

STANDING ACCOUNT ON PUBLIC ACCOUNTS

September 8, 1987

Mr. Chairman: — Good morning. I will call the meeting to order. We decided at the last meeting that we would spend this morning in the form of an orientation session. I will propose that we begin with that, and if we get finished earlier, then we have a choice of either adjourning today earlier, which I would recommend, or start in a preliminary way of looking at the auditor's report. My suggestion would be that next week, next Tuesday when we have our regular meeting which starts at 8 a.m. till 11, we then go fresh into the auditor's report, depending of course on how long this takes.

Gwenn Ronyk suggests we start with her to give us a little orientation on the committee, and then we go to the comptroller, and last of all, but not least, we'll ask the Provincial Auditor, Mr. Lutz, to give us a little briefing. And then of course we'll allow some questions and discussions.

So, Ms. Ronyk, will you begin?

Ms. Ronyk: — Thank you, Mr. Chairman. I'd like to, before we start this morning, pass on some messages to — you from our *Hansard* crew who do our verbatim. I'll introduce to you Donelda Klein, our operator, and she has a couple of requests to make . . . mention to you that the microphones are very sensitive. They will pick up private conversation going on while someone else is speaking. So you may need to watch that, or you might be on the record. Sometimes it's hard to tell once they get the tape as to what is supposed to be on and what isn't.

The other thing is that any tapping of the desk or touching the microphone or anything also interferes or causes inaudible portions in the tape which, with all the pearls of wisdom that are being dropped here, we wouldn't want to lose any of it.

And also I think, of course, with a very skilled chairman there's never any difficulty, but when more than one member speaks at the same time, then the tape usually is inaudible. So if you give some indication that you wish to speak, then the operator can make sure, Donelda will make sure, that your microphone is on. So it really helps, especially the members on this side, Mr. Rolfes, because she can't see you, that you're going to speak, and it's not so difficult on the other side. But if you give some indication, then the chairman will recognize you, and your microphone will be on and ready. That isn't so much a problem today, but during the meetings when the discussions get rolling, then sometimes it's easy to have some overlap in members speaking.

I think . . . You have the microphone on down there. I could go down there and use the overhead. That's what I'll do. The reason that I wanted to go first was because these other fellows all have professional presentations and I didn't want mine to look that bad. In fact I might slide around back and forth — that's just to keep you awake.

My part of the orientation this morning will focus on two areas: one, the role and the purpose of the committee; and two, how the committee works. So it's simple and straightforward. But before talking about these specific

points, I want to take a moment to talk about where the Public Accounts Committee fits in the overall financial process within government and within the Legislative Assembly.

The other gentlemen that will be talking to you will likely be filling in some of that as well. But just in order to fit all the pieces together, I just would like you to look at this pretty amateurish little chart here, but at least it does give you a bit of an overview of the financial cycle within the government and where the Public Accounts Committee fits.

I think maybe the most important point here is that it does fit in, the Public Accounts committee itself does have a place in an overall cycle. The process starts with departments preparing their expenditure plans, their spending plans for the year. Those are the estimates. The estimates are tabled in the legislature by the Minister of Finance when he . . . Am I right in your way?

A Member: — That's fine.

Ms. Ronyk: — When he gives his budget speech, he tables . . . the estimates are tabled, and after the budget speech the review of the estimates begin in the Committee of Finance — it's a committee of the whole House, and there the estimates are debated at length. Finally when the all the estimates have been reviewed and voted upon and agreed to, then the amounts of money that have been approved in those figures, in those estimates, are included in an appropriation Bill which is passed by the legislature and is the law, then, that authorizes departments to spend money in particular ways. And they're not authorized to spend money in any way but what the law has specified — there's so much funding for various types of programs. This is pretty global, as you can see, in the appropriation Bill, but it is important to realize that the legislature authorizes the departments to spend the money by an Act of the legislature.

Now once that Bill is passed, the departments of government do go ahead and spend the money. That is what's happening throughout the year, and at this point the comptroller's role is paramount. The comptroller is the disperser of the funds for the government, and he probably has a lot better definition of his work than that. And he's also responsible for preparing the financial statements of the money that has been spent by departments.

And once the fiscal year is completed, then the Provincial Auditor's role comes into play. The Provincial Auditor is an officer of the Legislative Assembly, not an employee of the government. He's there to do an outside audit in the same way that a private company has an outside auditor to approve its financial statements for presentation to its shareholders. The auditor looks at the financial statements that have been prepared, which are the Public Accounts, which are the big blue books, the volumes that you have before you, and prepares a statement based on those, and he will go into a lot more detail on what grounds that he works them on.

And once the auditor has completed his report, that is tabled in the legislature and along with the *Public Accounts* that are tabled by the Minister of Finance; those two documents are sent to the Public Accounts Committee, and that's the main grist for this committee's work. The committee then reports back to the legislature when it's completed its review, and that completes the financial cycle.

And you'll also be aware that these things are all going on at . . . all of these steps, while it may take three years for one set of estimates to be prepared and go through Committee of Finance, then be spent, and then be audited, and then be considered by the committee, that at any one time all three of these steps are going on for different financial years.

Now since we've had that brief overview, I want to get back to the first of my two points: the role and the purpose of the Public Accounts Committee. The Public Accounts Committee in this House is one of our three main scrutiny committees. The other two are: the Regulations Committee, which reviews regulations and delegated legislation, and the third one is the Crown Corporations Committee, which you'll be mostly familiar with. But the purpose of scrutiny committees is for the legislature to have one of its committees scrutinize the administration of government policy.

The key element in keeping government accountable to the House, and eventually to the people for responsible expenditure of public funds, more narrowly perhaps, but more practically from this committee's point of view, it's a way — the committee's role is to keep civil servants on their toes for the day to day management of the government's financial affairs. The committee can assist in ensuring the public money is properly spent, that it's spent in the way that the legislature has appropriated the money; that the money is properly . . . that expenditures are properly accounted for, and ensure that sound financial procedures and controls are in place. That's key. And to ensure that there's value for the money that's spent — avoiding of waste and mismanagement. All these areas are things that the committee, the Public Accounts Committee, is concerned about.

And then to look at the way that the committee itself works. This is fairly straightforward. It's changed a lot over the years from time to time. But generally the committee has found that there are some things that help the committee to do an effective job. Basically, once the *Public Accounts* and the Provincial Auditor's report are tabled, the committee meets and begins reviewing the auditor's report. With the auditor and his staff, at this time the committee members identify the areas that . . . the departments and agencies that they wish to call, the topics that they wish to pursue with them.

The committee may not necessarily restrict itself to the auditor's report. Anything in the *Public Accounts* volume is fair game for the committee to look at. Members might have some particular concerns of their own that they wish to get more information on from the department officials themselves in this forum, and that's quite appropriate.

At this point, when the committee is looking at making a

list of the topics in the areas and the departments that you wish to investigate, it's been found in recent years that an excellent system to follow is for lead questioners to be assigned to each topic from the committee. And the committee may work on that and see what suits you best, but in the past there's been an attempt to assign both an opposition and a government member to each topic so that those individuals, those members who maybe have an interest in that area or whatever, have the chance or have the responsibility of doing some preparation ahead of time on that particular topic so that you can lead the questioning.

Other members may come in with supplementary questions and even other areas, of course, but at least the committee knows that there are a corps of members who are prepared to pursue that particular area. Whenever, say the Department of Health is here, there'll be a member or two who are going to do the initial line of questioning.

The committee can, after you've gone through the report and have a list of things that you want to do, then draw up a schedule, prioritize those in some fashion, and notify departments that they will be called.

Public hearings are then held at which the deputy ministers and senior officials appear before the committee. Ministers are never invited to attend the committee or at least very, very rarely. Perhaps I shouldn't say never; it may have happened from time to time, but they're not even welcome to attend the committee, historically. The minister . . . that was in an effort to keep the committee's proceedings non-partisan. And I think committees have found that senior civil servants are very adept at handling themselves, and the minister is not at great risk by having his deputy here alone anyway.

But it is the deputies who are here to answer directly for their responsibilities, their administration, and their department. And that's the reason also that the committee's purpose is to look at how a policy was administered, not at whether or not there should have been that policy. Now certainly the committee may find, in their questioning, they may come up with information and arguments and reasons and facts that will indicate to a member that there shouldn't have been this policy. And that's quite fine. But the question of whether or not that policy should have been put in place, and in the way that it was, is one that should be carried on or raised in the House itself, in the press if you like, or on the hustings, wherever. But that particular party issue should not be raised here. But certainly the gathering of the information that enables members to make those judgements happens here, but it's a fine distinction that is fuzzy in many cases. But that's something the chairman will have to watch as situations develop.

The meetings . . . when there is a public hearing, usually the public hearing is preceded by an in camera meeting with the auditor and the comptroller, and at this point the committee can ask the auditor questions on the specific issues that are coming that day, get a last minute briefing on the problems that he saw, and just as a refresher so that the members are ready for the hearing and the witnesses that are coming.

The comptroller is also present, as I mentioned, in all of the meetings to assist the committee by explaining the government's internal financial procedures and controls, wherever applicable, and any other questions the committee might have.

Following a public hearing, once the committee has completed its questioning, then it's an important time to take a few minutes, for the committee to take a few minutes, to flag any items that it may wish to include in its report. Because if it's several months down the road when it comes time to report, and it's not always that easy to remember really how the committee felt when they finished that particular hearing, so it's a good time at that point to make some kind of committee consensus on just how it feels about this particular issue with that particular department. And it's good to have that happen right away when it's fresh in everyone's mind.

From time to time, or at least by the end of a session, the committee will report its recommendations to the House, and at that time the report can be debated in the House at whatever length the members wish. And it's important to have that report debated, and it will even be more important if there's a report that, of course, has some substance in it. Last year the committee didn't present a substantial report because they hadn't completed their work.

I think another important stage then, once the committee has done all of their reviews, is to have a follow-up procedure. In order for the committee to be effective and to actually have some effect to make changes, where the committee has felt there should be changes, then the committee needs to have a follow-up procedure to see if and, indeed, your recommendations have been looked at and reviewed or implemented by departments.

Thus far our follow-up process has been for the comptroller, six months or a year after the committee has made a report, to then report back to the committee on what the recommendations . . . how they were received and what departments are doing to implement those recommendations. It's at that point that the committee has a chance to look at the issue again to see whether or not action has been taken, and if not, to deal with it again or to take whatever steps the committee wishes on that particular matter.

Another process that may be something the committee may want to consider is for the committee itself to follow up directly with departments, and that's something that could be done by the committee at the beginning of each year, writing, through the chairman, to the departments that they have made recommendations on in the past, asking for a report from that department on whether or not their recommendations have been followed up.

It may be a little more effective having Mr. Kraus — I don't know how to put this — but provide a bit of a buffer between the committee and the department. I'm sure Mr. Kraus does it very effectively, but the committee may choose whichever way it wishes to have its follow-up. And sometimes it can be most effective if the committee calls a department back and deals with the officials

directly again on that issue.

Just aside, on operational, the committee is able to meet between sessions. It has not done so very frequently, but it has the power to do so, either when the House is prorogued or adjourned. The committee generally meets, in the past anyway has, except perhaps . . . well even last year, even though the committee didn't get through much of its work, it did meet 15 times, or 13 times. But generally it will meet on an average of about 50 to 55 hours per session. So there's a lot of time spent in this committee by members.

I did say earlier that I had just two areas to discuss — the purpose of the committee and the way it works. But I wondered if I could just take a moment or two to talk about one further aspect of this issue, and that's to look at what makes a Public Accounts Committee effective.

Of course the definition of effectiveness will vary, depending on your point of view. But if the given purpose of the committee is, as I've noted earlier, scrutiny, accountability, good management, value for money those kinds of things — then based on that, what things help to make the committee able to fulfil those purposes?

Certain things have been identified by members of Public Accounts committees and observers of those committees over the years, wherever those committees exist in Canada and throughout the Commonwealth. And some of those things that have been identified to help to make a committee effective, I'd just like to mention — things like, one, the need to have a core of dedicated members prepared to work hard for little recognition and no glory. That's long been realized as a part of what makes the Public Accounts Committee effective, because it really isn't a committee where members are going to get a whole lot of good press out of it. Or at least when that's all they're getting, then the committee probably isn't being particularly effective.

Also related to this, I think, is something that Bob Andrew mentioned to the committee in '82 when we did a similar orientation. And his point then, as being a former Public Accounts chairman and then minister of Finance, was that for members of the committee it's a great opportunity for members to learn how government works; to learn the financial processes of government and how our particular system operates. This of course can be valuable for members in whatever direction their career eventually goes.

Another thing that has been identified as being necessary for an effective Public Accounts Committee is the need for staff, research staff, to assist the committee with background briefing, suggested lines of questioning, help in drafting substantive reports that more adequately reflect the amount of work done by a committee. This has particularly been identified by committees that have such luxuries, that's to say in Ottawa and in Ontario. This committee has looked at the question of staff before and have not decided to go for additional staff. The committee uses the comptroller and the Provincial Auditor and his staff extensively for background information. But it has been identified by these other committees that the committee itself needs to have independent research

staff. Frequently those are provided by a library research service — that happens in Ottawa and Ontario anyway. There are experts, or so-called researchers, anyway, in those library research units that provide full-time assistance to a committee, or at least while a committee is meeting. That's something that the committee may wish to review again at some point. It's a budgetary matter, and that isn't always easy to accomplish these days.

Again I think a third point that I mentioned earlier in making a committee effective is follow-up, a follow-up procedure that helps the committee to be effective in getting things changed, making sure your recommendations are seriously looked at and considered.

The fourth item that's essential is good relations with your auditor — Willard didn't tell me to put that in there, and probably he wouldn't even agree with that. I think it is an essential factor to use for the committee, and particularly here where our committee doesn't have other researchers to rely on, to use the assistance that you do have, and that is the auditor and his staff and also the comptroller.

And lastly, and probably the most importantly, we come to the issue of partisanship. Public Accounts committees have been widely touted as needing a fairly non-partisan atmosphere to be effective. Partisanship is just like the weather; it's easy to talk about, but it's pretty difficult to do anything about.

But there have been a few things that have been identified by participants and observers of the process — and don't worry, I'm not going to give you a lecture from a Table officer's point of view on non-partisanship. The wiser Clerk than I has said: as a Clerk, I must be politically neutral, but that doesn't mean I have to be politically naive.

I think politics is here in the committee to stay. It's an essential part of the process. It's a fact of life in the legislature. But there, you know, perhaps are things that can help to modify the effects of partisanship and keep it at least in some perspective so that the committee's essential purposes aren't lost.

Even the structure of the committee reflects the basic acceptance of the fact that there's partisanship in the committee, for example, an opposition chairman. This practice began in the United Kingdom, and it was outwardly admitted to be put in place to ensure that there were no restrictions on the investigation that would be held. Of course we all say that a chairman is non-partisan, but it was realized there in the U.K. that the role of the chairman is essential in ensuring that lines of questioning aren't cut off improperly.

The chairman in the United Kingdom system was established as the chief prosecutor of this committee, which is very different from most other legislative committees where the chairman does take a passive or non-active role in the deliberations of the committee. That isn't the history of this committee. It's very much an active role in the investigations, but at the same time it's a crucial one in terms of ensuring that partisanship is kept at manageable levels.

Structural things have been done to try to reduce partisanship; for example, not having ministers before the committee, having the deputies and senior officials instead. And also more recently in this committee, an important step was made by not having ministers on the committee, and that assists in enabling the committee to do its work on a more equal basis.

But probably the most important factor in moderating effective partisanship is the attitude and the approach that members bring to the committee. When opposition members talk about partisanship, they would probably define it as government members trying to keep questions from being asked, or information from being given, or discussion from taking place on issues which might be politically embarrassing. Government members, on the other hand, would talk about partisanship as being what opposition members do when they try to raise questions and get information for the purpose of publicly criticizing and embarrassing the government, making it look bad. And I guess, realistically, it needs to be accepted that partisanship is both of those things — two sides of the same coin.

A former observer of the Ontario Public Accounts Committee, and now professor at the University of Toronto, has said that in order to moderate the level of partisanship in a committee with respect to members' approaches two things should happen. One, the government of the day needs to realize that an effective Public Accounts Committee is in the long-term interest of the government. It's a lot better to suffer occasional short-term embarrassments by having the committee always digging into things than it is to . . . it's better to have those short-term and small embarrassments because they do serve as a preventative against the occurrence of a very big, more damaging, more politically damaging embarrassment . . . and that is, the government can use the Public Accounts Committee to foster accountability, to improve the management system within government.

And I think the second point that that observer identified was that the committee has to expect that some of the good stuff, or the hot information that is dug out of the committee, will be used by opposition members for purely political purposes. But it's at this point, I think, that opposition members need to respect the role of the committee. And while this stuff, whatever may be garnered in the committee, it should be used outside the committee, in the House, in the papers, and on the hustings. Now that's a fine line to distinguish, too, but the committee is the place where the information is garnered; the scores should be made outside the committee.

Just in general then, it is the responsibility, I guess, of both government and opposition to protect the effectiveness and the credibility of the committee.

And that's plenty of time taken. If there are any questions, fine; if not, I'll turn that over to Mr. Chairman.

Mr. Chairman: — Thank you, Gwenn, for the presentation. Just taking upon something you mentioned earlier, and that is in order to help *Hansard* make sure that they're recording the right person and attributing the

comments to the right individual, I am going to try to make sure that everybody addresses whatever, whoever they're addressing, through the chair; and then, in that way, I'll mention your name and then there will be no mistakes made up here. It's no fault of theirs if you jump in and your back is turned and they don't know who is speaking. So if we try to follow that procedure, I think it will help them and help us have an orderly meeting at the same time.

Picking up on another thing that Gwenn said, let me tell you this, that I don't intend to be neither chief prosecutor, nor do I intend to be passive. I will want to ask questions as the chairman, as well as any other member, although probably less so than other members because I consider my role to be one of guiding the committee and making sure that the work is done.

I commend you to a report for the 1985-1986 years of the Ontario Public Accounts Committee of which I have a copy and had the opportunity to read last night. As Gwenn said, they do have research people, so their work is not that much different than ours, but I think in some ways much more extensive. If you have not been mailed a copy, and probably not because I don't think some of the members . . . I think only the chairman received a copy and maybe the office. I would recommend that you get a copy if you are interested in becoming more aware of what other committees do. I thought it was a particularly good report and gives a lot of insight as to what I think . . . or how an effective committee can operate. With that, I want to ask a question. When is the *Hansard* available, daily *Hansard* of this committee available, and how do we get it?

Ms. Ronyk: — Okay, the *Hansard* of the committee is usually available by the next morning, by 9 o'clock the next morning. The only difficulty we do sometimes have is if we have both Crown corp and public accounts meetings, you know, three hour meetings, plus the House in the afternoon and the evening, then we may end up . . . We give the House priority first, and the committee may be slower.

A Member: — Okay.

Ms. Ronyk: — If the committee only meets once or twice a week then you almost always should have the last committee ready for the next committee. And it is distributed . . .

A Member: — To the members?

Ms. Ronyk: — I guess you could decide how you would like it to be distributed, but I think right now we distribute one copy in the House to the member, and I think perhaps a copy in your office. I'm not just sure on that, but the members do get the report or the verbatim as soon as it's available.

Mr. Chairman: — Thank you.

Mr. Muller: — Yes, we've always got it in our mailbox in the caucus office.

The one other thing, I think to make the rest of the

committee and the new members feel a little more comfortable — like the *Hansard*, and certainly I respect what you say about the *Hansard*, you know, that there should only be one person talking at a time — but from time to time we do get into conversations in Public Accounts, and we can ask the *Hansard* and the microphones to be shut off until we . . . and that is a common occurrence in the Public Accounts Committee. I think you'd agree, Mr. Chairman.

Mr. Chairman: — Thank you. Any other questions? You did so well, there are no questions. Hearing none, I then will ask our comptroller, Mr. Kraus, to make his presentation.

Mr. Kraus: — If I might, Mr. Chairman, if the committee doesn't mind, I think I'd prefer to present my material somewhat in the dark. I have a few more slides or overheads, and I think it might be a little better if it was darker. So if I could just turn these off. Is that okay?

A Member: — Good. That should work.

Mr. Kraus: — And maybe I'd better stand on this other side too. I'm used to usually standing on the other side, but I'll try this side so that I'm out of everybody's way.

The objective of this presentation is to familiarize the Public Accounts Committee with the Saskatchewan parliamentary process that controls and accounts for public moneys, and I suppose you're going to hear some of the same things that Gwenn has just said. But perhaps hearing it again is good because I think reinforcement is a part of the learning process. I hope you don't mind if I duplicate some of the same things that she has just said.

The major features of the parliamentary control system over public moneys are the authority of the legislature to raise and spend moneys, and the idea that there's a central Consolidated Fund or a central fund where all the moneys flow into it, and that moneys can't flow out unless the legislature has authorized those expenditures. There is control over expenditures by a Provincial Comptroller. There is a financial report at the end of the year to the legislature by the financial comptroller, or rather by the Provincial Comptroller. There is an independent audit.

Is that focused very well? Is it okay?

A Member: — Yes.

Mr. Kraus: — There is an independent audit and report to the legislature by the Provincial Auditor. And finally, there's an annual review by the legislature — that's the Public Accounts Committee — of the Public Accounts and the Provincial Auditor's report.

On the first item, the central feature of this parliamentary control over raising and spending of moneys by the Executive Council, or cabinet, is really the concept of this single Consolidated Fund. And once again, I guess it can't be stressed too often that it is important that the . . . of this concept, that all the moneys that are collected must flow into this one fund, and they can only flow out again if the legislature's authorized it.

Now of course there are exceptions to that, but those exceptions are approved by the legislature itself. Exceptions in Saskatchewan are the Heritage Fund where certain revenues flow not into the central fund but into a Heritage Fund. And then again there are situations where they create Crown corporations who undertake specific activities. They collect moneys for the activities that they perform and they collect those revenues. But unless the legislature says so, all moneys that they collect, all revenues that they collect, are to flow into one fund.

The legislature also authorizes the spending levels, and the Estimates is the document that provides the government spending plan to the legislature and is part of the annual budget presentation. Now the Estimates and I'm sure you people are familiar with this; you're in the middle of it right now — identify by department how the government plans to spend moneys from the Consolidated and Heritage funds.

And within each department the planned expenditures are identified as subvotes or appropriations. Now subvotes can be an organization or activity, like you'll see in the Department of Finance, the Provincial Comptroller's office. It's a function or activity, but it's a subvote. On the other hand, you'll find a situation where we have a program, like the mortgage interest reduction program, and it too is an appropriation or subvote.

The estimates, as you know, are examined in detail in the House on a department by department basis, and the estimates, once approved by the Committee of Finance, are ultimately authorized by the legislature when it passes The Appropriation Act.

And it should be noted that the spending levels, while you vote I suppose on Finance as a whole, you're approving the spending levels at each subvote level, and we control spending at these individual levels. You can't see the grand total for Finance. But we don't control it by Finance, per se; we control it by the individual appropriation or subvote levels.

Now from time to time the spending limits as authorized by the legislature have to be changed. There's changes in plans, changes in spending plans, and in . . . There are two main ways of doing it: one is a special warrant, and one is the virement. The special warrant can be issued under the authority of The Department of Finance Act, and it actually adds to the spending limits of government. I mean it adds to the budget itself. And it's normally used when the House isn't in session and expenditures arise that are unforeseen and not provided for, and the Lieutenant Governor issues a special warrant which ultimately comes in as part of some supplementary estimates, usually with the next year's budget.

The other thing that's used to modify the spending plan is the virement, and I'm not sure where that word comes from. I should look it up. As far as I know, we just consider it to be another word for "transfer." It doesn't really increase the spending limits of the government, but rather allows them to transfer moneys from one subvote to the other within a department. So it's not an increase in spending; it just transfers the spending limits from one appropriation to the other, or transfers money from one

appropriation to the other.

And the virements and special warrants are now disclosed, we think better than ever, in volume 3 of the Public Accounts, and I'll show you that a little later on in the presentation.

Under the second feature the legislature has directed that the Provincial Comptroller ensure that requisitions are rejected if there are insufficient moneys in the appropriation or if they don't have sufficient authority. And I think Gwenn was talking about that. It's not only necessary for a department to have the authority to undertake a particular activity because they require that authority; they also must have authority from you people as to the amount of money they can spend.

And finally, you also ensure, or wish me to ensure, that a signing officer who's been authorized ultimately by, I guess by treasury board, that a signing officer who has been approved by treasury board signs this requisition before payment can be made. It's a lot more cumbersome than you would find in a private sector if you're running a business. But I guess it's just part of the process that's been developed to control spending by government or parliament, whatever.

The report on stewardship of government is another important feature where the legislature directs that the comptroller each year prepare a public accounts document. It consists of three volumes. We'll go through that in a little more detail in a few minutes. It's a report each year on the financial transactions of the Consolidated Fund, the Heritage Fund, and also reports on trust funds, special purpose funds, and any other matters that are required to explain the financial transactions for the past year. It's really an accountability back to the legislature to see what the government's done with the money that it's been given.

The independent audit by the Provincial Auditor — and I'm sure the auditor will speak to that at some length, but that's another very major part of the parliamentary process of controlling public moneys — the notion of an auditor who is separate and apart from the government; he's a servant of the legislature and not an employee of the government. And the auditor attests to the province's financial statements as a . . . in a way similar to the way a private sector auditor would attest to the private company's financial statements. But beyond that . . . he goes beyond that; there was more auditing expected of a Provincial Auditor or a legislative auditor than there is of a private sector auditor. And so there are other matters that are reported upon or reviewed and examined, and those matters often . . . well I guess, as you know, appear in Mr. Lutz's audit report to the legislature.

Then finally to close the accountability loop, it's the last point here, and I think probably the most important, is that there's a committee that, on behalf of the legislature, examines the information on government spending. It's provided in the Public Accounts document, as well as those issues that have been raised by the auditor and have been reported by him to the legislature.

Now I'd like to go over the . . . Let's see, I think we're

ready to go to the *Public Accounts* documents, and if anybody wants to refer to it I have provided copies for most people. Maybe we're short here on the end, Chris. I'll just be asking you to refer to a couple of pages, not the whole thing by any means. Over the last couple of years we've been making quite a few changes to the *Public Accounts*. I hope, by and large, it provides better information.

Public Accounts is now presented in three volumes. As you'll see, the first volume is, I think, the smaller volume of the three, and it contains the financial statements for the province, the main financial statements. And in Saskatchewan we have three sets of financial statements: we have a Consolidated Fund; we have a Heritage Fund; and for quite a few years now — I think since the late '70s — we have something called a combined fund, which is nothing more really than adding both the Consolidated Fund and the Heritage Fund together and arriving at a total of the activities of the two funds.

Part (b) of this volume 1 shows additional information on debt, on loan, and on investment and deposit activity, and it's fairly extensive.

Volume 2 is a volume which is intended to provide financial statements on various government agencies and various superannuation funds, and so on, that do not find their way into the legislature. There are quite a few Crown corporations or commissions or whatever, pension funds; you can name quite a few different types of activities where there's specific legislation that directs that the financial statements will be tabled separately in the House.

Many years ago it was decided that what we would do is that we would make sure that any other financial statements that somehow weren't specifically directed to be tabled were put into a supplementary volume, or another volume, and tabled in the House. I know in some jurisdictions they take all the other government agencies, whether they're tabled separately or not, and they put them in a book like this. I suppose the reason that was decided we wouldn't do this — and this goes back maybe 10 years — is that they didn't want to duplicate the cost or the paper. We weren't sure if it made a lot of sense to put the Liquor Board in here if the Liquor Board was appearing separately in the House already.

Finally I'll move on to the . . . perhaps in some ways it seems at times the most important volume, and that's volume 3, which is the big volume. And it consists of a lot of information summarized and detailed on the expenditures . . . the revenues and expenditures of the Consolidated Fund, the Heritage Fund, and the combined funds. Now some of the tables — and I'm just going to go over some of the tables, and if you would just refer to page two. I can't obviously take you through the whole book, but I'll give you an example of some of the material that we're showing now that we may not have shown before. I'm using in this case the combined fund as an example, but it would be shown in the Consolidated Fund and the Heritage Fund as well. By major category of revenue source, for example, we show the original budget for '86 in the actual, and we do the same for 1985. So we're trying to make it a little easier for you, comparing the

budget to the actual. I don't think we did that in the past.

Here again on page three for the revenues . . . these aren't that easy to read that's why I thought I'd . . . that's on page three. I'm sorry this is the expenditure side. We show the original estimate, then we show you the estimate or budget as it's been revised, so there may be special warrants taken into account. And then we show you the actual expenditure so you can see in some cases where the original budget was . . . in Agriculture 115 million. It was increased to 263 million; they only spent 220 million. They didn't use up anywhere near what they had increased it to.

A Member: — How do you get to the revised . . . (inaudible) . . . What happens to the . . .

Mr. Kraus: — The revised vote will happen for two reasons. One, there could be a special warrant raised during the year. As I was saying earlier, that's one way in which they increase the spending levels when the House is in session. But another thing that can happen that's a little bit confusing is that some of the votes are statutory. The legislature has authorized that the activity . . . and it says that we can spend any amount of money that is required for that particular subvote. There aren't that many of them, but there are a few. And therefore the government will put in a number that it thinks will be the amount that's spent. But if it has to be increased, if we have to spend more, we can automatically do it because the legislature said you can spend any level that you want. But we'll say just for the sake of argument, I guess, that normally it would be the special warrants, added onto this number, that we give you that number there. And we show the same thing for '85.

Again, we've been trying to put some comparisons in just so it's a little easier . . .

Mr. Martin: — What happens to the money? It's 267, 273, 253. They actually spent the 253. What actually happened, what happened with the other 20?

Mr. Kraus: — The rest of the money?

Mr. Martin: — Yes.

Mr. Kraus: — If it isn't spent, the authority . . .

Mr. Martin: — It goes back in the Consolidated Fund?

Mr. Kraus: — Well it just . . . That's an authority to spend; it doesn't necessarily mean that anybody's raised any money. It's just an authority to spend. It just lapses; it just disappears.

Mr. Martin: — Okay. Like it never existed.

Mr. Kraus: — As though it never existed. That's right.

This is just a schedule that shows the Consolidated Fund. I think it's on page five. And by department here, we've just tried to provide some information on revenues. The departments run down the left-hand column, the major categories of revenue along the top. We show, then total it up for '86 and compare the total to the '86 budget. We

do the same in total for 1985.

I think the next . . . Oh, and then here's an older schedule that we've had for many years. It's simply . . . on page nine of volume 3, again it's another schedule that shows in much more detail revenue sources by departments. You see Advanced Education — privileges, licences, and permits — the various breakdown under each of these major categories of where they're getting their revenues from. So if you wonder where they're getting receipts, you can refer to that page.

Here's one that we've expanded quite a bit for '85-86, and that's the scheduled appropriation and expenditure by subvote. And I'm using the Consolidated Fund as an example; it's on page 23. You should take a few minutes just to look at this one because this is, I think, a little closer to what people have been asking for — people being the Public Accounts Committee.

We never showed it quite this detailed before, where we start with the — I guess maybe I should move over here to the original estimate. We have an original. So that's your original budget that you pass in the House. If there's any special warrants, that's shown, added on; any virements which, as you remember, are just transfers within departments.

So if you were to look at the bottom of Advanced Education and Manpower . . . I don't have that page here, but you would see that the total of this column should be zero because this is just a transfer within the department. But nevertheless, it shows you that in the case of executive administration they originally budgeted 572,000; they had a special warrant for \$4,790. They vired money from somewhere else in here, adding on another \$260,000; gave them a final budget number of \$837,600. That is the number by which I'm controlling expenditures. They spent 828,000. It left \$9,000 that they in the end didn't spend, although questions are often asked: well that's fine, but why did you need to go all the way from 572 up to 837? The committee does ask questions like that from time to time.

Mr. Neudorf: — Thank you. You explained how a special warrant was issued by the Lieutenant Governor, I believe.

Mr. Kraus: — Yes.

Mr. Neudorf: — What constitutes the authority for a virement?

Mr. Kraus: — I'm sorry. There's also an authority in the Department of Finance that's given directly to the Minister of Finance. The department sends the request to the treasury board division; they analyse them and decide whether they're going to give them to . . . allow them to have this virement, and then on the recommendation of those people, the Minister of Finance approves it or doesn't approve it.

Mr. Neudorf: — Thank you.

Mr. Chairman: — Mr. Martin, did you have a question?

Mr. Martin: — Virement then is a technique or a method

by which you move money from one . . . in the department, from one area of the department to the other. Is that really what that is?

Mr. Kraus: — Yes, it doesn't move outside of Advanced Education. It doesn't move outside the department.

Mr. Martin: — It's not new money though, is it?

Mr. Kraus: — No, it's not. It's just moving it within the department. So in this case Advanced Education and Manpower, these are all transfers within their budget.

A Member: — Okay.

Mr. Kraus: — If the government wants to actually spend more money than it originally had planned, then it's got to go this route here.

Page 47, I just want to show you the . . . this has been presented for many years in Saskatchewan. For each department by subvote we have a revised budget. We don't start with the original; we show the revised budget or estimate. The final spending total for administration, I guess is what we were looking at before, is 828,000. And then by major category of expenditure — we call them object codes — we report the spending. There's salaries and allowances, rents, advertising, repairs, all the different types of spending that we call object level. Get the total there?

Another thing we do is we report all grants over \$2,000 if they're not of a confidential nature. We aren't going to report, or haven't reported, social assistance allowance payments or anything like that, but this is an example here. It's called Grants to the University Related Operations. And so you can see all the organizations. I don't suppose there's any individuals here, but obviously there can be individuals from many of the grant programs. If it's over \$2,000, there's a listing provided.

And another time that we don't report grants is when they're universal programs like MIRP (mortgage interest reduction program) or programs of that nature where there's thousands and thousands of them, and there's no particular . . . I guess it's sort of a universal program is the best way to put it. Everybody qualifies if you meet certain criteria, and if we were to publish all those we'd probably end up with a book that's triple this size. And we feel that they're not that sensitive, so they haven't been reported.

We also have a schedule of payments that . . . is that thing blurring a bit?

A Member: — Yes.

Mr. Kraus: — Sorry.

A Member: — What page are you on?

Mr. Kraus: — Okay, I'm on page 55. We report all the salaries that are paid to individuals that are in excess of \$20,000. The limit was \$10,000 about five or six years ago. It may be time for a change; I'm not sure. The idea was that . . . didn't want to necessarily publish all the junior people's salaries. It was more, I always thought, to

pick up the middle management, senior management types. But at this point it's \$20,000. For your information I believe Ontario is as high as \$50,000 before they print.

On page 64, I just want to show you that any expenses to suppliers or what have you that are in excess of \$10,000 are printed out under the heading of other expenses. So by department, if the payments exceed \$10,000 to any one supplier for service or goods, that as well is reported. Again, I guess this is an area that gets quite a bit of attention, I find, from time to time in public accounts.

Okay, and finally in this book . . . Okay.

Mr. Martin: — I don't know if this is appropriate to ask this question, but I notice in the other expenses everything you see there is in some form or other a company, almost . . . Yes, they're providing some service. What kind of a service would Association of Metis & Non-Status Indians provide under this kind of what appears to be service?

Mr. Kraus: — Well, I . . . that's a good question. I don't know.

Mr. Chairman: — Probably the kind of question you'd need to ask when the department is here.

A Member: — Okay.

A Member: — Yes, I would. That's a good point. You'd think they would normally get a grant.

A Member: — Yes, that's what I thought too. Oh well I . . .

Mr. Kraus: — It's hard to believe that it would be miscoded and I'm sure, if anything, somebody would have picked it up.

Mr. Martin: — I'm sure it's all on the up and up . . . (inaudible) . . .

Mr. Kraus: — Well I would agree. You'd think it would be put on a grant program somewhere.

And finally, towards the end of the book — and you may want to look back there on page 617 — we do have a statement of remissions of taxes and fees, wherever taxes or fees have been remitted and people haven't been required to pay them. And I think the majority of these remissions occur under The Education and Health Tax Act, so you'll see an awful lot listed under that section — that's on page 617. if you're wondering who's been given a break on their taxes, for whatever reasons, they're in that section. Okay.

Now I've given you a little bit of an idea of how the process works, parliamentary control over public moneys. And I just want to speak a little bit about the provincial comptrollership and what we do. I have a staff of about 100 people, and we assist the legislature and the government to account for and control spending of public moneys.

Just for historical interest we, prior to 1954, this function of comptrollership was shared by an administration

branch and a Provincial Auditor who were both part of an old finance department known as the treasury department. And even after the first comptroller was appointed in 1954, some of the duties, such as pre-audit of expenditures, continued to be performed by the Provincial Auditor. And it was only after a royal commission on government administration, completed in '65 — it was known as the Johnson Commission — that the comptroller's office assumed the duties it has today, and the Provincial Auditor was formally separated from the Department of Finance.

Although the role of the comptroller hasn't changed very much since 1965, we've put a lot less emphasis on the pre-audit of vouchers. We try to spend more time on policy and training and actually making sure that the department's financial systems that they have are solid or reasonable. Even now, I guess, with all the changes — and we always think we're in the middle of change — I think even now it's fair to say that we're once again looking at our role and how it should be discharged and how the department's role in the financial management process may be modified. So we're undertaking a review right now. I hope probably we'll have some decisions on that in the next 60 to 90 days.

The comptroller is appointed as a requirement of The Department of Revenue and Financial Services Act, and it is an appointment that's made by order in council. But it's important to note that, unlike the Provincial Auditor who is a servant of the legislature, the position of comptroller is a government employee. It is not in any way, shape, or form, independent from the legislature.

However, the comptroller is a little bit different than other senior officials in government because many of the duties and responsibilities are specifically delegated to this position by the legislature. More specifically, the duties and responsibilities of the comptroller are to supervise, to receive, recording and proper disposition of public money.

And I'll just stop there momentarily and say that's for the revenue side, the inflow side. I think you may notice some criticism of what the comptroller's office has done there by the Provincial Auditor in his report. And it's fair to say that the comptroller's office, since I've been here, has focused very much on controlling disbursements — the outflow rather than on the inflow — and I think as part of the review we're undertaking we are going to see whether or not we can put some more resources on this side without necessarily adding to the cost of doing business.

So while we control disbursements, maintain the books and records and, as I've said, prepare Public Accounts, financial statements, we try to ensure compliance with Treasury Board financial administrative policy as much as possible, and we issue financial directives to departments. I have three branches: central accounting branch, systems management branch, and a financial management branch. And the central accounting branch is where the bulk of the people are — they're up to 100; I'd say there's about 65 people, most of whom are clerical people. That's where you'll find most of our accounting clerks, and they operate the central computer systems, and processing the receipts, the payments. They issue the

cheques. The accounts are maintained. This group also audits the payment documents before they go into the system. They perform the appropriation control, ensuring that there's sufficient moneys in the subvotes before cheques are issued, although I might say that computers really do that; people don't have to very much any more. We provide financial reports to departments from our central systems, and again they prepare the financial statements and annual Public Accounts. But that's where the bulk of the people are, and that's where the bulk of the clerical people are.

The other two branches are mainly professional people. The systems management branch is a group of about 12, 13, 14 people that have developed, implemented, and they maintain the government's central computerized financial systems. They maintain the security over these systems, and they also provide training for these systems, and this has been fairly successful. The trouble is we don't have that many departments taking us up on it, but they can learn to use the system an awful lot better, and hopefully they learn how to manage a little better if they come to us for training and to learn how to use the system better.

You should be aware that the government has put in some major systems in the last few years. In 1985, or just prior to '85, they put in a new budget system. And in April '85 they put in a new revenue expenditure system, and that was a major undertaking. And I might say that while it's working now, the first six months or so were pretty difficult for us. And I guess we didn't end up like CBC, but for a while there we were wondering whether we would or not. It was fairly difficult, but the one that went in very, very well was the payroll personnel system which we've just finally got in throughout government departments now. We just completed it, I think, this summer. We haven't got our superannuates on it yet, but we hope to, over the next little while. And that one was very, very successful. It went in without almost any problem at all.

Now this financial management branch is a group of about 20 people or so, and they're the people that are mainly . . . they're mainly professionals and they assist me in monitoring the government's financial process in a number of ways.

One, they approve new financial systems that departments implement, develop the kind of reporting policy for treasury board. We review here all draft legislation and regulations to make sure that any financial administrative policies or matters are properly addressed.

We approve about 100 financial statements for various government boards and agencies. We follow up on Provincial Auditor's management letters to make sure that departments do something to address the problems. You may wonder what's been happening when you see the Provincial Auditor's management letter . . . or rather report to the House getting bigger. But I must say that as far as we can see, that, determined, by and large, departments do respond to the criticisms and they do try, by and large, to solve the problems.

We provide advice to departments to resolve administrative problems, and we also audit

federal/provincial cost share claims. Not only do we audit those claims, but we're involved in the original agreements that when the agreements are being negotiated and so on between the federal and provincial government, we get involved in that as well to make sure the financial administrative aspects are handled correctly.

I have a few comments I should make about the . . . finally, . . . I guess two more areas I'd like to cover. One is the role in the Public Accounts Committee, and Gwenn was talking about it somewhat. I think my role in the Public Accounts Committee of Saskatchewan is probably more . . . I have more involvement with the Public Accounts Committee as a comptroller, I believe, than comptrollers do across Canada. I'm not sure why that's happened, but I know that one comptroller took the time, a Newfoundland comptroller took the time, to prepare some questions, and he had us fill out a questionnaire, and it turned out that I had more involvement than usual. I'm not sure why that's developed, but that is the case. I guess in some cases, some jurisdictions, the comptroller only appears there once or twice, or maybe hardly at all. Anyway, as Gwenn said, one of the things the comptroller has done is to prepare a report each year for the committee that indicates the action taken by government officials in response to specific recommendations made by the committee the year before. And if this was a typical year, you would have a report in front of you to review what had the departments done about the recommendations you made last year. Because the '84-85 deliberations weren't completed, there were no recommendations, and therefore there's no follow-up report.

And finally, I do attend these committee meetings and I try to provide interpretations and clarifications of financial policy and so on and try to interpret the information provided in the *Public Accounts*. And if I can, and if I have information, I will answer questions on information, or concerns rather, raised by Mr. Lutz in his audit report.

There is one group of Crowns though that we really don't have anything to do with and that is the Crown Management Board Crowns. Those are separate and apart from any of my responsibilities.

And finally, perhaps I should talk about something that I think over the years is going to become more of an issue. It isn't that much of an issue yet, but I think it will become one, and that is issues that are facing accounting rather, Canadian governments — and this is the accounting and reporting issues. As you may be aware, there was a lot of criticism of government spending and government management practices — I guess there always is really — but this goes back into the '70s, early '70s I believe. And as a result of a number of initiatives, eventually the Canadian Institute of Chartered Accountants formed a public sector accounting and auditing committee in 1981. The idea was to make or recommend standards for accounting and reporting and auditing for government in a manner in the way that they do for the private sector, the difference being that in the private sector there are Acts of parliament and, I believe, of the province in some cases, that require that

companies follow accounting standards established by the Canadian Institute of Chartered Accountants.

In this case there is no law behind the Canadian Institute of Chartered Accountants, and they can make recommendations, but it's up to the governments themselves to decide whether they want to adopt them. They are not compelled to adopt them.

And very quickly, I would just mention that the three major issues that are being worked on — there has been some information come out on them, there's no doubt about it — but it's still, in my opinion, general, and that is the reporting entity. They're maintaining that a government should account more fully for its activities. They are not saying that the financial statements that they now present are necessarily to be replaced, but they are arguing that there could be another financial statement not unlike a parent company in the private sector which tries to take into account all of its subsidiaries in its parent financial statement. And they are coming to grips with how should, if at all, a government should sweep in Crown corporations, treasury board Crowns, various agencies, commissions, maybe a university — which you can realize would cause some trouble for the university people to think that their activities are being swept in hospitals, and so on. And that's part of the problem is where do you draw the line and who gets included, and also, how do you include them.

The basis of accounting, very quickly: governments have tended to use a cash basis of accounting which is different from private sector. And all I'll say, in our province, is that we use a cash basis of accounting, and we leave the books open 30 days at the end of the year to pick up any transactions that should be accounted for in the last year. But under that basis of accounting that we have now, what can happen is, is that you acquire some goods in February, two months before the end of the year, and you don't pay for them until June, let's say. I would hope the payment wouldn't take that long, but I suppose it could. In the way we account for things, even though we acquired the goods in February, it wouldn't be an expenditure in that year ended March 31, it would be an expenditure for the next year because we didn't pay the cash out until the next year. And you would never find that in the private sector; it would be an expenditure in the year in which the goods were received.

And finally, this committee is grappling with some specific accounting policies that government, in one case, has a unique situation, and in another, it doesn't, I suppose. But the two biggies are, in my opinion, are how do you account for capital assets. Generally speaking, in government we write our capital assets off except for some Crown corporations, whereas in the private sector they capitalize everything and they depreciate.

Another biggie is the pension liabilities. The governments have only recorded their unfunded pension liabilities if they have them — in notes, the financial statements. They don't put them up on the balance sheet. And quite frankly, if you were to adopt a different accounting method for pensions, perhaps a little more along the lines of what they do in the private sector, it would have quite an impact on any jurisdiction's deficit or surplus.

I'm not sure if I heard this correctly, but if anybody watches the nightly business line that's on the PBS channel, I was watching it the other night and I thought someone said that in the U.S. if they accounted for their pensions in the way they do in the private sector that their annual deficit would go from 200 billion to 300 billion. And I thought I maybe heard that wrong, but maybe I didn't.

I guess all I'm trying to point out is that the pension liabilities are a problem. And they're there whether they're accounted for on the balance sheet or not, and I think the CICA (Canadian Institute of Chartered Accountants) is simply trying to get governments to recognize it in a different fashion. So I think that concludes my presentation. If there are any other questions, I'd be glad to answer them.

Mr. Chairman: — Thank you, Mr. Kraus. Are there any questions? If there are none, thanks again, Mr. Kraus, for a good presentation. I'll ask Willard Lutz to tell us what the Provincial Auditor is all about.

Mr. Lutz: — Good morning, Mr. Chairman, gentlemen. This presentation which I am giving now I have given in the past, and it's normally orientation for senior public servants. However, since the content is still germane and relevant, I thought rather than write a new one we would just use this one.

There are a few overheads involved here, so if I stand in this corner I will not block out the screen.

I've been asked to give a brief discourse on the role of the Provincial Auditor.

My role as Provincial Auditor can best be understood within the framework of government accountability to the Legislative Assembly. My responsibility is to help the Assembly hold the government accountable by reporting to the Assembly on matters relating to the government's administration of public money. The Legislative Assembly has appointed me to audit the accounts and records of the government and report my findings to the Assembly. These reports are essential to enable the Legislative Assembly to hold the government accountable for its administration of public money.

The Legislative Assembly permits the executive government in some instances to appoint an auditor to serve the interests of the executive government. Since these other auditors do not serve the Legislative Assembly, the Legislative Assembly requires me to supervise the work of these other auditors to ensure that the interests of the Legislative Assembly are also served.

In keeping with the principle of equal accountability for all government organizations, the Legislative Assembly has established through The Provincial Auditor Act, uniform audit and reporting requirements for every entity of the Government of Saskatchewan regardless of the legal forum of that government organization.

This uniformity of audit examination and reporting requirement helps to ensure that the members of the

Assembly will receive uniform information on matters relating to the quality of administration of public money for each entity of the Government of Saskatchewan so that each entity may be held equally accountable.

This overhead shows that the government is comprised of various types of legal entities, such as departments, boards, agencies, and Crown corporations, all of which are equally accountable to the Legislative Assembly. This overhead further illustrates that I perform uniform examinations on each Crown entity each year in order that I can issue reports to the Assembly on each government entity.

I now wish to address the matter of the Provincial Auditor's independence. In order for the Provincial Auditor to be of real value to the Assembly, it is necessary that he be independent of the executive government. I am an officer of the Legislative Assembly. Members of my staff are employees of the Legislative Assembly and are not part of the public service of Saskatchewan. I have managerial independence to run my office, employ staff, and purchase goods and services without interference from the government, with the exception that I must request our resources through cabinet instead of through a committee of the Assembly.

Safeguards have been provided by the legislature through The Provincial Auditor Act to ensure the Provincial Auditor's independence from the government and to confirm his position of being answerable and subservient only to the Legislative Assembly.

The independence of the Provincial Auditor is provided for in The Provincial Auditor Act in the following ways:

1. The Provincial Auditor can be removed from office only for cause by the Lieutenant Governor in Council and on address of the Assembly. Accordingly, removal of the Provincial Auditor must be done in a public forum, the Legislative Assembly, rather than in the privacy of cabinet.
2. The Provincial Auditor's salary is established by statute and tied to the average salary of top public servants. The government may not change his salary without opening the Act for amendment. Accordingly, a change in salary must be done in a public forum rather than in secrecy.
3. The Provincial Auditor's annual report is submitted to the Speaker for tabling in the Assembly. The perceived independence of the Provincial Auditor is enhanced by his annual report being tabled by the Speaker rather than by a minister of the Crown.

As mentioned previously, there is one area in which I am not independent of the government because I am required to request resources from cabinet instead of through a committee of the Assembly. It is my opinion that I should not have to obtain resources for my office through the executive government. I believe it would be preferable that the Standing Committee on Public

Accounts:

- A. Be responsible to review, amend, and approve my spending estimates prior to tabling in the Legislative Assembly,
- B. Have the authority to determine the resources for my office; and
- C. Have the authority to lay this estimate before the Legislative Assembly.

I will briefly comment on the organization of my office. The Provincial Auditor has a staff of 49 professionals and administrative staff. His office is structured in a fashion similar to other legislative auditors in Canada and to national firms of chartered accountants.

When the position of Provincial Auditor is vacant, or he is absent or unable to perform his duties due to illness or other disability, the person appointed by the Provincial Auditor has all the powers and must perform all the duties of the Provincial Auditor. The assistant provincial auditor, in the absence of myself, carries out the duties of the Provincial Auditor.

My deputy provincial auditors act in a similar capacity to client partners in firms of chartered accountants. All government departments and Crown agencies are divided among the deputy provincial auditors and their staffs of managers, supervisors, and audit assistants. The audits are assigned to the deputies by the Provincial Auditor in a manner such that the staff of each deputy has an equal work-load throughout the year, and to ensure a similar mix of audits in terms of their size and their nature among the audit groups.

An audit examination of every organization of the government is required to be conducted each year. The results of these examinations are reported in the annual report of the Provincial Auditor to the legislative Assembly. The annual examination is conducted in accordance with generally accepted auditing standards, and accordingly consists of such tests and other procedures as I consider it necessary to:

1. Form an opinion of the adequacy of the control systems implemented by Management to ensure that: essential records are maintained; public property is controlled and safeguarded; there is an effective check on the assessment and collection of revenue; and to ensure that transactions are appropriately authorized;
2. Form an opinion on the financial statements prepared by management for the various entities of the Government of Saskatchewan.

Where I am of the opinion that the management control systems allow more than a relatively low risk of error or fraud in amounts that would be material to the organization being audited, where practicable I examine or cause to be examined an additional selection of transactions to determine whether for those transactions selected: there was no wilful or negligent non-collection of public money; public money has been duly accounted

for and paid into the appropriate fund; appropriations were not exceeded or applied to unauthorized purposes — which was a good part of Mr. Kraus's discourse prior to this one; expenditures have adequate authority and were properly vouchered and certified; there has not been a deficiency or loss to the Crown, and finally, a special warrant did not authorize the payment of public money.

I should maybe comment on that. In this jurisdiction where special warrants have indeed authorized the payment of public money, those special warrants in the past have been subsequently approved in the supplementary estimate process. And once the members of the House have indeed had a chance to vote on those special warrants, we have come to the conclusion that it's not necessary for my office or myself to comment thereon.

I will now address the subject briefly of comprehensive auditing. This thing has had a bit of a play in most governments and some municipal jurisdictions for the last several years, and there is often the misconception that comprehensive audits pertain only to the audit of management control systems relating to economy, efficiency, and effectiveness.

Actually a comprehensive audit encompasses a multifaceted audit comprised of: (a) the attest audit to express an opinion on the financial statements — Mr. Kraus talked about this; (b) the audit of management control systems to ensure assets are controlled and safeguarded, transactions are appropriately authorized, etc., and (c) the audit of management control systems to ensure economy, efficiency and effectiveness. And that really is why they've called it comprehensive because it takes in all three facets of the audit.

In my 1983 annual report to the Legislative Assembly, I reported that I am of the opinion that while my legislation does not require me to examine and report about management control systems relating to economy, efficiency, and effectiveness, the power to do so is implied within the provisions of The Provincial Auditor Act. However, I further reported it is not my intention to expand the auditing and reporting presently done by my office to encompass economy, efficiency, and effectiveness until the Public Accounts Committee reviewed this matter.

As a result of my report, the Public Accounts Committee decided to review this matter and to make recommendations to the Legislative Assembly in 1986. I await the recommendations of the Public Accounts Committee.

Now, I wish to comment briefly on the Public Accounts Committee. The Standing Committee on Public Accounts, often referred to as the Public Accounts Committee, is a committee of the Legislative Assembly. The Purpose of this committee, as Mr. Kraus has said and Gwenn Ronyk said, is to review the executive government's quality of administration of public money. In its review it considers the Provincial Auditor's report, the *Public Accounts*, and other documents, and hears the testimony of officials of the executive government appearing before the committee.

From the information presented to the Public Accounts Committee and from its hearings, the committee submits a report, with recommendations, to the Legislative Assembly. This report, with recommendations, is normally concurred in by a motion of the Assembly.

The Provincial Auditor Act provides that the Public Accounts Committee may request a Provincial Auditor to perform a special assignment. And the Provincial Auditor's required to perform the special assignment if the following conditions are met: one, the Provincial Auditor is provided with the necessary funding to undertake the special assignment; and two, in the opinion of the Provincial Auditor the special assignment will not unduly interfere with his other duties described in the Act.

Now gentlemen, that is a bit of a treat this morning. That takes care of my entire presentation. I believe Ms. *Hansard* has one of these, so it will likely get printed verbatim. However, if any of you wish, I can make available to you quickly a copy of this particular document if there is an indication that you'd like one, and the Clerk's office will handle this for me. I thank you for your attention.

Mr. Chairman: — Thank you, Mr. Lutz. Those hands I saw up — is that an indication that you would like copies, or do you have questions?

Mr. Neudorf: — Mr. Chairman, if I may suggest, Mrs. Ronyk had a very informative presentation, as did the comptroller. And I'm just wondering if perhaps if we could just extend your offer, sir, to extend to the other two so that we could have a summary of these available to us.

Mr. Chairman: — I think that's an excellent suggestion. Either that, or you can get it from *Hansard*. But I don't think that the staff . . . no problem with copying the presentation and distributing them.

Mr. Lutz: — We could give a dozen copies to Ms. Ronyk, and she can hand them out to interested members if that is your wish.

Mr. Chairman: — Okay. Let's do that. Any other questions?

Mr. Muller: — Well I was just going to say that it's required in the verbatim that you get it just like you get verbatim out of the House.

Mr. Neudorf: — If I could just respond. Mr. Chairman, the reason I'm suggesting that is I noticed that they all had it in very nice, concise note form, and then, by the time their presentation was over, it was three times as long. And for conciseness sake, I would prefer that report rather than reading *Hansard*.

Mr. Muller: — Fair enough.

Mr. Lutz: — Thank you, gentlemen, for your attention.

Mr. Chairman: — Thank you, Mr. Lutz. Are there any other questions? If none . . .

Mr. Rolfes: — I just have one question. Mr. Lutz, in former years . . . and we hear auditors from time to time talk about value for money spent. I didn't note any of that, I think, or did you . . .

Mr. Lutz: — There was my reference to comprehensive auditing, Mr. Rolfes. That's the third segment of that comprehensive auditing

Mr. Rolfes: — Okay.

Mr. Lutz: — I don't do that, not officially.

Mr. Rolfes: — No, I know you don't. Is there any other jurisdiction in Canada that does?

Mr. Lutz: — A better question would be: is there any other jurisdiction in Canada that doesn't? Most of them do.

Mr. Rolfes: — Is that correct?

Mr. Lutz: — Oh yes. I'll ask Mr. Wendel. What jurisdictions don't?

Mr. Wendel: — Newfoundland and Saskatchewan.

Mr. Lutz: — That's the only two left that do not, Newfoundland and Saskatchewan?

Mr. Wendel: — Yes, that's my understanding.

Mr. Lutz: — Okay. That answers your question?

Mr. Rolfes: — Yes, that certainly does.

Mr. Chairman: — Thank you, Mr. Lutz. Any other questions? Thanks again.

Just to draw to the committee's attention, you are receiving some documents here. You have in your hands now the presentation of Mr. Kraus, I think, and the other two will be provided to us probably at our next meeting.

Also I draw to your attention that you have been given, as tabled here, a brochure on the office of the Provincial Auditor which may be of some help to you.

And of course, thirdly, a report to the Standing Committee of the Legislative Assembly on Public Accounts which is an audit of the Provincial Auditor. Even he has to be audited. You may look at that and see if we have any overwhelming questions of him the next meeting we have, although I looked at it; there's really none.

And finally, Mr. Muller asked me, and I thought we didn't have this yet, but Gwenn Ronyk has provided us with a report on the unfinished business of 1986. I will ask the committee members to take a look at this report so that next week when we meet, we can consider any items from that unfinished business that we might want to yet pursue in this 1987 year. So I leave that with you for your consideration.

Now before I make some comments about what I see our

next meeting involving, I will suggest, as I did earlier, that we have had the orientation session. I thank all the staff for going through all the work that they did to make it available to us. I know it has been helpful to me and, I'm sure, to others.

And with that order of business completed, I would suggest that when I have given my further report here, that we would adjourn since today is the day following a long weekend, and I'm sure most of us have work to do that we'd like to get ready for the Legislative Assembly this afternoon.

Mr. Muller: — I have a few comments just before we adjourn, if you allow me to now. In order to maybe speed up the work and enhance the work of the Public Accounts Committee, I've talked to some of our members that are on the committee now, and seeing there's been some change of the make-up, we have decided that — and I'll move a motion to this at the end of my comments we've decided now that we wouldn't mind sitting two hours twice a week and certainly try and do as much of the work as we possibly can. And also I'd like to move the motion now. Do I have to write it out, or . . .

Mr. Chairman: — May I comment on it before you move a motion? Why don't . . . And my suggestion would be, why don't we try to meet once a week for three hours, for two or three weeks, and see how it works out, as we earlier decided, and then if we see that we need more time, then we can change it. Is that . . . I don't feel that strongly about it.

Mr. Saxinger: — I believe Mr. Muller is trying to say we have concerns. We changed the make-up of the committee so we can sit twice a week, and we don't feel like we would want to come back after the session is over to finish it. So we would want to sit twice a week and make a commitment to finish it.

Mr. Chairman: — If you want to make such a motion, Mr. Muller?

Mr. Muller: — Yes, I'd make the motion:

That we sit Tuesdays and Thursdays from 8 till 10, with no intersessional sittings.

Mr. Chairman: — I guess we don't need seconders in committee.

Mr. Rolfes: — Mr. Chairman, I just want to make a comment on that. I think for sure Mr. Muller is aware that only gives us one more hour per week because we were planning on sitting from 8 until 11 .

If we're going to get through the *Public Accounts*, I think we'll need more time than that, and I'm quite prepared to sit twice a week, but not just for two hours. I just don't think the extra time will allow us to finish *Public Accounts*. I mean, I was originally wanting to sit twice a week, but I think we should sit for more than two hours.

Mr. Chairman: — Thank you, Mr. Rolfes.

Mr. Muller: — Well the comment was made at the last

meeting, and I think rightly so, that a three-hour meeting — sometimes the third hour becomes unproductive, and even as yourself has said that sometimes the people . . . or three hours a day becomes unproductive the last hour, and sometimes people come a little late, so I think if we start our meetings prompt at 8 o'clock in the morning and sit till 10 o'clock, twice a week, that I think we'll gain by it rather than lose. And with that, I'll end my comment.

Mr. Rolfes: — Mr. Chairman, I think again to set the record straight, it was recommended last week that we sit for four hours. And a comment was four hours was too long, and I agree with that. I think four hours is too long. Two hours — I'm not opposed to the two-hour sessions if we can get through. But I know for a fact that we're not going to get through public accounts unless some of us think that the Legislative Assembly is going to sit till next February, next March, which it may well do, but hopefully we can get through by Christmas. And I just don't think that we're going to get through public accounts, you know, by sitting twice a week for two hours.

Now if that's committee's wishes, fine, but I would certainly want to voice my objection to only sitting two hours twice a week. I would recommend that we sit three hours twice a week and see if we can't get through public accounts. That's the only suggestion that I have.

Mr. Muirhead: — Yes, I agree with Mr. Rolfes that it's going to be hard to get through public accounts with two or three or maybe even perhaps the four hours a day. But I think it's going to be very difficult for, I know myself, to be able to spare the three hours at one sitting. If it went for three hours like you suggested, Mr. Chairman, it would naturally depend on what date. But I think that would be a good start if we try this for now, like sit twice a week, two hours, and that's what I would like to do. Not that I don't agree with Mr. Rolfes, like I said, that it needs to sit more hours, but right now I would like to try it at this two hours.

Mr. Chairman: — The only comment I would make as a member of the committee is that — and I share the comments that Mr. Rolfes has made — I think we all have to accept the fact that we have to make the work of a committee that we're appointed to a priority. And I'm not being critical of anyone in that; I know the motion is well-intended. I think sometimes we have to make changes to our other schedules and agendas to make sure that we get this work done. Whatever the committee wishes, of course, is what we will have to do. But I wanted to make that point.

Mr. Saxinger: — I would like to comment on it. We did make changes on it; that's why we made this second day available because it was mentioned we'd get more productive time if we don't sit so long. I would think if we could start at two hours, two hours a session, and have the total of four hours a week and see how far we get.

Mr. Chairman: — Okay, any other comments?

Mr. Rolfes: — I just want to raise my concern. I don't mind sitting the two hours; it's the last part of the motion that bothers me that says that we do not sit outside the session if we don't finish. Now when, down the road, are

we going to determine whether or not we're going to get through public accounts, and are we going to end up like we did last year and not get through public accounts? And that, I don't think, is serving the best interest of the Public Accounts Committee. That's my concern. I'm quite willing to accept the motion if we say let's sit for two hours, twice a week, and drop the last part that we will not sit outside the session if we do not finish. Otherwise I think we should sit three hours per sitting twice a week and try and get through.

Mr. Chairman: — Can I make a suggestion to the mover of the motion, and this is not precluding that we may decide later on not to sit between sessions, but in order to assist this motion and recognize a concern of Mr. Rolfes, would you consider the motion to state that we sit on Tuesdays and Thursdays, 8 to 10, but at this time leave out the non-sitting between sessions? We will be here long enough to be able to determine that if you want to move that later, just to leave that open?

Mr. Muller: — Well I would rather move, or change the motion to read, sit from 7 till 10 twice a week and no intersessional sitting rather than . . . because I think if we get down to it, we can finish the work of the public accounts, or two and a half hours. I mean I wouldn't mind changing the motion to that, sit from 7:30 till 10 with no intersessional sitting.

Mr. Chairman: — Well we've got a motion . . .

Mr. Muller: — I'm certainly willing to move to have a saw off on that.

Mr. Chairman: — I don't make my comment for the purpose of the saw. I simply make my comment as the chairman of this important committee that I think we should not shut the door so early, the second meeting of this committee, to the possibility of meeting maybe just a few days intersessionally. That doesn't mean we will; we may very well not. But if you want to leave that in the motion, that's fine. I just, I simply want to put myself on the record as expressing some concern.

Mr. Muirhead: — Yes, well I want to put myself on the record, Mr. Chairman, of not being in favour of sitting in this committee when the sessions are not on.

I feel that it could just . . . we got to get to work, I agree, we have to get to work and try and get to the end of our agenda. And it's up to the opposition when the House closes, so if we're here like Mr. Rolfes says, maybe till February, we'll get done. And if we don't . . . that will be up to all of us how many questions we ask here. But I do not want to get dragged into maybe coming back here for months and months when the session isn't sitting.

Mr. Chairman: — Okay, we have a motion. The motion is that we sit Tuesdays and Thursdays, 8 to 10, and it also mentions that because of this extension of one hour for the week, we would not sit intersessionally. I guess that does not preclude later on us changing our mind?

Mr. Muller: — I was just going to add to that, if we see that towards the end of the session and the committee decides that they want to sit intersessionally, they can change it at

that time.

Mr. Chairman: — It's always more difficult to do.

Mr. Rolfes: — Mr. Chairman, I just want to express my extreme concern about this. I just . . . I feel that we're tying our hands. I thought we had a good suggestion the other day to leave it open. It does not mean that we could not change our mind later on, I believe we can do . . . if we're going to seriously take our job here on public accounts, then we've got to scrutinize it. If it only takes a number of hours, okay, we'll do it. But if we certainly shouldn't hamstring ourselves here by saying that we're going to only sit four hours a week and not finish public accounts, But I'm willing to have the question.

Mr. Saxinger: — I have a question. What kind of hours did they sit in previous years? Was it two or three at a time?

Mr. Chairman: — It varied, Sometimes . . . it varied. I don't think . . . maybe you can help us, Ms. Ronyk.

Ms. Ronyk: — Mr. Chairman, yes, it has varied. About six, eight years ago, the committee always sat three mornings a week for two to two and a half hour meetings. In about the last six years, the committee began to meet two mornings a week, usually about a three hour meeting, two and a half to a three hour meeting. And last session, the committee met kind of irregularly, but it looked like for most of the year, one meeting a week, and it varied from two to two and a half hour meetings.

As you see from the document number 4 that you got, the summary of what wasn't done last year shows the committee didn't meet enough,

Mr. Martin: — I'd like to point out that I think because we're talking about meeting four hours a week, and that we're suggesting possible . . . at least the motion's on the floor that we not meet when the House isn't in session, is certainly not to suggest that we're not taking this thing seriously.

I suggest that if we take it seriously, we will be prepared with the right kinds of questions, do some homework before each of the two-hour meetings. And if we get on with it in that aspect, we probably can get the work done better than looking forward to spending some time later and saying, well, don't worry about it now, we'll worry about this after the session is out. I think if we put our minds to it we can probably do the job better now because we have a time limit to some extent. And by preparing we'll do a better job.

Mr. Rolfes: — Mr. Chairman, I would say it's rather presumptuous of the member opposite, Mr. Martin, to think that the people in the past weren't doing their work when they took more hours to do it. And I would suggest that people were just as conscious in the past to do it, but they went through the public accounts, and if you look at the 1984-85, you find that they did not finish, and the reporter is before us. A lot of the departments that should have been scrutinized were not scrutinized, and I would say that it probably was due to the problem that they had with time allocation. And I think we shouldn't again

hamstring this committee by not giving it sufficient time to sit at least twice a week with three-hour periods.

Mr. Martin: — Well it was your response that forced my response. Your suggestion was that — at least the feeling I got from your suggestion was that if we don't sit after the session is finished, we're somehow or other suggesting that maybe we're not taking this seriously enough. And I in no way ever indicated that I thought the people in the past hadn't done a serious enough job or taken it seriously enough. I don't care what happened in the past.

I'm interested in what's going to happen in the next four or five months and, as long as this meeting sits at two hours or four hours a week, I suggest to you that if we do our homework and we prepare ourselves with the right kind of questions, that we can probably take a pretty good run at getting as much done as anybody has in the past. And I don't think it has anything to do with whether we sit after the session or not. I say we should, you know, get at it now. Work hard for four hours a week. I do take it very seriously.

Mr. Chairman: — I sense that any further debate is not going to change a great deal, so I'm going to put the question, I think those of us who don't think it's the right motion have said it, and those who think it's the right motion have said it also.

The motion, does it need repeating? I don't think it does.

Mr. Neudorf: — Yes, if I could just get involved a little bit in this debate and put my thoughts on record here. I'm a new boy on the block as far as this Public Accounts is concerned, and I certainly want to make every effort to give everyone the optimum opportunity to scrutinize the *Public Accounts*, and far be it from me to hamper the committee in any way, shape, or form from that perspective.

I would be quite willing at this stage to make an amendment to the motion which reads presently at . . . to make it two hours, to increase it to two and one-half or three, whatever the committee sees fit. At the same time I would suggest that with the way the motion stands right now, not to sit intersessionally, certainly could serve as an inspiration to the committee to see to it that we are as productive as possible during the time that we do sit.

I would also like to put it on record at this point that if the session ends with a great deal of critical work left as far as this committee is concerned, I would be quite willing at that time, in the interests of public scrutiny and so on, to extend the sittings at that point.

Mr. Chairman: — Thank you, Mr. Neudorf. Well I have a motion; I'm not sure I have an amendment yet, but shall we deal with the motion, or did you move on some amendment?

Mr. Neudorf: — I would move an amendment to increase it, and three hours was suggested as being too long, two as being short. Make it five hours, from 8 to 10:30. I would make that amendment.

Mr. Chairman: — Okay, there's an amendment to the

motion that we extend the sittings of each day from 8 to 10:30, moved by Mr. Neudorf. Those who are in favour of that so indicate . . . (inaudible interjection) . . . It will become part of your motion. Okay, that is agreed. Now that we have the new motion with the amendment, it will be 8 to 10:30, plus the provision that we don't sit intersessionally unless, as Mr. Neudorf has indicated, later on we find we need to change that. That's quite open to decision of this committee.

You have received this unfinished work from last year; give it some thought, and we will decide whether we need to include some of that into this year's committee work. And that's about all that I have. Okay?

Thank you. We are adjourned.

The committee adjourned at 10:56 a.m.

Mr. Neudorf: — That was a personal observation on my part.

Mr. Chairman: — Yes, sure. And that's the way I intend it. Is it agreed, then, to the new motion? Those who so agree, raise your hand. Those who don't agree? Mr. Rolfes does not agree.

Agreed

Okay, that's disposed of. just to alert you that for the next meeting, which will be Tuesday at 8 a.m. of next week . . . Oh, wait a minute. Motion now changes that to Thursday. Next meeting is Thursday, 8 a.m.

Mr. Neudorf: — A point of order.

Mr. Chairman: — Yes, any time.

Mr. Neudorf: — I notice that you indicated to *Hansard* the members that were opposed, and by so doing it's obvious who voted in favour. Are these all recorded votes that we have in this . . .

Mr. Chairman: — Not usually, no. I just . . . sorry, I made that off . . . There was no reason to make that comment.

Okay, so we will then meet on Thursday this week, 8 a.m. We will deal with the auditor's report starting Thursday, but there is some housekeeping work that I think we need to do, and I'm going to alert you to what I'm going to bring forward so that you can think about it.

One, I'm going to make some suggestions on procedure. We don't have them all worked out yet — something that may expedite those concerns which we talked about here, about getting things moving.

There is now a new quorum arrangement as of the motion that was passed in the House. We're going to need to talk about the ability to carry on a meeting without a quorum of 50 per cent plus one, and that the committee has to decide that, knowing all along, that no decision can be made or no motion can be passed or voted on when there isn't a quorum. But I think in the mornings when we can start right on time and there's not quite a quorum, we might as well begin. And so I will have a motion to that effect to expedite that.

We will need to appoint a new vice-chairperson because Mr. Gardner is no longer a member of this committee but has become a member of the Crown Corporations Committee. So I've asked Mr. Muller to discuss with his members who the new vice-chairman would be, and we'll deal with that.