

STANDING COMMITTEE ON PUBLIC ACCOUNTS

November 23, 1983

Mr. Chairman: — Okay, we have replies back from everybody who we asked for replies back, except Sask Housing. I'm informed that the change in administration has been so complete that they have had difficulty getting the material together, but that they are preparing a letter to us which will supposedly answer our concerns. When I was reviewing the material this morning I was of a mind to call them back just to teach the rascals a lesson, teach them to reply on time. However, perhaps there are extenuating circumstances and perhaps we shouldn't. Have the members gone through the material which was circulated? I wonder how you want to proceed. Do you want to go through it item by item and just . . . Is that the way you want to do it?

Mr. Katzman: — My suggestion then will be that due to the fact that there is a change in membership as well, I think about three new members, that basically the old members here will have to finish this report until we start the new one. There is a basic report started to be written . . . (inaudible) . . . explaining it. There's a couple of loose items left around that may need some discussing. And there was a document given to us in confidence last year, and if I remember correctly, when I asked for the document I indicated that if there was anything in it I did not like I would notify the committee it should be released. At this time I think that document should be released.

The document is PAC number 6, and behind it was the document which referred to the Sedco situation in Moose Jaw.

Mr. Chairman: — Are you making that a motion?

Mr. Katzman: — I would move it, Mr. Chairman, as per the conditions we received it under was that if it was something that we thought was . . . as a committee wanted to release, it could be, and I would like to discuss it first if you'd prefer.

Mr. Chairman: — Okay. What document is it?

Mr. Katzman: — . . . (inaudible) . . . document.

Mr. Chairman: — Yes, I recognize the issue, but what was the specific document?

Mr. Katzman: — The document was the amount of loss that Sedco took on the guarantees because they didn't go after the guarantors.

Mr. Chairman: — Okay. A seconder for that motion? Don't need a seconder for the motion, that's right. Those in favour of the motion? Opposed? Okay.

AGREED

I was remiss in not welcoming Mr. Morin to our committee. Glad to see you here. We have in fact, I gather, two new members — members of the committee will correct me if I'm wrong — we have two new members and one who's back. Am I right?

Mr. Katzman: — They change again.

Mr. Chairman: — I think Sutor was off and he's on again.

Mr. Katzman: — I think Mr. Sutor will be changed in the next day or two again.

Mr. Chairman: — I see, so that's somewhat impermanent.

Mr. Katzman: — I think that Mr. Weiman is coming on. I'm not positive. They're moving one to crown and one to here.

Mr. Chairman: — Yes. The first item on the agenda is delegates to the Canadian Council of Public Accounts Committee Annual Conference held in July '83. Any follow-up to that?

Mr. Katzman: — Other than that you'd like a verbal report, Mr. Chairman.

Mr. Chairman: — Perhaps we should have. There was just the two of us there. Yes, okay. All right, why don't you proceed then and I will follow you.

Mr. Katzman: — Well, for the other members here let me suggest it was a valuable experience because we learned what everybody else in Canada did and went through the documents of what is done in other places and comparisons, and who was ahead of who on methods of doing things, and information. I would say other than the Northwest Territories, who has a pretty good financial arrangement because the federal government pays for everything for them and therefore they do a complete audit and cost accounting and everything else really tied into it, we are probably in the second position of having the best system that's placed before anywhere else in Canada. A combination of our system and others are being copied to improve each other provinces.

It's not as hardworking a convention as some of those that I have attended, but the chatter in the back room is worth the trip because it will assist our members on our committee to be able to function better, and save time of the committee and get the job done. I would suggest that's putting it in the very nutshell, Mr. Chairman. It's a valuable experience and I would suggest: those that are able to get away this year to Nova Scotia, do not hesitate to put it on your calendar.

Mr. Lutz: — Correction. I believe it's P.E.I.

Mr. Katzman: — P.E.I.?

Mr. Chairman: — Yes, that's right. It is P.E.I.

Mr. Katzman: — The P.E.I. one is going to be, from what I was told, a little more into the nuts and bolts, and for members who don't have a long . . . (inaudible) . . . in the House it's an excellent way to learn how the committee will work, and how other provinces work, so that we can mould and making changes to keep ours on top of the situation. I pass it to Mr. Chairman.

Mr. Chairman: — Yes, I would concur in one comment you made and that is that it was a little laid back. I thought it was not as hardworking a conference as I had seen in the past, and, I think, as I would like to see. if I had a criticism of that conference, it was that it just proceeded at a more leisurely pace than I think was needed. The only one to compare it with was Victoria. I didn't find it as good as the Victoria conference. That's the only one I can compare it with. At the Victoria conference they just run us a little harder and I think we got more out of it than we did out of Ontario, and I don't think we want to make any formal comments that would be conveyed to anyone, but if we were consulted about any agenda about . . . I don't know whether you clerks get together on any of these things or not or whether they ever consult you, but if they do and if they want our comments on . . . (inaudible) . . . I think that would be my comment, that I felt that we didn't make the maximum use of our time.

Other than that I agree with Ralph. I agree that any members who can go, should. The experience is really broadening, and it does help you to appreciate what we're doing and how we might do it better or worse. I think they are well worth going to.

Which raises an ancillary question. Members are authorized to go to the Canadian Comprehensive Auditing Foundation Conference, which I understand is in Toronto next week. Am I not right?

Mr. Lutz: — This week. It's over Saturday.

Mr. Chairman: — I guess that's right. It started this Saturday. Are any members planning to go?

Mr. Katzman: — It's a little late to put it on the schedule, I would think, for anybody.

Mr. Chairman: — Well, I suspect you could still get registration at the travel agency if you want it. It doesn't come at a joyous time for the opposition. We've got our annual convention this weekend.

Mr. Katzman: — Wouldn't you like to go then Ned? . . . (inaudible) . . .

Mr. Chairman: — That doesn't seem to be the responsible thing to do. Well, are any members interested in going? We have only authorized attendance actually.

Mr. Glauser: — Well, I attended that one, as well as you did, in Montreal and that is certainly a working session. Those are long hours. However, if any of the people new to ourselves, Mr. Morin . . .

Mr. Chairman: — Let me make that suggestion to the new members. If you want to have an understanding of what comprehensive auditing is, go to one of the conferences. It may well be worth your while. Arrangements are already made if you want to go.

Mr. Glauser: — I don't know if we want to find out about the post office, that they haven't filed their annual report for 1982 yet.

Mr. Chairman: — No. I found the conference in Montreal, I agree, it was a hard-working conference. I found it good and I came back with a much better understanding and appreciation of what comprehensive auditing is. It's in Toronto. I do not recall there having been something on Saturday but maybe I'm . . .

Mr. Lutz: — Yes. There's a workshop on Saturday starting at 9 in the morning on how you do one of these things. When you're doing a comprehensive audit, they lead you through the whole thing from 9, I think, till 4 in the afternoon. They do that just in case there's a football game on Sunday.

Mr. Chairman: — I see. Yes, whatever may interrupt.

A Member: — So they can interrupt the football games if there are any.

A Member: — Right.

Mr. Mitchell: — Mr. Chairman . . . (inaudible) . . .

Mr. Glauser: — What is the duration of that?

Mr. Lutz: — It will wind up Tuesday night.

Mr. Glauser: — Is anyone going from your . . . ?

Mr. Lutz: — I'm going. I'm an individual member. My appropriation pays my annual dues so I felt it behooved me to attend.

Mr. Chairman: — If it were not for the fact we've got our convention on and I'd miss part of

it — and I think you probably shouldn't go for part of a conference — I would be going, too. I had planned to go until the . . . in fact it was supposed to be October. If there's any scope for making a recommendation about the timing of that thing, I urge them to go back to October. Late November is not a good time for conferences. It's too busy.

Mr. Lutz: — Mr. Chairman, relative to these matters, would it be of interest to you or your committee if, when I get information on these things, I put you on my own unofficial mailing list and pass this stuff on to you, because I don't know whether the members are on the mailing list from these organizations or not?

Mr. Chairman: — No, we're not.

Mr. Lutz: — I don't know if you're going to get information on the P.E.I. thing or next summer's auditor's thing. I don't know. So, I could, if it was the wish of the committee, put you and Mr. Glauser on the mailing list for the stuff I receive just internally and then . . .

Mr. Chairman: — That might be useful.

Mr. Lutz: — Because the comprehensive auditing thing has been out for about a month now. I presumed that since you people had attended in Montreal you would be on a mailing list. Oh, you did get that.

Mr. Chairman: — I got that stuff. Yes. I had every intention of attending when it was in October. This is a ridiculous time for a conference and I'm not sure why they do that. I gather it has something to do with the accommodations . . . (inaudible) . . . If accommodations in Ottawa proved not to be available, and this is all they could do. It's a terrible time for a conference — late November. At any rate, different considerations may well apply to government members.

For the benefit of new members, arrangements with respect to conferences are: The travel arrangements and hotel rooms and so on are booked through the Clerk's office, and as I recall it, you don't even get the bills. They just pay the bills and so on and so forth . . . (inaudible interjection) . . . No, you pay the bills and claim compensation. Sorry about that.

Mr. Katzman: — The ticket arrives but you pay the other bills.

Mr. Chairman: — Okay. Yes, I guess that's right. You don't pay the travel ticket, but you do pay the hotel bills and so on. You are paid your regular per diem. Now you might not when the legislature is in session. When the legislature is not in session, you are paid your per diem of 90-some, whatever it is a day. Now that I think about it, I don't think you would be paid that when the legislature is in session.

Mr. Katzman: — Yes, you are. Mr. Chairman, you're paid your per diem, but you lose your House . . . (inaudible interjections) . . . Under the new rules you may still get paid. There's a new set of rules.

Mr. Lutz: — I think you're allowed five days absolute — is that not so? — and still get paid. I would presume you wouldn't get doubled up on your pay.

Mr. Glauser: — You don't get both.

Mr. Katzman: — If you have a motion in the House to miss the House, you are not docked and you are given the 93, I believe, but you don't get the \$50. They don't take it as your five days, then. You still have a free five days elsewhere. I think that's the only reason . . . For Mr. Mostoway we, several times, moved a motion excusing him when he went to England and those type of things, while the House sat, so that he wasn't counted absent type of thing.

Mr. Chairman: — Well, let's leave it at that. I would simply urge new members to attend, if you can in any instance get away to Toronto for a few days next week.

Mr. Martens: — I probably am tied up over this weekend but . . .

An Hon. Member: — . . . (inaudible) . . . in the same boat.

An Hon. Member: — It's just too late.

Mr. Chairman: — It's just not a possibility. It comes too late. It is a bad time, yes. If the legislature weren't in session, it would be a bad time. As I say, if any opportunity to talk about the timing of this conference . . . That was terrible.

Okay, well we've already done with item number two. We actually did quite well. We eventually got everybody in except SHC. My recommendation to the committee would be that we wait and receive their response, and we can deal with it in another year.

Mr. Katzman: — Mr. Chairman, I would disagree with you.

Mr. Chairman: — You think we should have them in to . . .

Mr. Katzman: — I think if they can be ready by, say, next Wednesday, we should push them for that.

Mr. Chairman: — They can be, I'm told, so let's agree to that.

Mr. Katzman: — Then we will finish the final report of this committee say next Wednesday and Thursday. You and Mr. Glauser will be doing the preliminary work, as you have been doing, and that way, when we make our report next Friday, we've completed that year, and we will be starting in a fresh year when we start again.

Mr. Chairman: — Okay. I would agree with that. Is that generally agreed then?

Mr. Glauser: — Yes.

Mr. Chairman: — Okay. We'll get SHC here then on tap for 8:30 on Wednesday, then.

Mr. Katzman: — One other group we wanted back. Do you have that list, Mr. Chairman?

Mr. Chairman: — Have you got your agenda? They're all in the agenda. The comptroller . . . I think if we go through the agenda, we will get all of the groups we want back.

The next item is the comptroller's. And I read the comptroller's material. I can't find it. Here I got the stuff all organized in a bunch of files and now I can't find it. There it is.

Mr. Lutz: — Will we be meeting next Wednesday at 8:30, Mr. Chairman?

Mr. Chairman: — Yeah, I would think so. Yeah, item number 66. I got two of these things, so if anyone forgot theirs . . . Some of the new members may not have them. Mr. Morin, do you have this document?

Mr. Morin: — No, I don't.

Mr. Chairman: — Take my second copy, then. Do you have it, Harold? Do you have this exhibit 66?

Mr. Kraus: — Are there any questions, Mr. Chairman, concerning my report? If you've read the report, I'd be happy to answer any questions, unless you wanted me to go over it. In terms of the report, there's just a couple items, I suppose, that I could say to update the thing, but other than that, for the most part it's as it's presented. Things haven't changed that much since we wrote it.

Mr. Chairman: — I had a question about the cash handling procedures. Is anything being done now that wasn't being done last year, or are you simply trying to do what you're doing, better?

Mr. Kraus: — Well, essentially, we didn't change the rules in particular. What we did, though, was: we made sure that the items or areas or problems that have been sighted by Mr. Lutz were attended to, and that either the agency agreed to comply with the regulations as written, or else that procedures they followed were some modification of the procedures that are prescribed because of circumstances, because of the numbers of staff they have or whatever — and the situation was assessed, and we agreed to something other than exactly as per the rules and regulations that are stated. But we, as I say, or as has been indicated a number of times, do have that provision that if they cannot comply word for word with the regulations, then we will assess the situation. We may agree to some different situation where it's appropriate.

We've also indicated here, though, that what we do is: when we're involved in developing new systems or working with departments, we try to ensure that . . . We don't try to ensure, we do insure that they know the procedures they are to follow to comply with the regulations. But really what this is relating to is: there had been a number of violations reported by the auditor, and this indicates the things that we were trying to . . . (inaudible) . . . I can't say that there won't be more instances of non-violation because that's just the nature of life, I guess, that people have rules and procedures to follow, and they don't always follow them, and so from time to time the auditor is going to report those. We hope the numbers aren't excessive.

Mr. Chairman: — That was the only question I had. I don't know that the committee had any, was of the particular view that something different should be done. That was the only question I had, really.

Mr. Kraus: — No, the procedures are fine. The only thing is that they are designed with certain numbers of people in mind and sometimes you think as a government he should find a breakdown into small, little working units, and very small are impossible to meet the . . . It's hard to meet all the rules and regulations, so you have to make modifications.

Mr. Katzman: — Mr. Chairman, I would suggest to the comptroller that the years I've sat on this committee we continue seeing, usually, a new group making the problem, not the same one that we've had to speak to before. With that in mind, I would suggest that either the public accounts committee, through either the auditor or the comptroller, should consider the possibility of a yearly letter or semi-annual letter, just reminding people that there is a rule book of systems to follow, and if there is some reason you cannot follow them, rather than being chastised after the fact, please notify the comptroller to see if there is some way that a system can be adapted for their situation.

What happens now is that we discover it after they have broke the rules, chastise them, and then try to correct it, and in some cases we say it is impossible because of staffing. I think the reverse may be attempted once, where the comptroller notifies the people that the systems are in place, and please use them; if you cannot, in some office or something, please notify us so we have you on the list of people that are exempt because of staff. By doing that, when the auditor comes up, the auditor will have the statement saying: now these people, because of space . . . He will probably still note it in his report as he is required by the act, but at least he will feel more competent that the thing has been looked at by the comptroller. I ask for the auditor's opinion on that suggestion.

Mr. Lutz: — I don't have any problem with that, I don't think, Mr. Katzman.

Mr. Glauser: — I just have one question, and this is perhaps taking it just a little bit beyond this, and there would have been some audits performed more recent, and what is the current situation?

Mr. Kraus: — As I indicated here, most of the work that we do is in situations where there is something new or there is something changing. We do not, at this point in time, have what would be considered to be an internal audit proponent that goes around and checks to see that the departments are . . . (inaudible interjection) . . . I wouldn't; now Mr. Lutz probably has.

Mr. Glauser: — That's what I was getting at, and perhaps Mr. Lutz would want to . . .

Mr. Wendel: — If we go back to the reason this appears, or was considered by the committee in Mr. Lutz's annual report, we talked about cash handling procedures. I made a suggestion there that really there should be an internal audit function checking these things up; it shouldn't rest with the provincial auditor, the external auditor. Any large organization would have an internal audit department making sure that their rules and regulations that they pass are being complied with. If you go into the bank, they have that very set-up; if you go into any of the large organizations.

Mr. Glauser: — That does exist in a lot of cases, though?

Mr. Wendel: — Yes. They do have an internal organization that goes out and makes sure that their rules and procedures are complied with. And that's what we're suggesting should happen in the government.

Mr. Glauser: — Well, no, but some of these functions do have people performing those tasks within some departments, do they not?

Mr. Wendel: — No.

Mr. Kraus: — Mr. Glauser, there are very few what you would call internal audit units. There are a few audit units, but not a lot. To the larger extent, I suppose, the procedures are put in place, and, you know, if the procedures are followed there should be no problems. Now, you can justify some internal audit or . . . You have to have resources to deal with those kinds of problems. We call them financial management problems, financial or accounting control problems, and what we've been doing for the last number of years now, it's quite a few years, is, as I say, we will spend more . . . We spent our resources on new systems, changes . . . I guess some kinds of problems are identified that the auditor has identified. We find that we get a fairly good payback that way, rather than . . . And I'm not saying that you couldn't perhaps have an internal audit unit the way the auditor's office is suggesting, but we only have so many resources and we prefer to work with new situations or situations that seem to warrant attention.

We feel we're getting a reasonable return for our dollar. I can mention a number of programs that have come up over the years and some that have come up just recently, and we find we get a better payback to work with those people to make sure that the moneys that are flowing in or flowing out are accounted for and recorded appropriately, and so we haven't spent a lot of money on an internal audit function, going and checking existing departments. That's not to say that we won't try to do more of that over the years, but at this point we've continued to focus on new and major issues that we're aware of.

Mr. Glauser: — And BMI is strictly a systems function then, eh?

Mr. Kraus: — I would say, in all fairness, that that kind of review is starting up here — policy,

program effectiveness and things like that. I think that in one sense we're . . . I'm not trying to indicate that they're here and we're here, but we're down at the working level where the financial administrative procedures have to be put in place. It's fine to announce a program, but now you have to put some procedures in place that will comply with the government's program — ensure that the moneys are spent as the government and the legislature has indicated. That's the level at which we're working. We're not addressing whether or not programs are effective, meeting the mandates, and I would say that's more where a BMI review comes in.

Mr. Katzman: — On the point I was making earlier, just to elaborate a little further, is it feasible for you, at the same time the auditor tables his report . . . We usually will receive that prior to when we adjourn this fall, normally, and over the next prior months would you go through his report and any of the areas where you have had to come in behind the auditor and make comments, pre us going through the departments? Therefore it may save time as we go through the departments, because you can indicate that you've already gone into this problem and corrected it. We may still discuss the problem here but if you were . . . Is that feasible under your system?

Mr. Kraus: — Mr. Katzman, it would be if the tabling of the report was as you said, but Mr. Lutz's report is generally tabled more like late February, early March. Isn't that correct, Mr. Lutz?

Mr. Chairman: — I was going to raise that. It would be a very simple convenience to the committee if your report were tabled this fall so we could go over it. Is your report in the hands of the minister?

Mr. Lutz: — Mr. Chairman, we still have some fairly serious issues to be resolved relative to the audit of the public accounts of the province. I don't believe we've received the financial statements yet in a final form. Check me if I'm wrong, Gerry, but I think that's right.

Mr. Kraus: — Well, I would say, because of those two or three issues that have to be resolved yet, they have not been finalized.

Mr. Lutz: — I would say my report won't go to the printers until February.

Mr. Katzman: — What about the blue book?

Mr. Kraus: — *Public Accounts*, you mean?

Mr. Chairman: — Well, I think the answer to Mr. Katzman's question is it isn't feasible. Then under other business somewhere, which I assume comes in here, I'm going to discuss this. I'm going to get back to this question of the auditor's report, but I'll just leave that for the moment. Any other questions on the comptroller's report?

On to social services. I went through that. I had somewhat the same questions as I had of Mr. Kraus, and that is I didn't understand why . . . With respect to family allowance and the federal Indian affairs, I have no questions on that. Legal status of Saskatchewan assistance plan overpayments, I have no question of that.

I had a question on the acceptable error rates. What they seem to be saying is if we don't have them, no other department has them. The federal government is not in a great snit because we don't have them, and I for one did not understand why we don't have them. I just don't see why we don't have a bench-mark which we attempt to meet. It doesn't make any sense to me. Perhaps the staff of the provincial auditor's office or the controller's office can tell me where I've gone wrong. I just don't understand why we don't have a bench-mark with which we try to meet. I can understand why the bureaucracy would not want a bench-mark. It's something that's rather easy to have for others to know whether you're doing well or poorly, but I don't understand why, from the point of view of public administration, we don't have a bench-mark. Am I overlooking something?

Mr. Kraus: — It, it's obviously . . .

Mr. Chairman: — It's just too complex to do or something. I don't know.

Mr. Kraus: — It's a difficult thing to establish an acceptable error rate, and I must say I'm just not sure what my final, my opinion, would be on this, because there are a number of factors that, I suppose, the department would want to talk about. But in general terms, or in ideally — I'd say ideally you should have an acceptable error rate. There's no doubt about it. But I suppose to establish an acceptable error rate is somewhat difficult if what they are saying here — and I have no reason to suspect it's incorrect — if they are saying, well, it's difficult to get an . . . (inaudible) . . . What is the error rate occurring in other departments for example, other governments, other jurisdictions?

Secondly, it takes a lot of work, I mean a lot of manpower to establish that. You do have to have some system of audit to determine what your error rate is. And I can think of another — you know the auditors will obviously have something to say about this too — but I can think of another plan which I wouldn't want to mention. It's inappropriate. They run a very good plan, but I know that our jurisdiction had an error rate, and you'd say gee, that's not . . . That looks pretty high maybe, but when we compared it to another jurisdiction that had the same kind of a program, they didn't have any error rate. The reason they didn't, they weren't spending the money to do audits, to send out the information slips to the public that end up telling you you've got audits, and so on. They never spent the money to find out what their error rate was.

So you wonder, well, should you really spend all that money? Or should you, just determining that you have an error rate and then wrestling with it, or should you perhaps say well, look, we know right now. And I think this is what social services is saying, and you can have one or two opinions on it, obviously. But we know we've got some problems, and we would prefer to direct our money and resources towards resolving the problems, resolving the weaknesses, rather than necessarily auditing it and checking it so that we know exactly what our error rate is; so that we can say it's too high, let's do something about it. I think what they're saying is they'd sooner put their money doing something about it, and hopefully they'll reduce it. Whether or not they reduce it to an acceptable rate or not, whatever that might be, is another question.

Mr. Chairman: — What is the status of their attempts to “develop” a new automated delivery system? How's that coming along?

Mr. Kraus: — Well, they have finally assembled a project team. They have hired someone from another department to become the project manager. They're currently dickering with at least one or two people for an assistant to him. I've seen a plan that's . . . There's a definite management structure there in place, and I expect that they're going to launch that soon. I mean, they've certainly done sufficient planning, and there's been sufficient moneys provided in the thing. I think they're just a step or two away. They've actually had somebody come in, an experienced person from another department, and I think they're pretty close to kicking it off. Now that will be several years and quite a few dollars spent, but that will have a definite effect on the error rates.

A Member: — On their built-in monitor, do you have a . . . (inaudible) . . .

Mr. Kraus: — And actually the doing, because you can be sure that certain calculations are going to be done the same way every time because the machine's doing it. Provided you give it the right data in the first place, the machine will do exactly . . . (inaudible) . . . So we think that that will have a big impact here. But you're looking at a couple of years, obviously, because it's going to take them several years to put it in place.

Mr. Chairman: — I'm interested in the comments, if any, of the staff of the provincial auditor.

Mr. Wendel: — If I might, Mr. Chairman. This goes back to the same problem of an internal audit function. I guess what we're saying is, top management at Social Services and the government have said, "Here are the rules and regulations to get money from Social Services." Then what this verification unit does is supposed to go back after the money has been given out, and make sure that all those rules and regulations have been complied with. And what we're saying by this acceptable error rate is, when you find a number of errors, you do 100 applications or whatever, do you just stop there if you're finding a lot of errors and a lot of overpayments or do you continue on?

That's what we're saying. You should develop an upper error limit so you can carry on and fix up your problems if you do have them. It comes back to that same problem: there's no point in making rules and procedures if you don't go back and make sure that they're being complied with.

Mr. Lutz: — Neither is there much point in finding out after you've made the errors that the errors are there if they don't learn from what has happened and take corrective steps to make the system work better. They have this unit in place. They've had it for several years. Neither would I really subscribe to the theory that because other "jurisdictions" don't do this our error must be fine.

Mr. Chairman: — That's not an argument.

Mr. Lutz: — I don't think that's much of an argument, Gerry.

Mr. Kraus: — No, I'm not saying that it is. But I am saying that the department has known, and has known for a long time. And these are difficult programs to deliver. Okay. And they're no better or no worse perhaps than any others. But in any event there's difficulties. Everybody has recognized this. You've reported it for some years. And so they are though moving in directions to resolve the problem and whether they should spend more money on additional audit . . . I'm not saying I disagree with the concept of an internal audit, and an audit, but I'm also suggesting that what they're saying that they are spending money and/or undertaking initiatives to fix the problems is also a very justifiable position. Because after all, as you've said, once you find the errors then you should do something about it. Well, I think that's what they're suggesting they are going to do.

Mr. Wendel: — Excuse me, if I could. I think what we're suggesting is you should identify a cut-off point when this is reported to top management so they can take the action, that it's exceeded that level. In other words, there should be a methodology by which this verification unit can advise top management when it exceeds that level, to solve them. Otherwise they don't have to bother top management. Everything's working in order.

Mr. Kraus: — I don't disagree with that, Mr. Wendel.

Mr. Wendel: — That's essentially what we're saying.

Mr. Katzman: — Mr. Chairman, if I can interrupt here. Up until this point, the group that becomes concerned is this group here, when we spot it. The idea of it going to top management, I assume, is happening, but not other than a letter saying that this is your problem. Am I correct?

Mr. Lutz: — I don't know if it goes to top management until they get our management letter. I'm not sure, Mr. Katzman. I don't know how the internal people communicate upwards and downwards. I couldn't answer that.

Mr. Katzman: — You're saying they don't make any notification; you do.

Mr. Lutz: — I didn't say that. I'm not sure.

Mr. Katzman: — To your knowledge?

Mr. Wendel: — They may informally do that.

Mr. Kraus: — I think what you really want in place is you want some kind of audit check — enough work that tells you if things are getting out of control, and notwithstanding you're doing all these other wonderful things to fix the problem, you might want to do something, like, right away — change your procedures at the intake or whatever. I can't disagree with that, if you're suggesting that.

Mr. Lutz: — I have a problem with this though, Mr. Kraus, simply because, as Mr. Wendel pointed out, there are rules in place, very specific rules, governing how you shall dispense funds to recipients out of this department. Is the problem, then, that the people who are making the decisions to dispense these funds don't know the rules in the first place, or is it the problem that they are going to ignore the rules, or is it just a misunderstanding? I mean, these people have been here for many years. This program has been going for many years. The internal audit people have been there for many years. Nothing much has changed.

Mr. Glauser: — You know, this is a very broad area. And it seems to me that it doesn't really matter how sophisticated your system becomes, how automated or whatever. If things are being done now, and there's mistakes being made, and you become more sophisticated with equipment, etc., garbage in, garbage out, and if those corrections aren't . . . if people aren't performing in a manner that is acceptable under any conditions, nothing much is going to change.

Mr. Kraus: — That's why I said no matter what system you have in place you have to have some kind of checking going on to make sure that the errors, and there always will be errors, are not reaching a level which is unacceptable. And then you have to do something about it. And you're right, whether it's the system you have now or another system.

You know, I'm not defending the department here, just trying to explain that they are saying that they are undertaking a number of initiatives. They had talked last year, and again I can't talk specifically, but there's one of the day care programs, or it was one of those programs other than the main social assistance program, where they said they were going to . . . they had suggested they would stop putting money on . . . they would transfer some of their audit resources to the front end. Now I don't know how that's worked out, and I don't know whether you could comment on it.

Mr. Lutz: — I don't think we should. I guess the only observation I would make is that if they do automate this thing we might only find it's more difficult to find the errors.

Mr. Chairman: — That's right. I can tell you from personal experience you automate your confusion and you multiply it. Automation does not solve anything.

I wonder what we want to do with this. There are two options open to us. One is to flag the thing and report on it in our report, and that's really what I'm of a mind to do. The other option would be to ask the department to return on Wednesday.

For my own view, and other members maybe have a different view, if we invite the department to come back on Wednesday, we'll just have another go-round on this thing and not solve it, and I've said I've made up my mind. I have read their explanation and I do not find it convincing.

Mr. Katzman: — . . . (inaudible) . . . Which department were you talking about?

Mr. Chairman: — Social Services.

Mr. Katzman: — But this check system is in Mr. Kraus's department, not in Social Services, if I read you correctly. And what we're saying is Mr. Kraus's department has got to make the system that . . .

Mr. Chairman: — No, I don't think you're right about that, Ralph.

Mr. Lutz: — Mr. Kraus is the banker, I believe. He just honours their vouchers when they draw a cheque . . . (inaudible) . . .

Mr. Kraus: — I have responsibility to ensure, as well, that the systems meet financial policies . . . (inaudible) . . .

Mr. Chairman: — But the systems are theirs.

Mr. Kraus: — But the department is responsible for implementing the system.

Mr. Katzman: — You develop the system.

Mr. Kraus: — No, actually they develop their own. We do develop some — it depends on the situation — but even if we help somebody develop a system, they're responsible. There's this division. That's why I'm not fully . . . like, all the accounting people and so on don't report to me. The departments are responsible for administering their own department. I'm there in a supervisory role; you have a certain amount of responsibility, but not necessarily all the authority.

Mr. Katzman: — Okay. Mr. Chairman, I don't remember a year in this committee where Social Services didn't have this problem, and I'm not sure if the problem is in the system, or in the people operating the system, or the checks we use on that system. And it's just like DNS — it's that the same kind of problems came year after year. It's just maybe moved from one area over to the other area, but always within the same department.

Mr. Chairman: — It's a surprising problem to tolerate for so long. It is a very large amount of money, and Mr. Kraus is right, a very difficult program to administer, given the nature of what you're doing, and it's a surprising problem to tolerate that long.

Mr. Katzman: — Well, my recommendation, Mr. Chairman, would be slightly different than yours. It would be that the systems that we have, I'm not sure if it's Mr. Kraus or who it is, go in and give that whole system in there a good looking over, and see if there is a better system that will work or not.

Mr. Kraus: — I'll make two comments, then, if I could. One, I have a list here and I thought maybe Social Services would be here today, but they had indicated to us that there was a number of things they were going to do that they felt would provide more effective preventative and corrective measures.

A Member: — Which are?

Mr. Kraus: — Well, one specific. One was they're proposing that there be additional emphasis on verification which will supplement those checks performed on the verification unit. Now, the details of that, I . . . (inaudible interjection) . . . But were they in the submission to the committee?

Mr. Crook: — No, I don't believe they were.

Mr. Kraus: — They were additional information that's been provided to us, but that included these things then?

Mr. Crook: — Yes.

Mr. Kraus: — Bank searches, home visits, job search requests — there's a whole number of items here that they were wanting to add that would be above the present work that's done by the verification unit that they thought would help them, you know, ensure that the information provided by the recipients is correct. And I'm sure they could talk to it better than I could.

Mr. Chairman: — Perhaps we should have them here on Wednesday, but my problem with this is that they still don't have . . . (inaudible interjection) . . . and they're permanently resisting putting one together.

Mr. Kraus: — That's true. But as far as the system goes, Mr. Katzman, they have this project in place now, and they are going to develop a brand-new system for delivering the social assistance plan. That system is to be developed and have adequate, appropriate, financial controls. It's not simply going to be one . . . at least it isn't the intention to take the old system and computerize it.

Mr. Katzman: — Mr. Kraus, without being mean, I will do my best to . . .

Mr. Chairman: — Not be mean.

Mr. Katzman: — . . . not be mean and say something that I shouldn't say. I don't give a fiddler's foo-foo what they say anymore. It's time we sent our experts in, which is your department, and had a good look at that whole system and say, "Hey, this is the way it's going to have to be done," or "This is the way it's going to have to be done," because everything you have tried in the past has never cleaned the system up. You just keep coming through it more. Maybe it's a little strong, but I've been on this committee since I've been elected and they continually come back. In DNS, when we finally started screaming in certain areas they started cleaning the mess up. Their problems moved to a different area, and as life would go, we'd slowly get it cleaned up, but this one should be . . . I mean, we pay the professionals, which is your department. They're not professionals within theirs. Let the professionals go and see what they can do to straighten the mess out.

Mr. Chairman: — Would it be . . . This is a minor point to Ralph's central. I trust that what he is saying and that is that we should recommend that the system be improved to the point where it's acceptable. But is it your department which does that or Finance?

Mr. Kraus: — Well, like I say, if you're talking about program effectiveness I would defer to Finance, but if you're talking about financial administration, that's us.

Mr. Chairman: — Well, I guess I agree with Ralph's recommendation and that is that we simply recommend that it be done by someone. I don't know whether that's you or they.

Mr. Kraus: — I wonder if this report . . . It might be a joint report that might be appropriate, too. The thing is they are undertaking initiatives. Perhaps if you see a plan of what they're proposing to do along with . . . Perhaps you're saying you'd like to see it in a report from ourselves. I'm confident that if they put the new system in, as has been indicated or is being proposed, that some of the problems will have to disappear. It won't resolve it completely, but . . . Do you want more than that?

Mr. Katzman: — Mr. Chairman, in 1976 or '77, when I first came on with yourself and Mr. Schneider, I was involved and I watched as you people did change systems in certain departments and it did clean up messes. I've watched as other departments attempted to do

their own. It didn't seem as thorough. I now suggest, after all those years, I've had my fill. Would you please take your professionals in? Mr. Chairman, would you please flag that in the report: that we have asked that the professionals go in?

Mr. Glauser: — Mr. Chairman, I'd just like to go back to a remark that Mr. Kraus made. You seem to be talking about responsibility without accountability. Is that what you meant when you said . . .

Mr. Kraus: — Well, the responsibility for financial administration is divided in the sense that the deputy minister is definitely responsible for the financial administrative affairs of his department. That means he has to have competent people and he has to have . . . He's responsible for that and for the systems that he requires to discharge those responsibilities. On the other hand, I am asked to supervise — I think the way it's worded is — “the systems that disburse and receive moneys” and I'm supposed to ensure to the extent practical that treasury board policies, financial policies, are adhered to. So, I mean, I have a responsibility on behalf of the treasury board, the government, or even the legislature, I suppose, to a larger extent ensure that the deputy ministers are discharging those duties in the area of financial administration that they've been delegated.

Mr. Glauser: — But you say you have no authority. What is the mandate?

Mr. Kraus: — I wouldn't say I don't have authority. I guess what I'm saying is the responsibility is divided in that the administrative affairs of the departments are the responsibilities of the deputy minister. It is my responsibility to ensure that they are complying. Now if I'm not satisfied then I could report to treasury board.

Mr. Glauser: — Well, maybe that's the stage that we're at.

Mr. Kraus: — Generally speaking much of the reporting obviously takes place at the deputy minister level or perhaps ministerial level. But not too often would any issue go to treasury board.

Mr. Chairman: — The member from Morse.

Mr. Martens: — Thank you, Mr. Chairman. I wonder, I was just going through this. You stated that there were 46 per cent client errors, and 54 per cent departmental errors. What's an acceptable rate of error before you go in and check a problem related to a specific department?

Mr. Kraus: — Oh, you're talking about the overpayments that had been . . . This refers to overpayments that they have made in the past and they are doing an analysis to establish the collectability of those. And as well, they've attempted to identify whether they were responsible or the client.

And I guess this is getting back . . . Your question is coming right back to the point I've been trying to make. You can say that the problem isn't being resolved, hasn't been resolved to date, but I can make a case that there have been reviews done by the comptroller's office probably as long as 8 years ago. There have been reviews done by other organizations within the government; there have been reviews including the provincial auditor. We know the problems exist. I could argue that there isn't a lot of going, there isn't . . . You don't want to spend too much money identifying the problems that we all know exist. The effort has to be placed on getting it fixed up.

Mr. Chairman: — Just on Mr. Martens' point; I'm sorry to interrupt, again. But on Mr. Martens point, I was surprised at the error . . . I expected that ratio to be 95-5 — 95 client, 5 department. I was surprised at the ratio that the number of errors in the department were as high as they were.

Mr. Kraus: — I don't know why. I guess they'd have to speak to it, We don't have any

information as to why it would be so high on the department side.

Mr. Chairman: — . . . (inaudible) . . . I'm sorry I interrupted you, and I shouldn't have.

Mr. Martens: — No problem. I just was wondering what is an acceptable rate before you go into a department and check it out. Is 46 per cent error a lot?

Mr. Kraus: — No, I would suggest that you know . . . Again you'd ask me to put a percentage on it. I would hope we'd be down like the chairman said, 95-5 or something even less than that. But that's unacceptable obviously. I think anything around 5 is becoming a bit high.

Mr. Chairman: — The member from the Battlefords.

Mr. Morin: — Yeh, I had two questions. Firstly you said that . . . One is an observation. You said that you don't want to spend too much money going and identifying the problems, rather you should spend that money cleaning them up. Seeing that you can't clean them up until you know what they are, so you have to identify them.

Mr. Kraus: — Well, when I say the money that should be spent, the resources should be applied and I guess here it's essentially social services resources that would be applied on resolving the problem. I must say I believe the problems by and large have been documented, and if it requires a report to sort of summarize the situation that Social Services is in in the delivery of these programs, and the problems that have been identified, then perhaps that's a good idea. But I think most of them have been identified already and that's why I'm suggesting we don't spend too much money just identifying what we know already exists.

Mr. Chairman: — My suspicion, Mr. Kraus, is that the folks don't want . . . I'm sorry to be so cynical . . . My suspicion is that they don't want to establish an acceptable error rate, not because of the cost of providing it, but because of the public profile it will then give their work. I suspect they just don't want it out and available, rather than not wanting to spend the time on it. I suspect that they don't want that acceptable error rate because they just don't want to have a bench-mark against which, I think, they're going to fall a little short of. There's no way you can comment on that because it imputes motives to them, and one should never do that. Somebody tried to get my attention — the member from The Battlefords.

Mr. Morin: — Yes. My other question is in regard to the . . . In conclusion here, they say that departmental errors were 54 per cent and client errors were 46 per cent. That's of errors made. What percentage of their case-load resulted in errors? I think that's valuable information to know, too.

Mr. Crook: — I think perhaps I can answer that. I was just talking to them a few days ago, and this was the first chance we had to talk about the trend in error rates. It seems to me that their error rate was approximately 7 per cent. Unfortunately, I failed to ask them 7 per cent of what: whether that was total dollars or individual payment transactions.

One interesting thing that was brought to my attention was the fact that over the past few years they do have a listing of their error rates, as identified by their verification unit, and it moves anywhere from between 2 per cent to, I believe, close to 9. Again, the question has to be asked as to whether or not that's a function of the actual errors that are being made or a function of the diligence of the verification unit during that particular point in time. Regardless, their error rates are fairly high, and I believe they recognize that. They have taken a position that, in their view, there is really no acceptable error rate. In the past, the errors have been identified, but they have indicated that sometimes the recommendations made by the verification unit to start moving into preventive errors have not been followed. But that is what they intend to do now. This system that they're proposing is some ways down the line, and they have proposed some interim measures. They've indicated that they're hoping to implement them. Nothing has

happened at this point in time.

I agree that it is time for things to start rolling. I also believe that Social Services should have an opportunity to explain what they do intend to do because an impression has been given that nothing is happening and that this problem is going to continue.

Mr. Morin: — I think that your point about “how hard have they looked?” is an excellent point. It may be that they haven’t looked really hard to find 7 per cent. This may be a case of where you find one rat, you find lots more if you take the time to look for them.

Mr. Crook: — Well, that’s one of the problems on the verification side: if you set an acceptable error rate, then there are ways of ensuring that you never exceed it. I’m certainly not implying that that would happen in this case. However, I believe everyone does agree that there is a problem there. The question is: what steps are going to be taken to reduce it in the short run and in the long run? The system that we’re talking about, I think, is a long-term measure.

Some of the short-term measures they’re proposing, if I can just take them off the top of my head . . . They’re putting more emphasis on regional involvement and in verifying claims. They’re divided into a number of regions. The verification unit itself is a centralized unit. I believe it operates out of Regina.

They have found in the past that the regions are actually instrumental in identifying many of the errors, especially those involving misleading information being provided by their clients. So they plan on sending, first of all, a couple of people up to Saskatoon and Regina, where a majority of the payments are made, to assist them in boosting their regional verification efforts. Also, they have identified a fairly high-risk group, as far as client-generated errors is concerned, and that includes fraud and information that is incorrect but not deliberately so, and they are planning on doing a pre-audit of what they call unemployed employables: people who are working who have skills that they can perhaps use on a part-time basis and are receiving income and not reporting it.

There is also talk of a number of other measures. They have a client index system right now — automated system — which hopefully once it’s fully operational will prevent people from registering at perhaps two different offices and receiving two cheques. I understand that that is a possibility, and that’s happened in the past. These are some of the sorts of things that have been leading to the errors. The automated system itself I don’t think is going to capture errors that are deliberately generated by the clients. I think it will reduce the mathematical errors and duplicate payments and so on and so forth.

Mr. Chairman: — There is a lot of money involved here. We’ve been struggling trying to find the figure and I can’t, but when you say 7 per cent, I would guess that would be in the neighbourhood of \$15 million, if that’s what that . . . If you eliminate the 7 per cent, my guess is you’d save in the neighbourhood of \$15 million.

Mr. Kraus: — I think the only thing there is I don’t know whether that 7 per cent relates to number of transactions or whether that’s 7 per cent of the dollars. That’s the trouble with those percentages: I just don’t know what that means.

Mr. Chairman: — At any rate, any other questions on this? Am I correctly summarizing the discussion by saying that we are of the view that there should be acceptable error rates, and that we believe that systems ought to be put in place whereby these acceptable error rates could be met, and that we are looking to the comptroller’s branch as much as to the department to take the steps which will meet those goals? Is that a summary of what we’ve been saying?

Mr. Glauser: — I think that is the summary, but they already do have, they say, systems that have recently been put in place. This is the way I understand it.

Mr. Crook: — Unfortunately, these are all things that are being proposed, and we are going to have to take a wait-and-see attitude because sometimes it's a long jump between something you propose and it actually being implemented, but they are making some progress.

Mr. Chairman: — They are making some progress. I think we take that, but they are a good distance yet from something that should be described as acceptable.

Mr. Glauser: — I think really what we're saying is we don't want to be sitting here a year from now discussing this same matter.

Mr. Kraus: — I think perhaps what you're asking for in this report is a summary, perhaps by program: identify the program, identify the major problems, identify what they are going to do about it and when. Some, you'll see, won't be resolved for four years. Some are supposed to be. Some of these procedures should be able to be implemented now. I suppose that's . . . Like I say, some of those problems can't totally disappear. Like, they're delivering a number of programs but some of them couldn't totally disappear till they had the automated system in. Nevertheless, they're talking about doing some things that it's just a matter of sending people out and doing something different, I imagine, in weeks or days or whatever. So if that's what you're looking for, I . . .

Mr. Chairman: — Okay. Upward and onward.

Mr. Katzman: — Did you accept that motion I made?

Mr. Chairman: — Yes, we did. Comptroller's report on number of times . . . (inaudible) . . . interprovincial cost-sharing agreements. I read your report. It seems you're . . . (inaudible) . . . on the problem. You're waiting to see the results as distinct from the . . . (inaudible) . . . You want to see the . . . (inaudible). . .

Mr. Kraus: — I had an update yesterday from some of my people. This was, again, still we're waiting and seeing, but they have hired a qualified accountant just recently. That was one of the things that we said we supported, that they have qualified staff should be added to the program and that has happened. So, again, you can't assess what that's going to mean just yet but we expect that will be positive.

Secondly, we are beginning the audit of — I believe it's the claim for the past year — and the initial response was that the cost-sharing function in Social Services seemed to be much more aware of the issues and much more aware of what had to be done. So, an initial reaction, again still qualifying it, however, the initial reaction is it looks like it is going to improve. However, we're still withholding our judgement. Just like the auditor does, we have to withhold to see what really happens.

Mr. Chairman: — I'm . . . (inaudible). . . we're going to have this department back another year. Yes, the member for Saskatoon Mayfair.

Mr. Glauser: — I seem to recall that when we discussed this the last time, you didn't have a handle on even how many there were out there, and that you were going to bring this whole thing into focus. I could be wrong in what I'm saying here, but it seems to me that this is a procedure that was going to be put in place you were talking about. Has that happened? Nobody seemed to know how many there were. They were all over the place.

Mr. Kraus: — Would you say "they," do you mean the social services programs that Social Services has to ensure are cost shared?

Mr. Glauser: — That's right, but it was applicable to every department.

Mr. Kraus: — Well, we issued a number of reports to the public accounts committee. In fact, I've got so many of them here I'm having trouble straightening them all out.

Mr. Katzman: — Wasn't it Mr. Crosthwaite had the department, what was it — interprovincial something it was called before?

Mr. Chairman: — Intergovernmental relations.

Mr. Katzman: — Intergovernment relations suggested they had a master book on these or something, but it didn't end up being a master book; it only happened to be on certain . . . (inaudible) . . .

Mr. Chairman: — Yes. Public accounts 52 and I still have it. 58 was it, oh. Then I didn't see it. Oh, yes, there it is.

Mr. Wendel: — How did they manage that . . . (inaudible) . . . ?

Mr. Chairman: — I've read this thing and it's sort of a review . . . (inaudible) . . . It's better we have them back and have a look at what's doing it next spring. We've probably accomplished all we can at the moment.

Mr. Kraus: — I issued three reports, actually, to this committee. One was to identify interprovincial cost-sharing agreements. That's cost-sharing agreements that are between us and other departments, and that report identified there were two. There were two with Alberta. That's in the May 30 report I sent. It was between us and the Government of Alberta. There is one that affects rural development and one that affects highways and transportation. That was the report on, "What agreements do we have between Saskatchewan and other provinces?"

There was another report that said, "Would you give us an overview on the federal-provincial cost-sharing in total?" And that was a separate report dated June 27. In that particular report I outlined how many agreements there are. There are 42 agreements in effect, and the estimated annual reimbursement to the province is \$182 million. We then gave some indication as to how the process works. There's four distinct phases. You may have read that report. There's agreement-negotiation, a finalization; there's agreement-administration; there's monitoring; and there's auditing. So we laid out there how the federal-provincial cost sharing system works for the whole province — the number of agreements and so on.

Then, finally, the third report was a specific report on what Social Services is doing to fix up their specific problem.

Mr. Chairman: — They seem to be putting some checks in place, and also some systems for catching it.

Mr. Kraus: — Well, I think . . .

Mr. Glauser: — Has anyone filled that position?

Mr. Kraus: — Oh yes, yes. I said that in the last month or so they have filled the financial position with a qualified accountant. Secondly, in our early assessment of starting our audit of their claim this year, it appears that the people know what they're doing, and aware of the issues. Now how that will result in a product, we're not sure yet, but at least it's encouraging.

I must say, in response to your specific question, though I didn't want to get to that, you were saying, "How does the department know that it's getting everything?" I think you're talking about the Social Services department and its cost-sharing in particular. They indicated in their

report that they've provided to departments copies . . . For example, if it was the Department of Health that was undertaking programs it would ultimately be cost-shareable. Social Services has provided Health with copies of correspondence from the federal government affecting various branches' and departments' copies of cost-sharing guidelines. They've sent directions to the departments and agencies, and time limits for the submission of cost-sharing information. We're aware that they are advising the other departments of their responsibilities, and attempting to identify for everyone the information that's required and when it's required by. Now how that system is going to work we won't know until we do an audit of a claim to see that it's all coming together.

Mr. Chairman: — Okay, all in on this one? Okay. DNS. I want to confess, quite frankly, I read part of that material but I did not get through it all.

Mr. Katzman: — My suggestion, Mr. Chairman, is don't start or we don't have enough hours in a day.

Mr. Chairman: — I didn't have any problems with what I read. There seemed to be explanations there. I picked the stuff at random. Anyone have any . . . Members who had the most interest in this are not here this morning. One is gone from the committee.

Mr. Katzman: — I think, Mr. Chairman, on the DNS situation it's just about wound down, so why beat a dead horse.

Mr. Chairman: — Why beat a dead horse? Okay. The Teachers' Superannuation Commission has certainly not wound down. There I read this material. They have in place a . . . They had a committee set up which then discussed what kind of actuarial studies ought to be made. They then made some decisions; I gather let out some tenders. And I assume by this time one of those three firms is hopping around doing an actuarial study.

Mr. Kraus: — To the best of my understanding, the actual evaluation, the actuarial evaluation will begin early in January or February.

Mr. Chairman: — Any other comments on that note? Department of Health. Again I read that and I thought they had met and dealt with the problem. Any comments on that from the committee? I thought actually we had got this as a general comment. We got a reasonably co-operative response from the department so I thought they'd tried to meet the complaints we had and I thought they didn't do a bad job. Now I may be a little naive and I may be taken in by these boys, but I really thought they had not done a bad job of trying to meet our objectives and our comments. Any questions on the Department of Health? I didn't have any.

Mr. Katzman: — I would love to jump in on that one Mr. Chairman, but I'll make my opinion a year from now.

Mr. Chairman: — Okay. Medical Care Insurance Commission. The report there is they are going to live with the problem. They are not going to make any changes. They are just going to try and do better. I think they are going to help the problem. I don't think we can estimate it that closely. But that seems to be what they are saying. We may want to . . . what I see you're . . . an interesting look crossed your face, Mr. Kraus.

Mr. Kraus: — Well, Mr. Chairman, I'd just comment on both of these so that it shows you that there are things are resolved satisfactory and I think to everybody's satisfaction. But that first one on Department of Health, we're satisfied and there's been a lot of work done on the patient trust accounts, defining new regulations that are to be effective March 1, '84, or April 1, '84 and we're satisfied things are going to turn around there. It's going to be handled appropriately.

With the MCIC, that's a difficult one to resolve for the reasons that some of the reasons that

they, the MCIC gave. The question is to, I suppose does finance give them more money than they need to avoid the overdraft, or do they try to keep as much money back with the government as possible and incur some overdraft? As they say, the overdraft they do incur is very small in comparison to their total expenditures. Certainly it breaks the law. Can't disagree with that. But it's a difficult problem to resolve.

Mr. Lutz: — Mr. Chairman, I can advise the committee that this subject is going to arise again this year. It was a little bigger in '83.

Mr. Chairman: — I would want to flag that. I don't have any other comments on it though. We can only comment on these things. We can't do anything else.

A Member: — . . . (inaudible) . . . committee report?

Mr. Chairman: — Yes, I want to flag that for the report, yes. It's not the biggest problem we've got in the Government of Saskatchewan but I don't think it should be occurring.

Okay. That leaves us with the committee's final report. It is my understanding that we drafted a . . .

Mr. Katzman: — Mr. Chairman, either I missed something when I stepped out the door for a minute. What about the report on land?

Mr. Chairman: — SAC?

Mr. Katzman: — PAC document 70 for '83 starts out with Mr. Glauser's question about public works. It was in the last document shows all the vacant property.

Mr. Chairman: — That was the Department of Government Services? Yes, it is . . . (inaudible) . . . I can see your document you are looking at. That's government services. I don't . . . We can certainly discuss that now. We weren't necessarily, I thought, going to ask them to report back in a sense of discussing it. I went through that and I didn't have . . . I do have a question about the art work policy, but I'm going to raise that next year. I'm not going to call them back just for that.

Mr. Katzman: — My only concern is that as I go through it I'm not happy with some of the answers that we received.

Mr. Chairman: — Well, then, perhaps we should call them Wednesday.

Mr. Katzman: — Not necessarily. Here, for example, Moose Jaw: price not available as it was purchased by the Department of Finance; old will, price not available, property owned for many years, no historic file available. What kind of answer is that?

Mr. Chairman: — Not a very clever one, I must admit.

Mr. Katzman: — Prince Albert correction: price not available as no records date back to the date when property was purchased. Dewdney: no records available on original purchase price. Swift Current, number (g): property purchased by department and later turned over to . . . (inaudible) . . . disposal and no value given by Highways. Of course, when we sell from one department to another there's a dollar value. I think that is what the arrangement is, if I'm correct. Would you like to indicate where I went wrong there?

Mr. Wendel: — The dollar value is all carried at a dollar in public accounts. All property is valued at one dollar in public accounts.

Mr. Katzman: — Okay, but when it turns over here we should have the value on property that's been acquired.

Mr. Wendel: — Records of what it originally cost?

Mr. Katzman: — Either originally or some value of some sort. You know, my Jewishness always tells me that you've got to have a value for your money.

Mr. Chairman: — That thought occurred to me when I was reading it. My second reaction was that it might be interesting to ask why they have no records, but I suspect that if they're not going to have the records they're simply not going to know . . .

Mr. Katzman: — Well, Mr. Shillington, using that point I'll use number (g) for a good example — the former Texaco service station. I assume Highways went through there and bought the property because of expansion and . . . (inaudible) . . . then it is surplus property and therefore it's turned over to Government Services to look after. But there still is even assessed value or something that could be listed here. It's got to have some value, but no value is given by Highways. I mean, you can charge it against the Highways somewhere. Highways will never recover the money but the general revenue will recover, in due course, if they ever sell it. I just don't like the system. If I ever tried that with the federal government on my income tax, they'd blow me apart.

Mr. Chairman: — You might have difficulty selling that approach: "I'm sorry, I don't have any records. I can't pay income tax this year." The member from Morse.

Mr. Martens: — Probably if they went to the land titles office, they'd have on the title when the title was transferred, the value. But the information that Ralph was giving about that property in Swift Current is right — almost sitting on the edge of the embankment on the overpass. I'm sure that that's why it was purchased originally.

Mr. Katzman: — It could be written off. It shows up in property.

Mr. Martens: — It's been used till last year by the Department of Highways as a lab, the way they're using it.

Mr. Chairman: — I had a question as to why things in fact weren't offered for sale. There are many items here, "plan to sell by public tender," with no date as to when they plan to sell them. The old woollen mill in Moose Jaw has not operated for some time. You've got to be a fair student of the history of Moose Jaw to remember that one. There's no date upon which they plan to sell it, Now, maybe they're holding it for a reason but didn't state so, We can call them next Wednesday, if you like, to go over this.

Mr. Katzman: — I just don't like the way it came in.

Mr. Chairman: — All right. Let's call them next Wednesday.

Mr. Katzman: — It's not because it's your former department either, Ned.

Mr. Chairman: — Well, I'll tell you, when I was there it was a different matter. It always ran like a clock.

Supply and Services next Wednesday, to deal with the issue of surplus land. just so you don't need to bring the entire army of senior officials that they usually . . . (inaudible) . . .

Mr. Katzman: — Basically this document, PAC 70 . . .

Mr. Chairman: — If there's any other item . . . it's all broken down into subjects. Like, there's no point in having the officials who deal with . . . (inaudible) . . . work comment. We're not going to raise that. Is there anything else we want to go over except the surface land?

Mr. Katzman: — Mr. Dutchak's question here.

Mr. Chairman: — Okay. I . . . (inaudible) . . . answered that. But they did have it, okay? Rental space as well then?

Mr. Katzman: — I think what I'm looking for in Mr. Dutchak's question is that we actually used them for basis of the whole province, so they've answered the specifics, but I think we're looking for the general policy.

Mr. Chairman: — You want the general policy for the province, okay. Well, you can convey that to them as well, and they can perhaps be . . . (inaudible) . . . prepared to answer the question rather than getting back to us.

Mr. Katzman: — Rental property and vacancy and that type of stuff. And I shouldn't maybe mention this, but the former minister might get excited as an opposition member, but they have a printout that has always been made available to the opposition, and I think it should be made available to this public accounts committee, if it's feasible in time.

Mr. Chairman: — You can spit it out. You just push a few buttons and you get all 25 pounds of the stuff.

Mr. Katzman: — About that thick. I have the last five years of it at home. I could compare it each year, and then we sold and traded, and I think that maybe that document — I don't know if anybody else on the committee wants a copy of that document, but I do.

Mr. Chairman: — Sure, let's have them come with . . .

Mr. Katzman: — Punch the computer twice.

Mr. Chairman: — Punch the computer twice. It is a printout of all space leased, owned or otherwise by the Government of Saskatchewan . . .

Mr. Katzman: — Under the control of . . .

Mr. Chairman: — Government Services, which is 99 per cent of what the government has. The crown corporations have their own, but there is very little property owned by the government, that the Government Services is responsible for. It's a very large number of billings. I recall the number of different spaces leased in the city of Regina, that's the number of different spaces leased, is in the hundreds. I once decided I was going to visit as minister every leased space in Regina. No man will live long enough to ever get around to them all.

Mr. Katzman: — And yet I remember when I fought with the former minister to get the copy. I was piecing my own piece together, bits by bits. Finally he didn't like the results it was giving so he gave me a proper copy, and then we never had many disputes over it after a game of "did we or didn't we have property?"

Mr. Chairman: — Okay. All right, then. Is anything else done for the good of welfare under any other business? The item I was going to raise is partially resolved. I thought last year we had got that report ahead of time and had a chance to look at it over the adjournment. That was true, but it was because we came back in January and February and we got it between the adjournment of the first session and the throne speech in the second one. I gather it has not been traditional to have the Provincial Auditor's report this early.

Mr. Katzman: — No, just the blue book.

Mr. Kraus: — . . . (inaudible interjection) . . . Yes, it would be our public accounts document. Some years it's tabled in the fall. Some years it's . . . It's tabled sometimes as well not until you come back in February or March. It varies. But Mr. Lutz' report, since I've been here . . .

Mr. Lutz: — I don't think we've ever beat January. Usually it's February some time. Or vice versa.

Mr. Kraus: — Usually when they come back after Christmas . . .

Mr. Lutz: — As I said earlier, Mr. Chairman, we still have some fairly serious issues involving the audit of the public accounts itself. That book has not yet been published. We haven't finished that audit, and the two things sort of go together plus numerous other . . . (inaudible) . . . areas.

Mr. Katzman: — As I read your comments, Mr. Lutz, we will not have the blue book on the 14th day of the session this year.

Mr. Lutz: — Which blue book, Mr. Katzman? No, I can't say that about Mr. Kraus' blue book. He may well have. I can tell you that you won't have my report here . . . (inaudible) . . .

Mr. Kraus: — If these issues are resolved quickly we would be able to print them. If we can't resolve the issues, they may not be, they wouldn't be available then until later.

Mr. Chairman: — Okay . . .

Mr. Katzman: — Mr. Chairman, before we wrap up today, I was . . . (inaudible) . . . I was going to ask about, and I think tomorrow may be the time to, even though we're not quite done, to say our thanks to both the comptroller and the auditor who have got up at 7:30 meetings when we've decided to have them, and . . . (inaudible) . . . I think, in all our years, have worked very diligently this year to make sure we've got the documentation we've looked for. I would just say, thank you, gentlemen, on behalf of the committee, and even though we pick on you, and argue, and disagree, and I still haven't had my Dairy Queen hamburger bought, and . . . (inaudible) . . . the Dairy Queen building, we'll still get along all right, I think, and work together.

Mr. Lutz: — Mr. Chairman, I'd like to advise Mr. Katzman, that now that I have my own rent money, I can probably afford to buy him a hamburger, and maybe even a milk shake.

Mr. Chairman: — No doubt, future generations who spend hours poring over the minutes of this committee, will spend some time trying to figure this conversation out. I intend to leave it to the future generations.

Mr. Lutz: — Mr. Chairman, I read one of those yesterday, from just last fall, and I couldn't figure it out, never mind future generations.

Mr. Katzman: — And you were here when it happened.

Mr. Chairman: — Okay, next Wednesday at 8:30 with an agenda which will be comprised of consideration of Social Services, and . . . (inaudible interjection) . . . I'm sorry, SHC (Saskatchewan Housing Corporation) was what I meant to say; Revenue, Supply and Services, and is it Revenue, Supply and Services or Government Services? Now called Supply and Services, and consideration of a final report. And by that we should be able to virtually finalize our final report then.

Mr. Lutz: — Mr. Chairman, I will be returning from Toronto next Wednesday morning, but I

will send, I think, adequate replacements to represent me.

Mr. Chairman: — Good. Very hard to do but I'm sure you'll find . . . (inaudible interjection) . . . Meeting adjourned then . . . (inaudible interjection) . . . Is there something else?

Mr. Glauser: — Well, just on this Social Services, we would want to have someone come here who can address the situation as it relates to what is being done in the way of correcting . . .

Mr. Chairman: — I thought we had agreed to flag it, and report it, rather than having Government Services, rather than having Social Services come here.

Mr. Glauser: — I think we should have them come here, and I think we should know, get an explanation of what they are doing.

Mr. Chairman: — Okay. If you want to do that, I think you're going to get an expanded and less concise version of what Mr. Kraus gave you; I don't think it's going to resolve very much.

Mr. Glauser: — Would you comment on that?

Mr. Kraus: — I guess the only thing I would say again, it might clarify — it might clarify the form of the report that you want. Mr. Katzman wasn't here when I went through that, but I suspect that's really what you want. Now whether they can give you sufficient information, and satisfy what you want next Wednesday, I'm not sure . . . (inaudible) . . . that verbally. Maybe they would help to, though, specify exactly what you want in this report which Mr. Katzman has flagged should be considered.

Mr. Katzman: — The one advantage in the flag, if I may, Mr. Glauser, is that we're going to see them, you know, we're going to be looking at them with a very fine tooth comb when we get them back here in March.

Mr. Glauser: — Well, my point is that this has been a concern here for a long time, and I think they should be very much aware of it, and I don't know if we should wait until March.

Mr. Chairman: — Just let me make one final point here. If we flag it in our final report, we'll be aware of it. And you can make all those arguments in the House, and you should. I just do not see what it's going to accomplish by bringing them here on next Wednesday. I think Mr. Kraus has described their situation and I don't know what we're going to accomplish by bringing them back here next Wednesday. I don't feel strongly about it if you want to.

Mr. Glauser: — Well, we can do it in the House.

Mr. Katzman: — I have one more item. It's becoming a pet peeve with me rather than anything else: length of paper. I think my colleagues are getting tired of me commenting on this one. But we either get 8.5 by 11 or 8.5 by 14.

Mr. Chairman: — It should all be 8.5 by 11.

Mr. Katzman: — I totally agree with you, Ned.

Mr. Chairman: — 8.5 by 14 should be outlawed. It's a pain in the neck. It's a pain somewhere else but I think we're still in the verbatim.

Mr. Katzman: — I mean, those of us who keep our files and tend to bring our records, when we have the both sides, it's atrocious to try to keep anything orderly. You actually have to go to file folders because it's the only thing that will hold it all and keep it straight. Can we just put a standard on this committee? Anyone that's bringing a report — reports, annual, everything else

— comes 8.5 by 11. That's all documents come here at 8.5 by 11.

Mr. Chairman: — Let me just make a comment. The Clerk makes a point, and that is that some of what we get is photocopies of old documents which are on 8.5 by 14, and there's not much you can do about that. They can't change the size. But I think it would be in order in our report, and when we are requesting reports from departments, to ask that everything be on 8.5 by 11 if at all possible.

Mr. Katzman: — Well, they fit perfectly into their annual report, so you can keep the annual report and the answers together. Now with the long paper you cannot do it. You're doing the old cut-off trick and paste two together so that you can keep things in proper order.

Mr. Chairman: — 8.5 by 14 used to be used in legal affairs. It used to be called legal size, and it's now been done away with. But undoubtedly there's old documents ringing around which are . . . But I agree, we should encourage, insist, that they use 8.5 by 11 wherever possible. Is it used exclusively now in government?

Mr. Kraus: — No, not particularly.

Mr. Chairman: — Maybe it's something we should put on the agenda for next Wednesday. But in terms of the efficiency and effectiveness of government, how do you justify using two different sizes of paper? I know in the legal world it has made an awful improvement to get rid of the 8.5 by 14 paper.

Mr. Kraus: — I suppose most of the correspondence is 8.5 by 11, but I think in schedules and so on are often . . . Then the orders in council are the big ones.

Mr. Lutz: — Treasury board orders.

Mr. Kraus: — Yes, they are always on the larger size.

Mr. Katzman: — Well, I'll make the motion that from now on any that comes to us (unless it's photocopied) . . . I can live with that. But for those of us who save the stuff and have got years and years of it piled up, it's pretty tough when you've got those 14-inch papers piled in with your annual reports that fit the 11. It's tough to use them because they are always bent, and after awhile you can't read them.

Mr. Chairman: — I would have gone further than that and recommended that government go exclusively to the use of 8.5 by 11 paper in all its operations, without exception.

Mr. Katzman: — Let's think about it for next week.

The committee adjourned at 10:16 a.m.