to recommendations 1 through 4. Do I have a mover? Moved by Mr. Fiaz. All agreed?

Some Hon. Members: — Agreed.

The Chair: — All right, that's carried. At this time, Mr. Hill and Ms. Allard, thank you very much for your time here today. Best to all those that were involved in this work as well and thanks to them as well. Do you have a final word before you depart here today?

Mr. Hill: — No final word. Thank you.

The Chair: — Okay, thank you very much . . . [inaudible interjection] . . . We should deal with the fifth recommendation as well. You know, we'll bring you back this afternoon. It's good to make sure that the auditor's alert in these meetings here. So that was our little test there and she certainly was.

And so with respect to the fifth recommendation, that too has been acted on and has been implemented, so I would welcome a motion that we concur and note compliance. Moved by Mr. Goudy. And all agreed?

Some Hon. Members: — Agreed.

The Chair: — All right. That's carried. Going back to those other parts, thanks so much for all the work on these fronts and to your teams. Thanks for your presence here today. And as a committee now, we'll take a brief recess for lunch and we'll be back here at 1:00.

[The committee recessed from 11:36 until 13:02.]

Executive Council

The Chair: — Okay folks, we'll reconvene the Standing Committee on Public Accounts here this afternoon. We'll turn our attention to Executive Council, or the chapters focused on

Executive Council. And I'd like to welcome deputy minister to the Premier, Raynelle Wilson, and Ms. Fry for joining us here this afternoon.

I'll turn it over briefly to the auditor for presentation on her chapters and then we'll turn it back your way.

Ms. Clemett: — Good afternoon. Thank you, Mr. Chair, Deputy Chair, committee members, and officials. With me is Mr. Trevor St. John. He's the deputy provincial auditor that is responsible for the audit of Executive Council. Behind me as well is Michelle Lindenbach. She's our liaison with the committee and she'll be joining us for the rest of the afternoon. And then Mr. Jason Shaw is ready to present for the next session.

Trevor is going to make one presentation that does highlight all three chapters together given that they're all related to the same topic. And I do want to thank management and staff for the co-operation that was extended to us during the course of our work. I'll turn it over to Trevor.

Mr. St. John: — Thank you. The Office of the Executive Council provides support to the Premier, cabinet secretary, and cabinet committees. Our annual integrated audit of Executive Council looks whether it had effective rules and procedures or internal controls to safeguard public resources and whether it complied with authorities governing its activities.

All three chapters we cover today are from 2020 to 2022, report the results of these annual audits, and identify that Executive Council had effective internal controls and complied with authorities other than in one area we have reported since 2018.

Executive Council continued to set remuneration of legislative secretaries inconsistent with the Board of Internal Economy directives. *The Executive Government Administration Act* gives the Lieutenant Governor in Council or cabinet authority to appoint members of the Legislative Assembly as legislative secretaries with or without remuneration. However it does not give cabinet authority to set remuneration rates for the legislative secretaries. Setting remuneration is the responsibility of the Board of Internal Economy under *The Legislative Assembly Act*. Executive Council needs to work with the board to remunerate legislative secretaries at rates consistent with the board's directives.

Since 2018 we have not seen evidence of Executive Council working with the board such as, for example, asking the board to reconsider how the rate is set out in the directive, such as using "up to," to ensure chosen remuneration rates align with the board's directives. We thus continue to report the recommendation as not implemented. Not working with appropriate agencies to clearly operate within the laws and directives increases the risk of decreasing public confidence in government.

That concludes my presentation.

The Chair: — Thanks. Thanks so much for the attention. I recall having this before us in 2020. I'll turn it over to Ms. Wilson to respond briefly and then we can open it up to questions.

Ms. Wilson: — Thank you, Mr. Chair. So as reported, happy to

discuss all three chapters and that outstanding recommendation. Obviously the recommendation has been outstanding since the 2018 report and I can advise that no action has been taken. The Ministry of Justice provided guidance on this issue in 2016 and again in the fall of 2019 and advised that the Lieutenant Governor in Council could appoint legislative secretaries with remuneration on the condition that they agree to forgo the amount set by the Board of Internal Economy and accept a lesser amount. The appointment of legislative secretaries continues to be done through LG in C [Lieutenant Governor in Council] and it's based on this advice.

We look forward to answering any questions from the committee.

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

Ms. A. Young: — Thank you, Mr. Chair. And thanks for being here today and the ongoing work that you do. Having heard what you said about consultation with the Ministry of Justice, I am curious though. Why is there not payment in line with the proper rates established by the BOIE [Board of Internal Economy]?

Ms. Wilson: — I think that the remuneration that is the directive through the LG in C instrument is set and determined and approved by cabinet, and so that lesser amount is one that is agreed upon by cabinet. And that's what we go with then on an annual basis.

Ms. A. Young: — Is there a reason then, you know, having a majority on BOIE as well, that you wouldn't change the rules surrounding remuneration to reflect practice?

Ms. Wilson: — No, I think certainly the mechanism that we use, using that order in council mechanism, we do feel is a transparent one to the public and one that again allows cabinet to set that remuneration and again that the condition that they forgo the amount set by the Board of Internal Economy and accept that lesser amount is an equally transparent mechanism by which to remunerate the legislative secretaries.

Ms. A. Young: — Thank you. Can you just walk me through that a little bit? Appreciating that, you know, the OCs [order in council] are available, of course, as are the remuneration rates for BOIE, but what's . . . Help me understand the increased transparency. I appreciate there's increased flexibility with cabinet decision making and OCs, but what's . . . Help me understand the transparency piece and how doing this in contravention of the rates set out by BOIE is more transparent than simply changing those remuneration rates.

Ms. Wilson: — So well certainly, just to be clear, the remuneration paid to the legislative secretaries is less than the amount set out by the Board of Internal Economy. So that lesser amount — I think that's 14,000, Kristen? — yeah, 14,000 set by the Board of Internal Economy and the LG in Cs currently with remuneration is 3,000. And so I think the sense is that as you've stated, those orders in council are made public and are publicly available on the website, so as a mechanism for transparency in terms of recognizing that lesser amount for those legislative secretaries is fully available to members of the public for sure.

Ms. A. Young: — In '21-22 two individuals were appointed

without any remuneration that I believe were paid that lowered rate of \$3,000 that you quoted. Who were those two members and what were their responsibilities?

Ms. Wilson: — So we would need to get some clarification with respect to the two who weren't, but our understanding is is that if they were legislative secretaries for more than one portfolio, they'd only be paid once for the duties of Legislative Secretary. So to the best of our knowledge that would be the reason. If someone was appointed and was also a Legislative Secretary under another portfolio, they would only be remunerated the one time. So to the best of our knowledge, that was that instance.

Ms. A. Young: — And hearing that information is going to come back to the committee, for my own understanding, for legislative secretaries who then received no additional payment at all, what reason would there be for that?

Ms. Wilson: — Yeah, our understanding is that they would already have been appointed as a legislative, so they would already be receiving remuneration from a previous . . . previous appointed in terms of those duties previously assigned.

Ms. A. Young: — Okay, understood. They'd be legislative secretaries for two portfolios and only that.

Ms. Wilson: — Exactly.

Ms. A. Young: — So there's no legislative secretaries with no top-up being provided?

Ms. Wilson: — We'll double-check that, but not to the best of our knowledge right now, yeah.

Ms. A. Young: — And then in May 2022 there were nine individuals who were appointed legislative secretaries with pay rates of \$3,000. Do you have available who those members were and what their responsibilities were?

Ms. Wilson: — No, we don't have that on us but we can certainly follow up on that.

Ms. A. Young: — Thank you.

The Chair: — We don't have the information as far as who the legislative secretaries that are receiving, that are designated or the . . . And fair enough, but that's something that could be provided back to the committee, right?

Ms. Wilson: — Yeah, we could certainly provide that back, yeah. Just in terms of preparation to . . .

The Chair: — Yeah, yeah.

Ms. Wilson: — With respect to speaking to the recommendation, we didn't bring that material with us.

The Chair: — Just on the undertaking to provide that information back — and I suspect some of it will be publicly available — but if you can provide it, is a month's time reasonable to supply that back through the Clerk here?

Ms. Wilson: — Absolutely reasonable.

The Chair: — Just as a follow-up on that, I have one question. What kind of work do they take on and what's made public by way of reports? Are you able to then supply back the work that they've taken on, any reports that they've presented as a result of their work?

Ms. Wilson: — So I think we can provide certainly some of that basic information. I think with respect to any of that work, that might be more appropriately asked towards those ministers responsible who have those legislative secretaries under them. That's not something we would necessarily report out on through Executive Council.

Ms. A. Young: — Thank you. How many legislative secretaries are there now? And I guess same question: what are their responsibilities and what's their rate of pay? That needs to be provided afterwards as well then.

Ms. Wilson: — Sure. I think we can confirm their rate of pay as being \$3,000. But we could certainly provide an updated list.

Ms. A. Young: — Thank you. Last question from me. Seeing the consultation that's gone on with the Ministry of Justice from Exec Council in continuing with this practice despite the recommendations from the auditor, is this a standard process for Exec Council in considering BOIE directives, that there would be consultation with the Ministry of Justice in reflecting on, I suppose in this case, ignoring or going forward, changing BOIE directives?

Ms. Wilson: — So I would say I think in the . . . You know, just with respect to the normal course of business, I think that this is an example where in terms of an interest in a lower remuneration than set by the Board of Internal Economy would be one of the only instances that we would consult with Justice on, on that type of issue. I don't think we'd take that as a normal course of business, certainly.

The Chair: — Any further questions over here? I mean I was here for the discussion on the 20th as well as chairing that meeting, and I know at that point we sort of canvassed this as well. And certainly the committee supported the auditor's recommendation after the understanding was established as well.

[13:15]

What we weren't calling for was for them to be paid more. So it's a matter of, you know, following the rule or the policy that's in place. So it just seems strange on my end that we haven't as a Board of Internal Economy adjusted that rate, you know.

And I think there's been different debate as well around the value or potentially lack of value of the work of some of the legislative secretaries and the actual payment. But at the very least we should have consistency in following the policy. So I think us, we all flow out of here as members as well and can contribute back to the Board of Internal Economy process.

It just seems to me that the rate should be followed. Certainly the rate shouldn't be 14,000 bucks, and so it should be adjusted, you know, downwards. I don't know what, you know, the right rate is, if it's zero or if it's 500 or 1,000 or if it's 3,000. But I do think we need to, you know, work as a Board of Internal Economy to

fix that policy so that it's consistent with the practice. But I'll leave it there.

We've already voted on these recommendations, so not seeing any other questions, I think you know, yeah, I can say thanks so much, Ms. Wilson. Any final remarks to us here today?

Ms. Wilson: — Just thanks for the committee's time as always. Thanks so much to the Provincial Auditor and her team for all of their work.

The Chair: — Thank you. Then I would look for a motion to conclude consideration of these respective chapters. Moved by Mr. Harrison. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried.

[The committee recessed for a period of time.]

[13:30]

Immigration and Career Training

The Chair: — Okay, we'll reconvene the Standing Committee on Public Accounts, and we'll turn our attention to the chapters pertaining to the Ministry of Immigration and Career Training. I'd like to welcome Ms. Ross, ADM [assistant deputy minister] for immigration services, here today. Thanks, Ms. Ross, for joining us.

At this point I'll turn it over to the auditor to . . . we're going to focus on the two chapters independent of one another, so to have presentation on the first chapter. Then we'll have opportunity for you to respond, and then we'll open it up for questions.

Ms. Clemett: — Good afternoon, Mr. Chair, Deputy Chair, committee members, and other officials. With me today is Mr. Jason Shaw. He's the deputy provincial auditor who's responsible for this ministry. Jason's going to present the two chapters noted on the agenda separately, and there are no new recommendations for the committee's consideration in these two chapters.

I do want to thank the ministry for the co-operation that is extended to our office during the course of our work. With that I'll turn it over to Jason.

Mr. Shaw: — Thank you. The Ministry of Immigration and Career Training helps individuals prepare for, obtain, and maintain employment. The ministry's key tasks involve delivering services and programs that address labour demand and undertaking activities to fully engage Saskatchewan's labour supply.

The ability to understand and speak English is integral for newcomers to become self-sufficient. It is important that the ministry coordinates English language programs so that newcomers can secure jobs and contribute to the province's economy.

Chapter 19 in our 2021 report volume 1, starting on page 223,

reports the results of two outstanding recommendations we initially made in our 2014 audit of whether the Ministry of Immigration and Career Training had effective processes for coordinating English language programs to assist in employment and settlement of recent newcomers over the age of 18 in Saskatchewan.

By January 2021 we found the ministry partially implemented the two outstanding recommendations. The ministry was updating its processes to estimate demand for English language programming. It needs processes to anticipate the number of program participants in order to plan and make enough capacity available. A lack of documented methodologies increases the risk of inconsistent analysis of needs for provincially funded English language programs.

During 2020 the ministry changed how it expects the six regional colleges to measure outcomes and report on their delivery of English language programs. As of January 2021 the colleges were in the process of implementing these ministry-requested changes, and the ministry had not yet assessed whether they meet the ministry's program delivery expectations. Not actively monitoring and assessing whether the regional colleges' English language programs meet its expectations means the ministry does not know if its funding for these programs is achieving the results it expects.

[13:45]

This concludes my presentation and I'll pause for the committee's consideration. Thank you.

The Chair: — Thanks so much for the presentation and the follow-up on this work. These recommendations, you know, are from a ways back, and so thanks for the consistent follow-up on it. Thanks as well to the ministry for the update, the status update, and the actions that have been taken. I'd offer you certainly a chance to provide brief remark if you care to, and then we'll open it up for questions.

Ms. Ross: — Sure. Thank you very much. I just want to echo the auditor's comments, just appreciation for the collaboration and the recommendations that came forward for these and other audits too. Just the opportunity to be able to improve our measurement, how we know our programs are achieving their outcomes, and then obviously ultimately to provide better service for the people that we're here to serve. So I just wanted to reiterate our appreciation and the good collaboration we have.

And thank you for the opportunity to bring updates on the two items that were just discussed. So I'm happy to report that we have made some additional progress since the last review, and we would consider that both of the recommendations have been implemented. And I can briefly describe some of that progress on those two recommendations now.

So with respect to developing a formal methodology including regional analysis for assessing the demand for English language program needs, we do have a methodology. You know, there isn't a perfect science to trying to anticipate or predict what the demand for English language training is going to be. And that has become very evident — I would say, even more than it was before — over the last couple of years, just with a few significant

trends that are impacting this type of service. One would be an obvious one probably, but the war between Russia and Ukraine and quite a spike in the arrival of displaced Ukrainians to the province. So no methodology is going to anticipate that.

Likewise we've seen a significant increase in the number of new arrivals to Canada but also to Saskatchewan over the last couple of years. And that's really a result of some additional federal measures to . . . They've set record-level targets for themselves for the number of new permanent residents coming to Canada over the last couple of years and for the next upcoming couple of years. And they also took some additional measures to reduce some significant backlogs that had accumulated, particularly in 2020-2021, from just the impacts of the global pandemic.

So we saw record levels of arrivals over the last year. You know, with our methodology we try to predict growth, but the growth that we've seen has far exceeded what we would have been forecasting. Just to put it in context, a normal year in 2022 would have been about 15,000 arrivals, and we actually saw almost 21,000 arrivals in the past year.

So just a bit more context in terms of . . . You know, we do have a methodology, but it's also important for us to remain flexible and adaptable to some of the trends and shifts that I've just described for you. And our methodology for English language training and the demand for it really mirrors what the federal government does, who is the primary funder of English language training across the country. And kind of the flaw to it is it looks backward, so it looks at historical trends to try and predict the future. So there are some obvious flaws with that.

And how we remain flexible and adaptable to shifts in demand is just through our approach to procurement and contract management for most of our English language programming. Regional colleges are the exception there, but that's through going through a formal tendering and procurement process, which allows service providers, community-based organizations to come forward with needs that they have identified, which we can then validate against all of the federal immigration data we receive on a regular basis for permanent resident landings, but also temporary workers as well.

And that's kind of a key piece too because currently . . . I mentioned that the federal government is the main funder of English language training, but they don't fund language training for temporary residents. So we have started to over the last couple of years just because there's certainly been a growth in that need. And I would point again to the displaced Ukrainians who are all arriving as temporary residents and increasing the need for English language training there.

So through our procurement we go through a needs assessment as we're reviewing proposals, validating that against the landing data we know or that we receive from the federal government, as well as what we can predict based on approvals and nominations through the Saskatchewan immigrant nominee program, which does account for 70 per cent of newcomers coming to Saskatchewan every year. So it does give us a pretty good sense of, you know, who's arriving, what their language needs may be, and where in the province they are going, so that we can adapt our contracts accordingly.

And then once we've entered into a contract with a third party to provide language training, you know, throughout the course of that contract there's opportunities to adjust that if there are pressures that are identified and there's a particular need. Whether it's new or just simple growth, we do have the flexibility to adjust that as needed.

So I think I can carry on to the second recommendation, or I can pause here and see if there's any questions about what I've just . . .

The Chair: — I think that some quick, brief comments on the other recommendation and then we'll open it up for questions.

Ms. Ross: — Okay, absolutely, thank you. So the next recommendation, just about the language training that we provide or the funding we provide to regional colleges in particular, and I think the recommendation was really just getting that measurement and how we know that the language training programming provided by the colleges is meeting expectations.

We have made some adjustments. So again this is another recommendation we consider to have fully implemented at this point. Some of the more recent improvements we've made is we have given regional colleges some more flexibility with language training that they didn't have before, just to blend it with other skills training programming. So that creates opportunities for language training but also some skills training and then some application of both in workplace situations through work placements. So we've added some flexibilities there, and I think we'll see and we're already seeing some preliminary results that show better outcomes for newcomers with this type of blended programming.

We also started to require a detailed ESL [English as a second language] plan from regional colleges that is just a larger component or, I guess I should say, a dedicated component of their overall business plan that they submit to us every year just as regular process.

We have set up reporting twice a year specific to ESL from the regional colleges as well. So we are getting more updates and more outcomes reporting from them. And then we have also created what we're just calling an ESL committee with regional colleges between the ministry and, as I said, the regional colleges just to have an opportunity to review programming, reporting requirements, and outcomes, and just identify areas for ongoing improvement as well.

So I'll leave my remarks there. Thank you.

The Chair: — Well thank you. Thank you very much for the presentation and the work on these fronts to implement the recommendations. I'll look to committee members now to see who has questions. Ms. Young.

Ms. A. Young: — Thank you, Mr. Chair. Thank you for that incredibly thorough and thoughtful update. I will start by begging your indulgence. I was following along closely but had done a lot of my prep for this before obviously listening to your comments and before seeing the update that came in yesterday. So if I ask something you have already answered, please forgive me for not keeping up as adequately as I would have hoped.

So looking at the first recommendation from the auditor, noting of course it was a follow-up to recommendations made in 2015, and then as of 2021 they still weren't implemented. I am hearing today that they are, which is great after all of that time. And the recommendation obviously focused on the ministry developing that formal methodology for assessing the demand for English language program needs.

And I saw in the update that the contract management handbook has been updated in terms of guiding procurement and contracting process for English language programs, correct?

Ms. Ross: — That's right, but it's also a broader update as well because we use outcomes-based contracting for all of our third-party agreements. But English is . . . Yeah, English language is a part of that, yes.

Ms. A. Young: — Perfect. So that new procurement and contract process is fully implemented as well as the broader one?

Ms. Ross: — That's right.

Ms. A. Young: — Excellent. Thank you. Sorry, I've just lost my page of questions here. Forgive me. Thanks. And this new process, is it generating the information that you expected on program demand?

Ms. Ross: — The new process. You mean the new methodology or . . .

Ms. A. Young: — Yes, new methodology.

Ms. Ross: — So the methodology isn't necessarily helping in that regard. I think what's helping is, at least when it comes to the regional colleges, just that more frequent reporting and having that more frequent touchpoint through this working group or committee that we've established. So that's giving us a sense of more, kind of, real-time data, real-time outcomes, and any pressures or issues that need to be addressed.

And then on third-party agreements with community-based organizations, it's more the contract management process, I would say, than the methodology we're applying that helps us to understand the outcomes that are being achieved, because there is periodic reporting required throughout those agreements and then obviously at the conclusion of the contract as well. So that gives us a sense of the outcomes being achieved.

But I think throughout the agreement life cycle there's also more informal opportunities to check in with the service provider and again just get a sense of what the outcomes are so far and if they're experiencing any pressures or gaps or issues that we can help to address in the short term.

Ms. A. Young: — Thank you. So can you expand on that a little bit in terms of like what new information is available to the ministry now and how that's helping you better assess client needs and how the programs are meeting those needs?

Ms. Ross: — Yeah, I think part of our update . . . So when you read there that the outcomes-based handbook was updated in 2021, part of that was also updating the metrics that we're using. And we recognize that something like language training, the

outcomes that we can expect in the short term and medium term don't necessarily look the same as say a skills training program. So an immediate outcome for language training for everybody is not going to be, you know, they didn't have a job and now they have a job.

So as part of our handbook update in 2021, part of that was adding more metrics and more metrics that would be specific to some of our settlement services or newcomer services, like the gateways, English language training, or settlement advisor services that again don't quite have necessarily an immediate and direct employment outcome, but we've been able to add metrics that shows progression towards employment as one example.

Ms. A. Young: — Great, thank you. And so can you maybe expand a little bit further on that in terms of the new information that's available, specifically related to assessing client needs and the programs as you go forward with this new procurement model, as well as, like, your outcome-based model? Obviously it's of increasing importance to Saskatchewan, especially as it . . .

Ms. Ross: — Yeah, yeah absolutely. So we have interim reporting from our third-party organizations. So they wouldn't necessarily be reporting on every metric or outcome that we've agreed to in the contract with them, but there would be, I'll have to say, a handful of interim metrics that they would be reporting on throughout the lifespan of that agreement, and that gives us an opportunity to adjust.

And I don't know the exact number off the top of my head in terms of the number of metrics we have in our handbook, but it's pretty extensive. And again we're trying to measure kind of the full impact of the programs and services, recognizing again as I said that not all of our programs and services are going to lead to a direct employment outcome, you know, but they're still tangible benefits to the individual.

So we have interim reporting on some metrics and then at the end a much more thorough and comprehensive reporting done on a much larger list of metrics.

Ms. A. Young: — Thank you. A simpler question. Is that outcome-based handbook, is that available somewhere so I . . .

Ms. Ross: — I'm pretty sure we have it posted on our website. But it's certainly a document that we share widely, so if it's not posted, I can endeavour to provide a copy.

[14:00]

Ms. A. Young: — Thank you so much. That would be very appreciated. On the second recommendation . . . And my understanding is the ministry changed how it expects those regional colleges to measure the outcomes and report on the delivery of these English language programs. And as of January 2021, the colleges were in the process of implementing these changes and that the ministry was planning on assessing whether colleges meet the ministry's program delivery expectations in the summer of 2021.

It is also obviously noted by the auditor that not actively monitoring and assessing whether these regional colleges' EAL [English as an additional language] programs meet expectations,

because of course when the ministry doesn't know if the funding for these programs is achieving the results that it expects.

Did the ministry evaluate whether the colleges' programming was meeting these expectations as planned in August 2021?

Ms. Ross: — Yes, and we went through kind of our first full planning and reporting cycle for 2022-23. So based on the reporting that was done at the end for '22-23, there were no adjustments needed in terms of any regional colleges or any programming that weren't meeting expectations.

Ms. A. Young: — So beyond that could you expand on what some of the findings were from that initial assessment?

Ms. Ross: — Sorry, can you repeat that?

Ms. A. Young: — You said there were no changes needed from that first cycle. Can you expand on . . .

Ms. Ross: — Oh I just mean that in the sense that, based on the outcomes that were reported by the regional colleges that received funding for language training, they were all meeting expectations.

Ms. A. Young: — Okay, great. So hypothetically then, like, if the auditor were to go in and perform another audit, you're confident that her office would find that the regional colleges are adequately measuring and reporting on English language student program outcomes?

Ms. Ross: — Yes.

Ms. A. Young: — Okay, wonderful. Mr. Chair, maybe a question of clarification. This is now chapter 19, which formerly was chapter 29.

The Chair: — We're going to be going into 29, bring folks in on 29 in a moment here.

Ms. A. Young: — I just wanted to clarify that this was in the 2019 version of the auditor's report, chapter 29?

The Chair: — I'm going to give it to the auditor.

Ms. A. Young: — Coordinating English language programs?

Ms. Clemett: — So this is 2021.

Ms. A. Young: — Yes. This is chapter 19. It's replacing chapter . . .

A Member: — Previous follow-up . . .

Ms. A. Young: — Yeah. Okay. Yes, so this is the follow-up of the audit recommendations made in 2017, and then implemented as of 2021?

Ms. Clemett: — Yeah. I understand that we did the original audit in 2015, a follow-up in 2019, a follow-up in 2021, and obviously one more to go, and it sounds like we'll be all done which is great.

Ms. A. Young: — Great, great. Thank you. Sorry, it's just . . .

Yeah, thanks. The status update, it says formerly chapter 29 so I just wanted to make sure.

The Chair: — I think it's the other . . . Chapter 15?

Ms. A. Young: — We're still going to have questions on chapter 29 of the 2021 report volume 2.

The Chair: — We're going to do that separate.

Ms. A. Young: — Outcomes-based contracts.

The Chair: — We're doing that after we're done this chapter, yeah. Doing them separate this time.

Ms. A. Young: — Yeah, great. Thank you.

The Chair: — Any further . . . Mr. Keisig, any questions?

Mr. Keisig: — I'm fine, Mr. Chair. Thank you.

The Chair: — Okay. No further questions on that chapter.

At this time I will table two documents: PAC 115-29, Executive Council: Status update, dated December 14th, 2023; as well as PAC 116-29, Ministry of Immigration and Career Training: Status update, dated December 14th, 2023.

We'll turn our attention now to chapter 29 of the 2021 report volume 2, and I'll turn it over to the . . .

Mr. Shaw: — Thank you. The Ministry of Immigration and Career Training is responsible for increasing employment opportunities for Saskatchewan's people. The ministry's program is designed to develop skills for those under represented in the labour market. For example, its adult basic education programs assist adults in furthering their education and acquiring essential skills for the workplace.

Chapter 29 in our 2021 report volume 2, starting on page 221, reports the status of the two outstanding recommendations initially made in our 2017 audit of the Ministry of Immigration and Career Training's processes to establish outcomes-based contracts. By August 2021 the ministry addressed our two outstanding recommendations.

The Ministry of Immigration and Career Training assessed the use of financial incentives in its outcome-based contracts, including for its adult basic education essential skills for the workplace program, and decided they would not be beneficial. Using a consultant, the ministry held numerous stakeholder consultations as well as consulted with its staff about outcomes-based contracts during 2020-2021. These consultations included discussing financial incentives. As a result of these discussions, the ministry concluded that using financial incentives in its outcomes-based contracting was not beneficial at that time.

The ministry indicated a limited number of suppliers deliver programs, and tying payments to outcomes could create hardships for those suppliers. Given the ministry's decision not to use financial incentives, aligning contracted terms of payment with suppliers' achievement of outcomes is no longer relevant.

The ministry no longer uses outcomes-based contracts for its adult basic education essential skills for the workplace program, but rather provides annual grants to suppliers along with program and reporting requirements.

This concludes my presentation. Thank you.

The Chair: — Thank you for the presentation, and I'll turn it over for brief response and then we'll see what we have for questions.

Ms. Ross: — I guess I probably don't have too much to say on these two recommendations, as one was agreed to as being implemented and the other was agreed to as no longer being relevant.

I'd just point out that some of what is here also relates to what we just discussed in terms of our outcomes-based contract management framework and the handbook that we updated in 2021, which is a part of what you see in our response here, our update on the second recommendation when we engaged a third-party consultant to work with us and engage all of our third-party service providers on kind of the next iteration of outcomes-based contract management. And that's when we had an opportunity to engage with them on the notion of financial incentives and get some feedback on that.

So I'll probably just leave my comments at there, and just see if there's any questions. Thank you.

The Chair: — Thank you so much. Mr. Harrison? Nothing here. Okay, Ms. Young.

Ms. A. Young: — Thanks so much. Appreciating this is a follow-up of those recommendations made in 2017 and then 2021, can you share what consultant was used and why that firm was chosen and how much the work cost?

Ms. Ross: — I won't be able to answer how much the work cost today. I don't have that information with me. But it was MNP and we did go through a formal procurement process. So I don't know, I can't remember back then who all submitted proposals, but there was an open, transparent, competitive process.

Ms. A. Young: — For sure. If that information is available and could be provided to the committee at a later date, that would be great.

Ms. Ross: — I'll follow up with it, yeah. I just don't have it here with me today.

Ms. A. Young: — Understood. Thank you. So my understanding is that the ministry did invest considerable work, or former ministry of Economy, into implementing the outcomes-based contracts. Looking back, can you share what was the ministry trying to achieve through this kind of outcomes-based approach?

Ms. Ross: — I would say just generally trying to achieve better outcomes, and better outcomes for our clients. It's not to say that we weren't achieving good outcomes prior to this, but I think we wanted to shift the conversation with our third-party service providers from one of outputs and being very prescriptive in what we want them to deliver on our behalf to giving them a bit more

flexibility and room for innovation and for them to identify how best to achieve the outcomes we agree to.

Ms. A. Young: — So then can you expand for the committee on what some of those hardships encountered by contractors were? Like tying payments to outcomes, what kind of hardships did these create then for suppliers?

Ms. Ross: — I wouldn't say they've created hardships. I think, you know, it certainly has resulted in us no longer working with some organizations or having to wind down contracts where expectations or outcomes weren't being achieved.

But you know, that's also just part of, whether it's outcome-based contracting or just procurement generally speaking, all of our agreements have an end date and for various reasons we may choose not to renew or we might just shift to an entirely different type of programming as well. So I wouldn't say that there have been any widespread hardships as we've moved to being more outcomes-focused. But you know, there have certainly been instances over the years where we've had contracts with third-party service providers where the outcomes weren't being achieved and so we wound down those contracts or did not renew them.

Ms. A. Young: — Okay. Sorry, I was pulling the language of hardships from the auditor's report. But hearing that's not yours. So then I guess to clarify, was it the ministry then that concluded that these potential challenges were of sufficient concern to abandon outcomes-based contracting?

Ms. Ross: — So we certainly haven't abandoned outcomes-based contracting. Maybe the hardship language comes when we're talking more specifically about financial incentives. So that looks a little bit different than how we manage our contracts currently. But I think our response and our rationale has been that, while we're not using financial incentives per se, they're built into our approach to contract management.

So what I was explaining about hardships and that, if outcomes aren't being achieved then we won't renew those contracts or we'll wind down the contracts early if need be. So that's where we would argue that there are financial incentives built in. Just not kind of a performance-for-pay type of model, which I think at the time is more what the Provincial Auditor was speaking to.

Ms. Clemett: — So I'll maybe just jump in here and make a few comments because I think it is just getting confusing as to what we're outlining here. It is the concept of, within the practice of outcome-based contracts, you would have potentially more of a flat fee guaranteed, and then as indicated, almost more bonuses paid in the event that we meet our performance outcomes and targets that have been outlined.

The ministry decided to move away from that whereby they are annually funding them as such, the various service providers. They still have all of these performance expectations, measures, and targets that they would be, you know, assessing I guess the service providers against, and then they determine whether they continue to use that service provider in the future. But the amount of payment the service provider got in the current year for providing those services is not being impacted by . . . You know, they still got the amount paid. It'd be probably going forward

versus in the year of payment. Whereas the overall model, it's almost like bonuses are given if you meet your targets.

Ms. A. Young: — Okay. So then of course like obviously on a go-forward basis in terms of ministry response to programs, reporting requirements falling short, that's still part of business as usual. And I imagine if programs were falling short of delivering, then the ministry would be re-evaluating those suppliers and looking at those reporting requirements annually.

Ms. Clemett: — Yeah.

Ms. A. Young: — Maybe just one question kind of more broadly related to Public Accounts from 2021 and the Ministry of ITC. If you do have that, I was looking at contracts through the ministry and it looks like since ICT [Immigration and Career Training] was established that there was about \$42.7 million over five years paid to the Ministry of Finance and SaskBuilds, but previously, Central Services. Do you have any clarification around what that would be for?

Ms. Ross: — I don't. Sorry, I don't have that information with me. I can follow up on it.

Ms. A. Young: — Sure. Maybe I'll just, then for the sake of follow-up, just read kind of those years, and if I'm incorrect on this, please let me know. But I had for 2018-19, I had 8 million; '19-20, I had 8.3 million; '20-21, I had 8.8 million; '21-22, 9.2; and '22-23, there was \$8.4 million, which is, if my math is right, how I got the 42.7 million over those five years.

So I was just really curious, like what this was for. If this was a contract, who the contractor was?

[14:15]

Ms. Ross: — And sorry, you said this is going to SaskBuilds?

Ms. A. Young: — Yeah, this is paid to the Minister of Finance through the Ministry of SaskBuilds, and prior to its inception, Central Services. I was just looking at contracting through ICT, but curious if it was IT system related or if . . .

Ms. Clemett: — I would expect that it's accommodations expense, like SaskBuilds and Procurement would be. So I'd envision rent for your buildings as a ministry, right? And then IT services as such, right?

Ms. Ross: — Yes. We do have multiple offices. But sorry, I'm not the corporate person, so I don't know how all that works. But I can certainly follow up to provide some clarification.

Ms. A. Young: — Sure. If I had a couple other questions just about specific contracts, do I . . .

The Chair: — Maybe just on that — so appreciate the question; thanks for the undertaking to provide the information back — is it fair then to provide that information back to the committee through the committee Clerk within a month's period? Is that reasonable, I guess, to respond to the question that was there?

Ms. Ross: — Yes, absolutely.

The Chair: — Yeah, thank you.

Ms. A. Young: — Is it okay if there were just like a couple more contracts if I'm curious?

The Chair: — So the nature of the question, it should be within the scope of the mandate of the committee.

Ms. A. Young: — Yeah, it would have been the awarding of contracts in the time period covered off by the auditor's reports, but if not just let me know.

There was I think 200,000 provided in '21-22 to Garven & Associates? I was just curious about whether there was an RFP issued and what measures were undertaken to ensure that there was no conflict.

A million for Sask Hotel and Hospitality Association in '21-22.

And then \$176,000 to the Saskatoon Business College as well. And specifically around that one, was just curious if it was usual to provide that funding to private vocational schools and if that was maybe a signal in terms of how funding would be provided for vocational schools in the future.

Ms. Ross: — I'll have to follow up with those details. On the private vocational school, Advanced Education funds the private vocational schools, or any funding typically comes from them. But it might be that they had submitted a proposal on something that we had put on SaskTenders. But I can look into those three contracts and provide some more information. I just don't know it off the top of my head.

Ms. A. Young: — Very reasonable. Thank you so much.

The Chair: — Yes, thanks so much, and so the question you've asked there, you would be able to respond to it and can do so through the Clerk and within a month's time as well? Is that fair?

Ms. Ross: — Yes, and just so to make sure I understand, you're looking to, confirmation if there was like a public procurement process and what, just the nature of . . . what the funding was for?

Ms. A. Young: — Followed usual processes, what the funding was for, yeah.

Ms. Ross: — Okay.

Ms. A. Young: — Thank you.

The Chair: — Any more questions, Ms. Young?

Ms. A. Young: — No further questions, Mr. Chair.

The Chair: — Any further questions? Looks like they've surrendered over here. Not seeing any further questions, I would welcome a motion to conclude consideration of the two chapters that we've had before us this afternoon that pertain to Immigration and Career Training. That would be the chapter 19 from the 2021 report volume 1 and chapter 29 from the 2021 report volume 2.

Do we have a mover? Moved by Mr. Goudy. All agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. Ms. Ross, thanks for your time this afternoon. Thanks as well for the undertaking to get some information back to us. Thanks to all those that are involved in this work and all the work over in your ministry. Any parting words our way before we close down this committee?

Ms. Ross: — I'll just say thank you for the time and the opportunity to provide some updates and to provide clarification and respond to some questions. So thank you.

The Chair: — Thank you. Well thank you very much. Looking to our Clerk to make sure I'm not missing anything here. I think I can seek . . . Thanks to committee members for your time and attention here today, and to our auditor's office and our comptrollers and all those that are involved in the work today with all the audit entities.

At this time I would welcome a motion of adjournment. Moved by Deputy Chair Nerlien. All agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. This committee stands adjourned until the call of the Chair.

[The committee adjourned at 14:19.]