

STANDING COMMITTEE ON PUBLIC ACCOUNTS

September 17, 1987

Mr. Chairman: — ... and begin further examination of the auditor's report.

You already have noticed that our Clerk has passed out a report for the information we asked on the tabling of *Public Accounts* in other jurisdictions. I suggest: take that report and study it.

We're going to deal with page 15 today because Mr. Lutz, as we mentioned the other day, won't be here for this meeting. He's off to a conference. So if you want to follow up on that, we can do that at the next meeting.

I'm going to ask Mr. Wendel to introduce two new staff members from the Provincial Auditor's department.

Mr. Wendel: — On my left is Brian Atkinson, our deputy provincial auditor, and Pat Hall, our director of computer auditing.

Mr. Chairman: — And Mr. Kraus, you have an addition as well.

Mr. Kraus: — Murray Robinson, director of systems management branch.

Mr. Chairman: — Thank you. Good morning, gentlemen.

A Member: — And ma'am.

Mr. Chairman: — Okay. Page 15. Let's begin then with controls over electronic data processing and that. And if there are any questions or comments ... Harry.

Mr. Van Mulligen: — This is, I guess, for both Mr. Kraus and Mr. Wendel. Perhaps Mr. Wendel first: am I right to assume then that your responsibilities, your duties, include making sure that security systems are adequate and so on for electronic data processing?

Mr. Chairman: — Can't hear you.

Mr. Van Mulligen: — Can't hear me? It's so early in the morning really. It ...

Mr. Wendel: — I think within the context, as we say, on page 15 in that first paragraph, that's where we presume to be our responsibilities with respect to electronic data processing.

Mr. Van Mulligen: — Do you feel that your resources are adequate to ensure that you're able to make sure that the security systems are adequate?

Mr. Wendel: — I think we take the view that it's the departments' and agencies' responsibilities to make sure that the systems and controls are adequate. Our responsibility is to go look at those systems and controls and report those cases where departments and agencies are not doing enough to ensure security. So we go out and look and see what they are doing, and we report in here.

Mr. Van Mulligen: — I can see how in accounting you might have the CICA (Canadian Institute of Chartered Accountants) standards by which to judge the work of the

government when it comes to accounting. What kinds of guide-lines and standards and rules do you have when it comes to electronic data processing?

Mr. Wendel: — The ... Excuse me, Mr. Chairman, and Mr. Van Mulligen. The institute of chartered accountants has produced booklets and guide-lines for auditing service bureaus and for auditing computer controls.

Mr. Van Mulligen: — Maybe a new ... I guess maybe I should turn to Mr. Kraus. And I'm wondering if there's any clear statement by the provincial government with respect to electronic data processing, and especially the question of security, unauthorized access to information.

Mr. Kraus: — Well there isn't a formal policy that has been established, although there's certainly an understanding. And these matters are discussed when departments are developing new systems or when we're dealing with departments on system matters, computer system matters. But as to whether or not there's a formal policy that's been created and, let's say, established by treasury board in a manner like we have policies for many other accounting and reporting issues, no, we don't at this time. In fact we realize that perhaps it's not enough to have the standards established by the CICA and then discussed and so on when systems are developed, that it'd perhaps be appropriate to develop something that's tailored for Saskatchewan.

Mr. Van Mulligen: — Is there any work being done in that direction to, perhaps, do that?

Mr. Kraus: — At this point there isn't, but we've certainly realized that it should be something that we try to address. I would say during this fiscal year.

Mr. Van Mulligen: — If I might, Mr. Chairman, just a brief comment. I think it would be healthy for the Saskatchewan government to give some thought to having a comprehensive statement and manual perhaps on electronic data processing access and unauthorized access to information — particularly concerned in light of the Medical Care Insurance Commission and their computers now fall directly under the purview of the Department of Health. Am I right in that?

Mr. Kraus: — I wanted to say that you should know too, that the SaskCOMP does have security packages and a disaster recovery program they're putting in place, and so there is, there certainly is the means available and the security available if agencies wish to utilize them. Probably what the auditor is pointing out in certain areas of his report here is that they're not uniformly being used, or not being used as fully as they should be.

And if I could I would ... this is just a suggestion to the committee. If at any time you're interested in a presentation by SaskCOMP, I know they'd be more than happy to come to the committee and make a presentation on the security that they do offer. And I know they'd be interested in talking about their new disaster recovery program. So if the committee is interested, I know I've talked to them, and they'd be happy to come put a presentation on. I think the committee about four years

ago did something like that.

Mr. Van Mulligen: — You talk about a comprehensive statement of, you know, matters such as security systems, unauthorized access. Not only should that be provided for all government departments and agencies as such, but I think it's also important it be a clear statement for the public. I think there is sometimes a sense of unease about to what extent is information about an individual perhaps in a position to be accessed for no good purpose. And I don't sense there being any strong statement for the public about the information they provide to government and how that information is treated.

I think the public may have some confidence in Revenue Canada, knowing that the information they provide to Revenue Canada is more or less held within the purview of Revenue Canada, unless there is, I understand, criminal proceedings, in which case that information might be accessed by their agencies. But I don't sense that the public have any strong feelings about the data that's being provided to the provincial government and whether that's being safeguarded adequately.

I just throw that out, and perhaps that's not the case, but . . .

Mr. Neudorf: — Thank you very much, Mr. Chairman. In lieu of what Mr. Kraus said, that SaskCOMP does have security systems and so on available, or part of their repertoire of mechanisms, I'm just wondering what the auditor is talking about in . . . I'd like, perhaps, an explanation or the fact that the controls over computer systems require further strengthening to more adequately safeguard critical information and to ensure essential records are maintained.

Is the suggestion there that the wherewithal is there, but it's not being accessed? Or what is the implication of that statement?

Mr. Wendel: — Mr. Neudorf, this comment this year is a follow-up from a report in '83 on computer systems, and as Mr. Kraus advised, we had SaskCOMP in the committee about four years ago to talk about security.

And at that time, we were quite concerned that SaskCOMP hadn't made the necessary tools available to departments and agencies to control security. Since that time, SaskCOMP has obtained the tools, like security software packages; has entered into formal contracts with the various departments and agencies providing who's responsible for what security.

And what we're finding now is, in some instances, some of the departments and agencies are not availing themselves completely of these security systems, and there's still problems, but they're not SaskCOMP's making. The tools have been provided; they haven't used them all.

Mr. Neudorf: — That answers my question.

Mr. Martens: — Okay. I've got two questions. One is: is it the security of the information that you're talking about; and/or is it the accuracy of the information provided for

the computers to take on for information? Could it both, or is it . . .

Mr. Wendel: — I think, Mr. Martens, it could be both then. If you have access to this information, depending on what that access is, you could in fact alter it; it would depend, like in any given situation. I wouldn't make that as a blanket statement, but it could be, yes.

Mr. Martens: — Okay, a question further from that. Just to understand it, when you have a checker checking a checker and another checker checking the checker, how many checkers do you need to check the checkers to make the thing go?

Mr. Chairman: — Do you want to repeat that?

Mr. Martens: — I'm not trying to be smart or anything, but I just wanted to show that at some point in time you have to say that it doesn't fit any more. So what you're telling us is that perhaps some of the departments should provide access to the opportunity they have.

Mr. Wendel: — I'm not sure how to answer that one, Mr. Martens. I think you'd have to look at each individual situation. We would assess that to make sure there wasn't checkers, checking checkers, checking checkers. Like no, we wouldn't go, you know, to that extent. We would look for reasonable controls to safeguard the assets, yes.

Mr. Martin: — Are you — being rather new to this situation here — are you asking us then to make a motion, as Harry was talking about or as Harold was talking about, that we suggest to those departments that are not availing themselves of the proper security measures to your satisfaction, that they upgrade their security measures. Are you asking for a motion from this department, or from this board, and would that be — and maybe the Chairman, can tell me if you can't — would that be proper?

Mr. Chairman: — I can suggest what we might do. I think without being sort of overly critical of the departments, because I think some efforts have been made and we have to recognize that and I think the auditor's department has said that some efforts have been made, but I think, just to support the Provincial Auditor, the committee probably could consider something like the following, which I have been sort of taking notes on, and I'll throw it out for committee's consideration.

The committee supported the Provincial Auditor's recommendation that there is a need for strengthening computer security systems and urged the departments to examine their systems and take the necessary steps, where necessary, to have this done, and that a report be provided to the Public Accounts Committee on steps that have been taken. It's a little wordy, but I think it indicates that we believe that there is a need for the best possible security.

We asked the departments to examine to see whether there are shortcomings, and I'm sure the Provincial Auditor will help them in doing that if they so request. And then, if there is a need to do something about it, to take the steps that are taken, and then let us know what

steps have been taken.

Mr. Martin: — It seems to answer his concerns, I think, does it not?

A Member: — Yes.

Mr. Martens: — I'd like to ask Mr. Kraus to respond to what we've been talking about here, about checking the information on the computers and making sure the information is safeguarded, but also that the departments are following through on implementing some of the opportunities they have,

Mr. Kraus: — Well that's a fairly broad question, but I guess I would say that, first, some have mentioned that the controls, or security over the information on the systems itself, the ability to secure your information and to keep it confidential, is probably a lot better than it was before. And as well, SaskCOMP is developing this disaster recovery site which is sort of unique in western Canada, and so that is available as well.

How departments take advantage of this is somewhat spotty, and I guess that is perhaps part of the issue that is being discussed right now. I would have to say that I would think that we could do a little bit better there. That's not so much a matter of checkers checking checkers, but a matter of making sure that at least a reasonable level of . . . minimum level of security is maintained over the data. It isn't that there's anything particularly occurring right now that shouldn't; it's just that you want to be sure that you're taking a reasonable amount of precaution in that area.

And so we should take the literature that's available and, as I said, develop a policy for Saskatchewan and make sure departments are fully aware what those policies are and encourage them to use them. Some would be, already, there's no doubt about it. We know that. But others aren't doing a good enough job.

As far as checking the information . . . now when you're talking about checkers checking people, I think you might be talking about the organization making sure that the information they put into the computer is the same as they get out. That's another matter, and I don't think we've talked about anything specific yet this morning. Those things will come up from time to time . . .

A Member: — In the report.

Mr. Kraus: — . . . in the rest of the report and I might have a . . . in one case I might agree with the auditor; in another case I might take a slightly different opinion, but it would depend on each and every situation.

Mr. Martens: — He has another question relating to that — on the security of the SaskCOMP having a place to store this information. That's being stored in Saskatchewan now, isn't it?

Mr. Kraus: — Well that . . . You're talking, I think, about the disaster recovery site . . .

Mr. Martens: — Right.

Mr. Kraus: — . . . and they've developed a site in Saskatoon. They had explored other options, and it just wasn't viable at all.

As I say, SaskCOMP probably can give you a lot more detail on this than I can, but as I understand it, it's becoming quite popular not only in the government sector but also the private sector, as well, is quite interested in using that site.

Mr. Martens: — Right. Did SaskCOMP have any of that opportunity elsewhere, or were they just playing at random and hoping that nobody would pull the power switch?

Mr. Kraus: — What SaskCOMP had been doing before was they knew that we were at risk because we didn't have adequate back-up. Is that . . .

Mr. Robinson: — Might I answer?

Mr. Kraus: — Sure.

Mr. Robinson: — Yes, they used to use a company in Philadelphia, I believe, called Sungard, and they found it to be quite cumbersome to . . . You have to run tests every so often to make sure that this back-up site is workable, and they were finding it very expensive doing that in Philadelphia and hard to co-ordinate the tests from Saskatchewan.

Mr. Martens: — Okay, so now they've got the site in Saskatoon that they're able to control it from there then?

Mr. Robinson: — Yes.

Mr. Van Mulligen: — I appreciate your suggestion, Mr. Chairman. I just wonder if, in addition to that, we might not ask in such a report for a proposed statement which government may deign to make to the public about the extent to which the public can feel that information about them is secure and is being safeguarded,

I don't think that there has ever been any clear statement by the Government of Saskatchewan about, you know, the security of information that citizens provide to the government on a variety of levels and the extent to which that information is safeguarded.

For example, you provide information to SHSP (Saskatchewan hospital services plan) or MCIC (Medical Care Insurance Commission). Information goes to the government through your doctors, and so on. To what extent is that information safeguarded? Can the public be reasonably certain that information that's provided to the government is used . . . is intended for, and is used only by those people that should have access to it? And it's not meant as a criticism of government. My sense is that by and large that information about individuals is being safeguarded. But should there be a clear statement? What are the rights of citizens with respect to data retention on the part of government?

Mr. Chairman: — May I just for clarification . . . you're requesting that the committee request the government to

issue a statement of policy with regard to . . .

Mr. Van Mulligen: — I'm not even saying that they should issue a statement, that perhaps they might give consideration to issuing such a statement.

Mr. Chairman: — Okay.

Mr. Martin: — Actually, I was satisfied with the chairman's comment. I'm of the belief that most people assume that they are being told the truth unless they find out later they're being told . . . I mean, I just assume people think that that information is privileged, and I don't know of any examples where it isn't true. And you know, it's like, you stand up and say: I swear to God I'll never tell you a lie; you know damn well a guy's going to tell you a lie. — and you know what I mean.

I just assume that people think that we're basically being honest. If you tell them that you're . . . You know what I'm saying, that if you tell them, we're assuring you that we're not letting this information out, I think you'd create maybe some doubt in their minds that maybe some think in that way.

I'm satisfied with the chairman's statement that we're asking from the public that the departments ensure that adequate security measures are in place. And I just don't want to create an alarmist attitude about it, and I know you're not suggesting that.

Mr. Van Mulligen: — I don't want to get hung up on the point, but it seems to me as an example, that the public has a reasonable amount of confidence that the information that they provide to Revenue Canada, as an example, is information that will be used by Revenue Canada to compute their taxes and will not be given to any other agency of the federal government or otherwise, unless that information is requested in clearly prescribed manners which is understood, perhaps in certain kinds of criminal proceedings. But other than that, that information is for the use of Revenue Canada and no other agency. And I think the public know that or have a sense that that is the case and therefore, notwithstanding whatever other reasons they might have for withholding information from Revenue Canada, have a sense of trust about that the information is being properly used.

I'm not sure that that kind of clear statement and that clear signal is there for the public with respect to all of the information that they provide in various ways to the provincial government, and I throw it out. I don't know; maybe such a statement isn't necessary. I just wanted to throw it out for discussion.

Mr. Martens: — Read that comment that you had again, if you don't mind.

Ms. Ronyk: — The committee supports the Provincial Auditor's recommendations that there is a need for strengthening computer security systems. And the committee urges the departments to examine the systems and take the necessary steps to have this done, and that the report be provided to the Public Accounts Committee on steps that have been taken.

Mr. Chairman: — I don't pretend that my grammar off the top of my head is the best in the world. We can reword that to make it more precise if necessary. Is that clear, Mr. Martens?

Mr. Martens: — Well run through it once more so that we have the flow.

Ms. Ronyk: — The committee supports the Provincial Auditor's recommendations that there is a need for strengthening computer security systems. And the committee urges the departments to examine these systems and take the necessary steps to have this done, and that a report be provided to the committee on steps that have been taken.

Mr. Martin: — Would you consider a sentence in there to the effect that while we recognized that those security systems are working, for the most part, we recognize the Provincial Auditor . . . you know, something like that; that we wouldn't want them, the public, to think that you're alarmed at all of the security systems in the government. Did you get that sense from the . . .

Mr. Chairman: — In my introduction, that's why I qualified what I was saying, and it's on the record. So I don't think that's a problem. With the way I've always dealt with recommendations is keep them as short as possible, otherwise the thing gets lost in the verbiage. This one, in my opinion, is already partly too long.

Mr. Martin: — You get the attitude, the feeling that . . .

Mr. Saxinger: — I just want to say that so long as it's a recommendation to the committee, and that we are not enforcing something, I would be in favour of the chairman's recommendation.

Mr. Chairman: — I can add . . . I can help, I think, with Mr. Martens' difficulty because our clerk has made a suggestion. She states that we begin that recommendation by saying: while progress has been made, the committee support it.

Mr. Martens: — I like that idea.

Mr. Chairman: — We don't need motions for recommendations in public; as long as the committee agrees, then we'll put that on record.

Mr. Neudorf: — A question I would have is: my interpretation is that each department then would look at a central system and decide what was applicable to its own position; or are we suggesting here that there be a comprehensive government policy on security systems which automatically each of the areas' departments then would follow? What are we suggesting here?

Mr. Chairman: — We can consider the question of a comprehensive government policy. I'm saying that there is a general direction on this matter now, isn't there?

Mr. Wendel: — From the central government, if you would. The central agencies have some policies they've put out to the departments. Our comments here relate to individual specific departments who have not availed

themselves of these security measures.

Mr. Chairman: — I thought that. That's why I made my recommendation to the committee that each of the departments examine what they're doing with respect to the central policy which exists. That doesn't mean that committee members, as Mr. Van Mulligen has pointed out, might not want to suggest to the government proper — and I mean the administration side of government rather than Executive Council, but they obviously would have a role — that they might want to examine their policy. That's a different question to me.

Mr. Neudorf: — With that interpretation I would have no problem with Mr. Martens' motion then.

Mr. Chairman: — Okay, can we agree to that recommendation? Then we'll go back to what Mr. Van Mulligen was saving to see if he has anything further on it. Is that agreed? It is agreed; everyone agrees.

Agreed

Any more on the other question?

Mr. Rolfes: — I just have one short question. I don't know whether it was asked, and I apologize for being absent for a few minutes there. Was it discussed as to which departments use the directives of the central authority?

Mr. Chairman: — I don't think so. Can either . . .

Mr. Rolfes: — Okay, if that wasn't discussed I simply want to ask: does MCIC (Medical Care Insurance Commission) avail itself of a computer security system?

Mr. Kraus: — To the extent that they do or don't, I couldn't answer that question. You'd have to ask the MCIC officials.

Mr. Rolfes: — Okay. They'll be before us anyway. Okay, good enough. I'm concerned about MCIC because they have very important data.

Mr. Chairman: — Okay, well we will ask that of the department.

Mr. Rolfes: — Yes, okay.

Mr. Chairman: — Is that it? Can we move on? Let's go then to 17 — Agricultural Credit Corporation of Saskatchewan and directly go to 18, I guess, and deal with the first section: Livestock Cash Advance Program and Production Loan Program. Mr. Rolfes has indicated he had some questions.

Mr. Rolfes: — Yes, Mr. Chairman, I have a few questions; and could Mr. Wendel tell us very quickly, I notice you note here that the criteria for eligibility were not strictly followed as far as these two programs are concerned. Could you tell me, in what way were they not followed?

Mr. Wendel: — You're on which paragraph now, Mr. Rolfes?

Mr. Rolfes: — Well, I'm . . . 4.03 and 4.04

The system development controls were not adequate for these two programs to safeguard the assets of the Corporation and to ensure that the recipients of loans had complied with the eligibility criteria set out in the regulations prior to loan disbursements.

What was not followed in the control system?

Mr. Wendel: — If we move on then, Mr. Rolfes, to paragraphs 4.08, 4.09, and 4.10. We're very specific there of what we were looking for for eligibility checking in that. This comment on page 18 relates to eligibility for loans criteria that appears on this page.

Mr. Rolfes: — Okay.

Mr. Wendel: — Okay, now on paragraph 4.09:

. . . it was noted that the Corporation relied upon the applicants' affidavits . . . to ensure compliance with . . . the loan eligibility criteria . . . in the regulations.

The eligibility of applicants receiving loans under these programs was not further verified by the officials of the Corporation . . .

So what they relied upon was this affidavit, and that was that.

Mr. Rolfes: — So anybody could have filled out as long as you . . . Let me give you an example, and I want to just find out whether this is true.

I own some land, but I'm not a farmer. Okay? I don't farm the land myself. If I would have filled out the description of my land and applied for the production loans program, would I have been eligible?

Mr. Wendel: — That's a pretty broad statement. I think you'd have to look at each individual case. We're saying they relied on this affidavit. Now there are ag reps out there in the communities who would know some of these people, but the corporation itself was not checking the eligibility . . .

Mr. Rolfes: — There's no way to check whether I'm out there working on the land, working my own land or whether I have a quota book.

A Member: — Oh, yes.

Mr. Rolfes: — Well that's exactly it. That's exactly my question. I think we might have to wait until the Agriculture department comes before us, because I know of instances where that was not true, and that's my question.

Mr. Chairman: — Do you want to comment, Mr. Wendel?

Mr. Wendel: — Nothing more than, I think, what, you know, we've said in the report

Mr. Chairman: — The question is certainly raised in the report.

Mr. Rolfes: — Yes, that's my concern.

Mr. Martens: — Okay, a couple of comments. The requirement by the ag credit was that the permit book be followed in its detail. That was one of the criteria. The other was that in the cash advance to livestock there were a lot of them checked. I know that I had my cattle checked and it was, on the record, it was right. There were a lot of those checks done throughout. And a comment that was made to me by the individual that came to check mine, he had done 10,000 head, and he hadn't found anybody that was over.

I'm not sure what more . . . as rights of the affidavit, I think you have to clearly understand that when you deal with a promissory note basis on which the \$25 an acre was paid, the cash advance became an opportunity for the lender of last resort, because the bank already has a title or a first mortgage on all of that stuff, and there was no way that the law could be circumvented that we automatically take first mortgage.

Mr. Chairman: — Since I now have other speakers, but maybe Mr. Wendel can help me or Mr. Kraus. But on page 20, 4.15, there is a statement which bothers . . . concerns me somewhat, and it's related to what we're talking about. It says:

During the year (which is the year under review here) corporation officials conducted herd inspections on approximately 9 per cent of advance recipients.

That is far from being a huge amount of inspections. The thing that worries me even more is that it goes on to say:

(That) corporation officials determined that (in) . . . those herds inspected, 22 per cent of the advance recipients had less than 95 per cent of the required number of livestock on hand to continue their eligibility for advances.

Now somehow that does not quite square with what you're saying. And I'm not trying to debate with you; I want to ask that when the department officials get here because they're the ones who have to answer for this; I don't think committee members do. But that's the part that I'm concerned about.

Do you have any comment on that, Mr. Wendel?

Mr. Wendel: — No, that's from their reports.

Mr. Chairman: — It's just what's right in there.

A Member: — Yes.

Mr. Chairman: — Okay. Sorry to cut in. Mr. Muller.

Mr. Muller: — Well I just want to reiterate . . . What Harold Martens was saying is that the eligibility for loans on the production loan program, they were filled out at the elevator, the information was taken directly off the

permit book, and you signed the affidavit that you were still farming that land. And certainly there was a few people that probably put what was on their last year's permit book and then they lost that land, but it was very, very few occasions, or very few that happened that way. I've had very few of them brought to my attention.

Mr. Rolfes: — Yes. The point is that they won't be brought to your attention.

Mr. Muller: — Well certainly the person that took the land over . . . there was only one advance allowed, one production loan allowed on that land, and whoever was farming it after certainly brought it to my attention in the cases that . . . so there was a check and a balance there. And any of those that were brought to the attention of the government, the person that took it had to repay it immediately . . . (inaudible interjection) . . .

Mr. Muller: — Well it is.

Mr. Rolfes: — Well I just had a case the other day.

Mr. Muller: — Pardon?

Mr. Rolfes: — I just had a case the other day, which it's not true.

Mr. Saxinger: — Thank you, Mr. Chairman. I want to make a comment on this livestock loan, production loan . . . (inaudible) . . .

I have a constituent which was very strapped for money, and he was in a bad financial condition — very heavily he relied on this production loan to buy calves. Last winter he had the misfortune of getting some bad sickness and they lost half of his calf herd. About a month later he was trying to replace it; the price went up so high on calves in the auction mart that he couldn't afford to buy them. A month later he had the inspector and he was 50 percent down. It was quite obvious he had . . . I knew it was real that he had lost a bunch of calves. I mean, there are certain circumstances where it's just unfortunate, like in his case. It was 50 per cent that he had lost, that he was short, but not because he was dishonest, because he had a bad sickness and he lost a bunch of calves.

Mr. Chairman: — Can I, just before I go on to Mr. Rolfes, ask a question of either . . . Oh, I'm sorry, Mr. Neudorf. Yes, go ahead and then I'll ask,

A Member: — No, go ahead.

Mr. Chairman: — My question is related, and I don't know whether any of the officials here can answer this. If they're not, I will record it and then we'll ask it of the department. But Mr. Saxinger tells us that in one case the individual received a production loan and bought calves. I'm not sure that that was what the production loan was intended to do. I think maybe there's a conflict here. Can anybody tell us about what the purpose of this production loan was, and whether this was in keeping with what the intent of this program was all about?

Mr. Kraus: — I don't think I could give you a full description as to what the production loan was for but . . .

Mr. Chairman: — That's fair. I will wait then until the department comes. But I really . . . that's like saying, if I was that individual I could have got the production loan and went out and invested it in Principal Trust and then lost it eventually. I mean, that's really a bit of a strange development if there are many of those kinds of situations.

Mr. Neudorf: — Well, Mr. Chairman, my initial reaction to your comments is simply that my interpretation of the production loan was not that it was a targeted loan specifically meant for one item. It was meant for the cash flow of the farmer. Now whether you are going to be using the money to put in the crop or to expand your facilities or to expand your investment on your farm is my interpretation. Whether you take from the left-hand pocket to put in your crop or whether you take from your right-hand pocket to put in your crop, I think it's going to be hard to determine exactly which money went where.

To get back to an earlier statement by Mr. Wendel, I understood you to say that there was no check-up done as to the eligibility of the recipients of the cash advance; that there was no audit done. I thought I heard you say that at the beginning of this discussion, before we turned to page 20 and 4.15 and so on.

A Member: — That's the comment that was made, Mr. Neudorf.

Mr. Neudorf: — Yes, and I would categorically deny anything like that because I happen to be one who has taken out a cash advance on my hog operation and this number 15 here indicates that approximately 9 per cent of advance recipients were audited. Well let me assure you then that I am one of that 9 per cent because I had an audit done on my operation. And I know of other farmers in my area, neighbours of mine, who were also checked out.

So I do not think that we can say that there is no auditing being done. We may argue and disagree as to the number of audits being done, perhaps as being insufficient or whatever we would like to say, but certainly there is some responsibility being handled here.

Mr. Wendel: — If I could maybe clarify that, Mr. Neudorf. The point on paragraph 4.09 on page 19 relates to some checking before funds were dispersed. The paragraph later on relates to continued eligibility. That's the difference, if that helps to explain it a bit.

Mr. Kraus: — As we conclude, I guess the one thing I did want to mention was that as far as the livestock cash advances go, the corporation recognized that they should be doing more audit. And they have been planning to do a larger audit. To the extent that they've increased it, I can't talk about the particulars, but they are working on a larger audit as well as better follow-up in collection procedures. So they are trying to improve things.

Mr. Chairman: — If I may, Mr. Rolfes . . . I have two more people who want to speak, but I just want to sort of focus us here a little bit. This is probably not the time to debate the substantive issues. We don't have the right officials here who can answer our questions. And so I think what

we're doing is we're putting government members in the position where they feel they have to defend the government, so I'm not being nasty about saying that.

I think what we should be deciding here after we've had some preliminary discussions here is determining whether there is sufficient cause in the report for us to call the Department of Agriculture credit corporation forward to answer the questions which we may have. So ultimately that's what I want us to answer.

Mr. Rolfes: — Mr. Chairman, if that is the case, I have a number of questions that I want to ask the agriculture officials because there have been just too many cases brought to my attention where there was really no audit done, no verification done. All you had to do is indicate that you had a permit book, and no one asked you whether you were farming, and you got the production loan.

And the production loan, in a number of cases — I know of farmers who didn't need it, who simply took it and invested it. And as one guy said, he invested it in Principal Trust, and he said, let Grant Devine try and get it now; I invested it in Principal Trust; it's gone.

And I know of other farmers who simply went out and bought a new half-ton truck. Now that's fine; I mean, if it was meant for that, I have no objection to that. All I want to say is that I don't think that the criteria were laid down strict enough in order to make sure that the money was used for the purpose for which it was intended. And I want to ask the officials if that was carried out. I mean, it's not too difficult to get a permit book. If you do any amount . . . Well it isn't.

Mr. Neudorf: — Have you ever had one?

Mr. Rolfes: — You're darn right I've had one. I haven't got one this year. I gave it up this year. Of course, it's very simple. All I have to do is go out on the farm there and work for a few days and you can get a permit book. And all I have to do is make the right arrangements with the guy that rents my land and away I go.

But should I be eligible? My answer is, absolutely not. Would I have been eligible? Absolutely yes. And that's the point that I want to make, is that no, I should not have been eligible. Would I have been? Yes, I would have been. And that's the question I want to ask the officials.

Mr. Neudorf: — But by the same token, if it's a very simple thing, if you're going to register those acres in your name, then the person who's renting the land from you is going to have to forfeit his right.

Mr. Rolfes: — Of course he would.

Mr. Neudorf: — So you are then in control of the land at that point if you own it.

Mr. Rolfes: — But should I be eligible? When my main income is from another source, should the public be paying me \$25 an acre for that land? That is silly. I mean, I don't think that's what it was intended . . . I think it was meant to be a good program and to help out the farmers

— great. But don't help out someone who doesn't need it.

The criteria should be laid down in such a way to make sure that he is a bona fide farmer. And I don't consider myself . . . and just to give you an example, I don't consider a cabinet minister . . . And don't get me wrong now, I'm just using those as an example. I don't know if anybody received it. I don't consider a cabinet minister a bona fide farmer, and should not have been eligible. And I don't know if anybody was. I want to make that very clear. I'm just using that as an example.

Neither should Herman Rolfes as a teacher, because I own land and have a permit book, be eligible for that loan. And that's the point that I want to make, and that's the point that I want to ask the officials when they come . . . (inaudible interjection) . . .

Mr. Chairman: — We're speaking out of turn here. My apologies, but Mr. Martens was on the list here. We're getting to the point where I think I'm sure going to agree that we will want the officials to ask them these questions.

Mr. Martens: — I was going to touch that. I would not have any problem dealing with it with the officials, and also to make a continuing comment that precisely the arguments that Mr. Rolfes was making are the reasons why debate on the issue should be whether it reflects adequate controls in relation to the function, or whether it's a difference of philosophy between Mr. Rolfes and the rest of us.

And that is a discussion for outside of this setting, for whether it is, in your opinion, a good program or a bad program, as to whose eligible and whose not eligible. And whether the criteria were followed is the question we've got to ask, and I agree with doing that.

Mr. Rolfes: — Mr. Chairman, I just want to make the point that what we want to find out from the officials is, what was the intent of the program? Was it to help out farmers who are need? That's one. I heard Mr. Martens say before, it was a lender of last resort. That's what it was meant to be . . . (inaudible interjection) . . . Oh well, it's recorded; I'll read it back to you next meeting, because that's exactly what you said.

And, if that's case, it was there to help farmers who were in need, then those people who were not bona fide farmers and weren't in need certainly should not have received it. And if it wasn't, okay, fine. I mean, if there were no criteria laid down, it was wide open; anybody would be eligible; all right, fine.

I have no objection to that, if that's what was meant to be — that anybody who farms was eligible whether they needed it or didn't need it, or whether you were an active farmer or a non-active farmer, and you were eligible whether you needed it or didn't need it. If that's what the government says and the officials say that's what it is, okay, fine. I have no objection to it. I just wanted to make sure that the criteria were carried out. That's all.

Mr. Chairman: — We have probably covered the ground here. I'm just wondering if there are any other questions from the officials, relevant to the officials who are here,

on things that were reported here. We have covered, I note, the question of data security earlier, and whether there's any other questions for now . . . I don't have any, because I think we will be speaking to the departmental officials about that. Any other questions? Okay, can we agree . . .

Mr. Rolfes: — Oh, I guess I have to ask that question of the officials. Maybe I should ask this question. I don't know whether this is Mr. Wendel or the official that's left. What happens — let's say for example, I'm a farmer; I received a loan; I go bankrupt, lose my land. What happens to the . . . is there anything in the criteria which says what happens to the loan?

Mr. Chairman: — We'll wait for the department.

Mr. Rolfes: — The department would know that. Okay, good enough. We'll wait for the department.

Mr. Chairman: — Okay, can I conclude from the nature of the discussion that we are going to be calling agricultural credit corporation before us?

Mr. Muller: — I didn't think there was anything controversial in the agricultural credit corporation, and I didn't think we'd have to call them before the committee.

Mr. Chairman: — I think we just want to ask them some questions, and I think it's fair. Okay. Mr. Van Mulligen?

Mr. Van Mulligen: — No, I have no comment. Just, Mr. Muller said there's nothing controversial. There certainly seems to be a lot of controversy over social services recipients. And I would point out to him that the figure 9 per cent, in so far as farmers in a spot check not being found eligible, that that 9 per cent is similar to 9 per cent of social service recipients who aren't filling out annual declarations. So that even though it may be a different area of provincial government endeavour, there is some threats that we need to be cognizant of.

Mr. Chairman: — Okay, thank you. Let's move on to Crown investments corporation and determine from what's here after some discussion, what we want to do with that item.

Mr. Rolfes: — Yes. Crown investments, I just have one question, 5.03. Could you just explain to me why they were not appropriate.

Mr. Wendel: — The explanation, Mr. Rolfes, goes on for a number of pages here, and it's . . .

Mr. Rolfes: — Yes, I know. Can you give me a little summary. I mean, I try to understand it, but I'm not sure that I got the gist of it.

Mr. Wendel: — It's a very technical problem. I'll have Mr. Atkinson speak to this.

Mr. Rolfes: — Has it always been a problem?

Mr. Wendel: — No. I think as we say in paragraph . . .

Mr. Rolfes: — On, okay. I was going to say if it always

was, let's forget it.

Mr. Wendel: — I think, as we say in paragraph 5.04, this is a change of position for the Provincial Auditor. We've changed our position from a position we had taken back in '78 on the Crown investments corporation, and this is an explanation of why we have done that.

Mr. Rolfes: — So it's really a difference in perspective from the . . .

Mr. Chairman: — Can I just interrupt from my position here. I'm told over here that they can't hear what's being said, so just speak up.

Mr. Rolfes: — Oh, I'm sorry.

A Member: — Too many interruptions.

Mr. Rolfes: — You know, Beattie, just an interjection; I should have saved some of those cotton-picking hearing aids. I needed it every once in a while, too, when I was minister of Health. I knew they'd come in handy for me one day. I could have shared them with this committee,

Mr. Martin: — . . . (inaudible) . . . can hear him.

Mr. Rolfes: — You can hear me, I assume. If it's purely a different perspective within the profession, then I have no further questions. I just want to, you know, get into that, really.

Mr. Muller: — Any further questions on Crown management corporation?

A Member: — I have nothing further.

Mr. Martin: — My problem wasn't with you. I couldn't understand Mr. Wendel. And I can't hear Harry that well, so we're just asking you to just speak up a little bit, that's all.

Mr. Chairman: — Let's get back to the item before us.

Mr. Van Mulligen: — Do you want me to repeat everything I've said in the last few days?

Mr. Martin: — When you speak like that, I have no trouble hearing you.

Mr. Chairman: — If you keep this on any longer, I'm going to recommend a recommendation of the committee. So let's continue here. Was this matter disposed of?

A Member: — Yes.

Mr. Rolfes: — just one question on Advanced Education, if I may, and this applies to the payments made, monthly report . . . pardon me:

The officials responsible for the administration of the department do not have a control procedure to compare the monthly report of what was paid by the Comptroller and charged to the Department's appropriations to what the officials originally

authorized to be paid.

Can you give me an example? Even if it's hypothetical, don't worry.

Mr. Wendel: — If I could explain it this way . . .

Mr. Rolfes: — Okay.

Mr. Wendel: — The comptroller makes all the payments on behalf of departments. Departments send in vouchers, and so on, and ask the comptroller to generate a cheque. He generates this cheque and charges it back against the department's appropriation and then sends them a report on what was charged to their appropriation. Our concern was the department wasn't checking to make sure only those things they authorized to be charged to their appropriation were charged to their appropriation.

Mr. Rolfes: — Is this part of the problem then, as why there were some duplicate cheques? I mean, for example, in 6.10 you say:

A duplicate payment of \$10,899 was made to a supplier. This error was discovered, and a credit in the amount of the duplicate payment was issued by the supplier.

Is that something to do with a lack of being able to determine what was authorized and what was paid?

Mr. Wendel: — In that specific case it may or may not have been. I think that was an observation that there was this payment, and there were some control weaknesses in this department on making sure that what they authorized to be paid was appropriate.

Mr. Rolfes: — All right. If I could just continue, 6.16, is this uncommon for the minister to sign an agreement between the federal and provincial governments before he had authorization to do so?

Mr. Wendel: — I don't know if I could comment on whether it was common or not, Mr. Rolfes. It's just an observation we made. We say: the law says you are to do this . . .

Mr. Rolfes: — Just an oversight, I assume.

Mr. Wendel: — They're just observations we have made where they have not followed the letter of the law, and there are a number of observations.

Mr. Rolfes: — All right. Now the last question I have is in the establishment of the institute, northern institute. How could it possibly have been established before an order in council was issued? How could it possibly . . . I can't quite conceive of that.

Mr. Wendel: — I can't answer for that, Mr. Rolfes. I just point out that this is what was happening. Like they had expended money for their northern institute at P.A., but they hadn't passed the order in council to create it, if you like.

Mr. Rolfes: — That's interesting. Having been there, I just

can't see how that could . . . Well I don't know if it's worthwhile to have the Department of Advanced Education here just for that, but I'd sure like to ask somebody as to how they managed to do that without the Executive Council being aware that this was going on. Well I have no further questions.

Mr. Chairman: — There's nothing to prevent us from calling them. We don't have to call them here for a day or two days. We could call them for a little while. I mean that's one of the obligations the department has is to answer for their actions.

Mr. Martens: — . . . or did Mr. Kraus want to, on this clarification here?

Mr. Kraus: — On this particular one it's a procedural problem that occurred. The problem here was that the department should have obtained prior approval from the Lieutenant Governor in Council before proceeding. Is that correct?

Mr. Chairman: — Can you repeat that?

Mr. Kraus: — Well as I understand it, if we're talking about the problem that I've got here in front of me, there were several instances where the department should have obtained prior approval before the Lieutenant Governor before they proceeded. Is that what we're talking about, the first instance the minister signed an agreement, dated 1984, to amend an '82 agreement . . .

A Member: — And then . . .

Mr. Kraus: — Okay. And the second instance involved the establishment of the Northern Institute of Technology. Moneys were spent before the order in council established the institute. This is a departmental error, and they acknowledged that they've made a mistake here, and they've indicated to us that they have established some procedures whereby they're going to be following the policies and procedures that the government, as they should be in the first place, and hopefully it wouldn't happen again. But that was an oversight on behalf of the department.

Mr. Rolfes: — I think I'd like to question the associate deputy or the deputy minister on this. It's just beyond me that the deputy minister didn't realize that he couldn't spend all that money and have the minister sign the agreement without authorization of Executive Council. That simply is a no-no. You just don't do that. He doesn't have that kind of power.

I'd like to question . . . that's one of the things I would like to question the officials on, and there are several others that I would like to, but that's certainly one of them that I want to question them on.

Mr. Martens: — I just wanted to make a note. It is difficult to hear because of the traffic of the door, and if speakers are making a note of which point you're dealing with it's a whole lot easier for us to pick it up.

Mr. Rolfes: — You can hear me I hope.

Mr. Martens: — Well I didn't know what you were talking about because the door is open and closed, and . . .

Mr. Chairman: — I noticed that when I was there getting my coffee. So I appreciate what you're saying. Was that it?

Mr. Van Mulligen: — Well I have no comment on the fact that government members can't hear anything, Mr. Chairman.

I want to turn to the Saskatchewan winter works program, '85 program, page 36, and the auditor indicates that:

Officials of the department did not have control procedures to verify the information contained in the individual employee's declarations. (And as a result) . . . the system permits employers to receive benefits under the program for ineligible individuals.

And it's suggested that the department officials took a post-program review, including an independent verification, but that that report on that post-program review had not been forthcoming as of February 1987.

My first question is: has that report now been provided?

Mr. Wendel: — I don't know, Mr. Van Mulligen. I haven't gone back and followed this up since we've written the report.

Mr. Van Mulligen: — If I might then ask, whether it's Mr. Wendel or Mr. Kraus: how is the department proposing to carry on this review or go about this review? They suggest here an independent verification. How is that being done? What methodology do they have?

Mr. Chairman: — I think Mr. Kraus is doing some checking.

Mr. Kraus: — The department did not undertake an adequate check of eligibility criteria here. They felt they just weren't in a position to do so, and they advise us that subsequent program regulations will be designed with the feasibility of compliance in mind. In other words, if they have another program like this, they will build in additional checks on criteria.

My position is, on this one, that I agree with the auditor. I think that there should be more controls over eligibility in a case like this.

Mr. Van Mulligen: — How widespread was this problem? Do you have any idea as to say the percentage of employees that might have been invalid?

Mr. Wendel: — To that extent, Mr. Van Mulligen, no. That is a department's responsibility, and what we're pointing out here is they're responsible to make sure money is used for the purpose intended. And when they're not doing what we feel is enough to ensure that, we so report in here. And no we don't go out and check that eligibility.

Mr. Van Mulligen: — I'm still not clear then. It's indicated

the department is going to be make sure that in the future that they're going to build in the right kinds of tests, and so on, to guard against this kind of thing happening again, but there's still no suggestion that any post-program review has, in fact, been undertaken — will result in a report that may come before us.

Mr. Kraus: — Well I don't believe there will be any report coming forward, as far as I understand. And the problem always is everybody understands how much money you spend on checking and auditing. And in this particular case, I believe that, in our opinion anyway, they have could spent a little more time. But I think the program's over and done with, and so I'm not sure there would be a report coming forward on this one.

Mr. Van Mulligen: — Does anybody know what constituted an employer — is it restricted to local government? Was it . . .

Mr. Chairman: — I think that's the kind of thing we should reserve to ask of the departments.

Mr. Van Mulligen: — No, okay, I'm prepared to do that.

Mr. Chairman: — I don't see any other hands up, I looked at 6.37 and it says "... treasury board directives have not been complied with . . ." just to make that one comment.

Then it goes 6.57, and "... representatives determined that there was not a control procedure to ensure that all agencies on the 'criteria master file' were authorized as educational institutes." The money may have went out, maybe not have, but it may have went out to institutions that were not educational institutions because they may have been on file, or at least not eligible ones.

All I can add to that is, I would hate to have been the minister with the way I read this Provincial Auditor's report, who will have had to at some point in time answer for the kind of activity that was taking place by his officials. I think those officials have an obligation to answer for some of the things that they have said here. Now I'll leave it to the committee to decide whether you want to call the department. And I'm not in any way being critical of the minister at this point in time. I'm just saying I wouldn't want to be the minister with this kind of report on the activities of his officials.

Mr. Martens: — I just was going to say, let's deal with which ones we want to call in and which ones we don't have a problem with, and then we can have a preamble to who comes in and who doesn't come in.

Mr. Rolfes: — I note in 6.31, and I've noted that in other departments also — at least one or two other departments — that moneys received either from the federal government or from other agencies or other jurisdictions have not been collected on a timely basis, and consequently, the Consolidated Fund lost interest on those moneys — 6.31.

I noticed in Energy and Mines that they were behind at least four months in collecting of the revenues owing them by the oil companies, and that was a note made by the Provincial Auditor. And I think there was one other

one; I can't recall which one it was now. That again is something that we should certainly remind the officials of, that it's their duty to see to it that the moneys owing to the provincial government are forthcoming.

I don't have anything further that I want to add. There's another thing I want to ask of the officials but . . .

Mr. Chairman: — Can we then determine that we will call Advanced Education and Manpower to ask these? Agreed?

And could I just make this comment. I kind of detect that we're taking longer maybe on this aspect of the report than we need to. I recommend to the committee, let's try to hone in to see whether there are any questions we want to ask so we can move along quickly. Our time will then be better spent with the departments when they come before us.

Okay, Department of Agriculture, starting on page 44 — any comments here?

Mr. Rolfes: — Yes, I have, but they're similar to the other departments. Again, grants were made available to people when they weren't eligible. Overpayments were made. If you look at 7.04, 75 calculation errors and amendments to the crop insurance claims resulted in grant overpayments of \$207,500; 7.05, one grant amounting to 7,084 was paid where evidence of recipient's eligibility did not exist.

You know, there are a number of . . . Okay, 7.02, farm purchase program — a representative observed that the department had no system in place to check the information provided by the individuals enrolling in the program. Again, similar to what I was talking about in the farm production or land production program and in the livestock advance program.

Similar questions that I want to ask the officials, should they come before us, on how they check the checks and balances of the department. Who is eligible and who is not eligible? And do they have very wide criteria? And maybe they do have. I'd like to ask the officials as to how they determine who's eligible and who isn't.

Mr. Chairman: — So are you saying you want the department to appear?

Mr. Rolfes: — Well, I would like to see the department before us. Now I don't know how many more departments there would be. I haven't determined . . .

Mr. Martens: — Let's just move through, then we'll look at these.

Mr. Chairman: — Okay. Anything else? If not, I'm off to Consumer and Commercial Affairs.

Any questions of the officials who are here?

A Member: — No, I don't.

Mr. Chairman: — Okay. That's a department that I have some questions I want to ask them, so we could put that

on a list and then decide later, but I will be requesting that that one come forward.

Department of Co-operation and Co-operative Development.

Mr. Rolfes: — That no longer exists.

Mr. Chairman: — The department has been absorbed. But are there any questions on what's here? If I had my two bits, I would suggest that's a department we might want to call a year from now when we see how it's operating and whether some of these things have been addressed in its new organizational structure. That would be my opinion. Let's leave it for that. Unless somebody has some questions, I'll move on.

Economic Development and Trade, starting on page 60, and I'll pause for a minute and see if anybody has anything you want to raise.

Mr. Van Mulligen: — People in Hong Kong have no sense that they're being paid by the Saskatchewan government?

Mr. Muller: — We'll answer — that would be a department question too.

Mr. Van Mulligen: — I suppose.

Mr. Chairman: — Could you describe the nature of the problem here for us? The Hong Kong trade office, page 63, 10.14.

Mr. Wendel: — The observations made on page 63, or just observations we've made where officials have not followed prescribed authorities. And that's what the observations are.

Mr. Kraus: — Just one other thing I guess I should provide some comments on, that the OC (order in council) was supposed to provide authority for \$150,000 per year for space for a three-year term.

But there were difficulties in . . . There was a problem, I guess, in getting the office established. They wanted to do it fairly quickly; they had some troubles negotiating long distance; there was foreign currency fluctuations, and as a result they exceeded the limit set by the order in council.

That's not to defend the department; that's just the position, or that's just the facts as they have advised us.

Mr. Chairman: — Okay. Anyone else? Yes, Mr. Rolfes.

Mr. Rolfes: — Just a comment again. You know, it's the same thing again: "The minister shall obtain the approval of the Lieutenant Governor in Council. . ." We had one or two of these before. Here's another one: spending in excess of what is allowed by legislation. And it just seems that . . . I don't know. This certainly seems odd to me that they don't know what the rules and regulations are. That's on page 63, 10.16.

Anyway, I have the same question. But I don't know; I don't want to go any further . . . (inaudible interjection) . . .

Well I don't want to call the department in for that, but I don't know if somebody else wants to call them in for other reasons.

Mr. Chairman: — Well let's tentatively put them on a list. I'll bring forward a list of all the departments I've heard people indicate some interest in, and then we'll decide near the conclusion of this. So I'll put that on the list, and then we can determine it.

Education. We're on 66.

Mr. Rolfes: — Yes, I have no specific questions I want to ask here. I have a number, not of the officials here, but I have a number of questions that I would like to ask officials of the Department of Education. So I would like to see them on, as it pertains to the teachers' superannuation, as it pertains to school operating grants,

Mr. Chairman: — Okay.

Mr. Martens: — Does that have . . . I've gone through this, is there reference made to any of those two things?

Mr. Rolfes: — Oh yes. Page 66 and 67.

Mr. Martens: — Okay, good.

Mr. Chairman: — Okay, page 70 — Department of Energy and Mines. Mr. Rolfes.

Mr. Rolfes: — Mr. Chairman, here again I do not intend to recommend, from my point of view, that we call them before us, but I do want to note again, on 12.00:

Officials of the department maintain a computer file, called "The Petroleum Master File," which is used to verify the accuracy and completeness of petroleum and natural gas royalties paid by the . . .

Okay, now 12.02:

At the time of my representatives' attendance at the department, officials of the department were approximately four months in arrears in their processing of information necessary to maintain "The Petroleum Master File" in a current condition.

As you people probably well know, the petroleum master file is a record of the money owing to the provincial government, and that can be a huge account. And if they are four months behind, that could be a lot of money that the government isn't getting, and should be getting, and the interest that . . . I mean, the money they will be getting later, but not being able to collect the interest on that money.

I believe that they, if I remember correctly in reading this, that they have corrected this, have they not, Mr. Wendel? Or have they not? Maybe . . .

Mr. Chairman: — Or Mr. Kraus. Whoever.

Mr. Kraus: — Well I have some information that's good news. They were behind four months, but they've taken a

number of steps. They hired some temporary staff. They've discussed improving standardizing reporting formats with western producing provinces. They are planning a better data processing system. They are having seminars for the industry to improve the quality of reports submitted. They have been catching up fairly rapidly. I think in some cases, at June 10, 1987, some parts of their system was only one month behind, and in other cases they were catching up at the rate of two months at a time.

And finally, I guess, actually what happens, it tends to be where the royalty payers have overpaid rather than underpaid. Just for example, it says here, in fact the invoices issued for September '86 indicated royalty payers had overpaid by almost \$300,000.

So they're not really using a collection arrears, it's the other way around.

Mr. Rolfes: — That's okay; it makes up for the past. Yes, okay, good enough.

Mr. Martens: — You asked that question in estimates and the minister gave you that . . .

Mr. Rolfes: — I just didn't . . . we didn't have time.

Mr. Martens: — That's where you remembered hearing it.

Mr. Rolfes: — Oh, maybe that was it. Okay, thanks. We didn't have time to pursue it at that time because we only had a few minutes left. We had agreed to a deadline in finishing the estimates, and I couldn't pursue it. So okay, that's fine. Fair enough.

Mr. Chairman: — I think it's worthy to note on behalf of the committee that the department has made some corrective . . . taken some corrective actions, and we should indicate our satisfaction with that because I think that's what we're here for.

Mr. Neudorf: — So we're not telling these . . . (inaudible) . . .

Mr. Rolfes: — Well, I'm not. I'm not suggesting . . .

Mr. Chairman: — Unless I hear some members express an interest, I'm not going to initiate it unless I have an interest.

Mr. Rolfes: — No, I'm not suggesting that.

Mr. Chairman: — Okay, that's now on my list.

Mr. Rolfes: — I'll be back in estimates next year.

Mr. Chairman: — Now we come to my favourite department, the Department of Finance.

Mr. Van Mulligen: — Mr. Chairman, I definitely want to see the Department of Finance officials, and I think that the time has come to get some clear accounting of SaskPen Properties Ltd.

I have a very strong sense, as I read this, that the

government is just determined to take pension funds, to invest them in properties, even though the regulations for pension funds would prohibit that type of investment. They have found ways to do that. We have no idea what's happening here. I have some real concerns that pension funds might be compromised by the actions of the government, and I just think it's necessary and it is time that we get some report on this matter.

Mr. Chairman: — I would lend my support to that because even beyond what Mr. Van Mulligen is saying, the fact that the auditor notes in 13.15 that this matter was reported in 1985 in his annual report, he felt the need to report it again in 1986. So even though it was once reported, it appears that steps were taken to rectify the problem to the extent that, in the opinion of the auditor, it was required. When I read things like:

. . . the system of management controls is not adequate to ensure . . . public money is safeguarded. . . that all public money has been fully accounted for, and . . . all expenditures are properly supported and authorized.

It raises certain antennas about the management of this particular endeavour. And so I would support the need to call Finance on other issues as well, but certainly this one.

I would also, just for the . . . I guess they must get an indication of our discussions here. I want to question the department also on the issuing of special warrants and under what circumstances they can be issued. And I'm particularly concerned about the issuing of special warrants between April 1 and June 17 and what their opinion is. And that won't be under the year under review, but I will ask them about the year before, and I will give them a hypothetical case and ask them to explain it. Okay. So I think Finance will be before us.

Department of Health.

Mr. Rolfes: — Mr. Chairman, having some interest in this particular area, again I want to draw the committee's attention to again the department acting without approval of Lieutenant Governor, and this department is probably the worst. If you turn to page 81, the top of page 81 — oh, I'm sorry, page 80, 14.11, "Officials of the Department of Health did not obtain the approval of the Lieutenant Governor in Council . . ."

On page 81 on 14.14, the department did not get approval of Lieutenant Governor in Council. You turn to page 85, 14.51, the department officials did not obtain the approval of the Lieutenant Governor in Council.

If you turn to page 80 . . . Oops! Did I miss one? I must have missed one somewhere. There're about four or five in here where again, the department simply feels that they can ignore the Executive Council and, you know, proceeding with things that they have not got approval for. And they may get approval after, but that's the wrong procedure. And they should make sure that they abide by the rules and regulations. So I certainly . . . and those are just a few things.

I also want to ask a question or two on the Saskatchewan

Medical Care insurance Commission, so I want to see the Department of Health.

Mr. Chairman: — Anyone else? No, okay.

Mr. Rolfes: — Oh, by the way, one further thing. it wasn't just the Minister of Health, but certainly the Minister of Finance went beyond his authority in viring. At least, according to the Provincial Auditor, they have an explanation as to why they think they have, but I want to question them on that particular thing.

In statute, I . . . no, Legislative Statute is it? I'm not quite certain. Certain amounts are appropriated to the University Hospital, and they must go for the University Hospital, and the Minister of Finance vired some of that money to other areas. So I want Department of Health.

Mr. Chairman — Okay, we're on to the Department of Justice and the auditor's report as it pertains to that. Mr. Van Mulligen.

Mr. Van Mulligen: — Mr. Chairman, in many more words that I will use, it, seems to me what the auditor is saying that what we have here is a can of worms.

The auditor suggests that:

(His) representatives conducted additional audit procedures to discover whether the weakness in procedures had resulted in any cases of errors or fraud.

Mr. Martens: — Whereabouts, where you are?

Mr. Van Mulligen: — I'm on page 90 and 91.

. . . the following reported errors should not be considered to represent all cases of error,, or fraud but rather are presented to provide examples of the types of errors that were discovered . . .

He goes on to talk about two instances of moneys. In one case, \$300,000 not recorded to a division of the department and not recorded in the trust ledger. He raises the concern of the risk of misappropriation of assets without detection.

Secondly, he observed other instances totalling \$30,000 of fee revenue collected but not correctly reported or forwarded and raises the concern that if appropriate procedures are not monitored, the risk of errors or fraud is increased.

I very much want to hear from the Department of Justice as to just what is going on. I'm concerned in this instance that fraud may be taking place. If based on the brief, or the minimal additional, audit procedures by the Provincial Auditor, we have these instances of these amounts of moneys not being correctly reported.

I fear that the administration of the Department of Justice, in it's laxity, may be setting the stage here for some real problems. And depending on what their answers are, I wonder if there perhaps is a need for a full-scale, additional audit or investigation of this department, given

again just the brief instances or examples that are provided by the auditor.

Mr. Chairman: — Thank you, Mr. Van Mulligen. Anyone else?

Mr. Kraus: — Just a clarification. Their procedures could be improved, there is no doubt about it. But on the other hand, I just wanted to make sure that you understand the \$300,000 that's mentioned that hadn't been recorded, that wasn't lost. They had some term deposits totalling \$298,000 that they had not included in a monthly report. They had . . . And that of course isn't acceptable; they should be reporting them, but the moneys were there and safe, and they eventually did come into the central bank account. They have been advised that they are supposed to make sure that they're recording all the revenues they get. I just wanted to make sure that the committee understands that those moneys were not missing or anything like that.

Mr. Chairman: — Could I ask . . . I noted your comment about they have been advised, and I think that's fair, but have they responded about steps that they have taken?

Mr. Kraus: — In this particular instance they have improved their trust ledgers and so on, so that they'll be recording the revenues more appropriately in this particular instance I'm talking about here.

Mr. Chairman: — Thank you. Mr. Martin. No. I saw you move your mike, and I thought maybe you were ready to make a speech.

Mr. Martin: — . . . (inaudible) . . . I want to thank Mr. Kraus for coming in and clarifying that for us. I heard the alarm bells ringing there, and I'm glad you could clarify the thing.

Mr. Chairman: — I want to point out to the officials that when they feel they want to do that, just do it, and let me know that you want to get into it.

Okay, Mr. Van Mulligen indicates he'd like to have the Department of Justice before the committee. Then if there are no other questions, moving on to 95, Department of Labour and the auditor's report on the Department of Labour.

Mr. Rolfes: — Just again, an observation of another department not observing or following the statutes as laid down. I'm at 16.08 or 16.09 . . . and in the collection of revenues, here they've collected, I think, 2 million and some dollars and without the proper authorization.

And it just . . . I don't want to make a big issue out of it again, but it just seems to me there is just too many instances of activities going on which are not in line with the legislation and regulations that are laid down.

But that's all I have to say on that particular department. I don't want to go into any detail on it.

Mr. Kraus: — I think the only comment I might make there is that there was a mix-up as to who was to prepare the order in council. I believe Labour believed the

Workers' Compensation Board was responsible in this case, to prepare the order in council . . .

Mr. Rolfes: — My only question there would be . . . (inaudible) . . .

Mr. Kraus: — It has been agreed that they will do that in the future.

Mr. Chairman: — I don't hear anyone asking for this department to come forward, but I have some concern about some of the comments here. Is it fair for the committee to ask for the department, not necessarily to appear before the committee, but provide us with a report on the comments made in the auditor's report indicating what corrective measures they have taken to deal with the issues that the auditor has raised?

And when we get that written report we will look at it, and if we're satisfied, then we won't bother calling the department. But I think we should hold the departments accountable for their actions, at least to some extent, if not to the full extent.

Mr. Muller: — I think that's a fair . . . (inaudible) . . .

Mr. Chairman: — Okay, let's do that then.

A Member: — So let's keep them on their toes for . . .

Mr. Chairman: — Exactly. We shall then have that request sent forward.

Parks and Renewable Resources, page 103.

Mr. Rolfes: — While we're still on the estimates, maybe we could, without calling them, maybe we could ask our questions in estimates and therefore we won't have to call them.

Mr. Neudorf: — We just found out that you were doing that in Energy and Mines here. It reminds you . . .

Mr. Chairman: — But he didn't get the answers, he says. Okay. We note the report of the auditor on Parks and Renewable Resources. Any questions of the auditor or Mr. Kraus? If not, we move on to the Department of Revenue and Financial Services, 105. Mr. Kraus, which one are you on?

Mr. Kraus: — On Revenue and Financial Services. It's now rolled into Finance.

Mr. Chairman: — Yes.

Mr. Kraus: — So if you were going to call this department, they would be coming in as Finance.

Mr. Chairman: — Automatically.

Mr. Kraus: — Yes.

Mr. Chairman: — I agree. So they will be appearing before the committee as part of the Department of Finance. So if we have some questions, we can then address them at that time.

This is a long one — page 121, Department of Social Services. I would be surprised if we didn't call this one. Any feeling about . . . It's always called.

Mr. Rolfes: — Well, for one day we'll have an exciting day anyway.

Mr. Chairman: — This thing's always called, I think.

Mr. Rolfes: — Yes, I would want to have the Department of Social Services called.

Mr. Chairman: — Okay. According to tradition just established at the beginning of this committee, it is 9:30 and it's time to take a little 10- or 5-minute break for a refill of coffee and looking after other needs.

The committee recessed briefly.

Mr. Chairman: — Members of the committee, Social Services we have put on the list to call before us. Department of Supply and Services you will find on page 128. Are there any . . . Mr. Van Mulligen.

Mr. Van Mulligen: — What's the situation here? The Department of Supply and Services, as I understand, is now all part of the . . .

Mr. Muller: — But in 1986, which is the year under review, it was still the Department of Supply and Services.

Mr. Van Mulligen: — So the officials from the Crown management property corporation . . .

Mr. Chairman: — Would have to speak . . .

Mr. Van Mulligen: — . . . would have to . . .

Mr. Chairman: — Mr. Kraus, can you clarify here?

Mr. Kraus: — Well I was just going to say, yes, if people that would be speaking to these issues, if they were called in, would be the Saskatchewan Property Management Corporation's officials . . . (inaudible interjection) . . . That's right. Yes.

Mr. Van Mulligen: — Saskatchewan Property Management, is that what it's called?

Mr. Kraus: — Saskatchewan Property Management Corporation.

Mr. Van Mulligen: — Okay. I think they should be called . . . (inaudible) . . .

Mr. Chairman: — Okay, Supply and Services, as it was. Can I ask Mr. Kraus or Mr. Wendel: now that there is no longer a Department of Supply and Services and there is a Saskatchewan Property Management Corporation, is that — in the future — corporation required to report to this committee? It is a legislative Crown corporation, or whatever it's called. Do you know?

Mr. Kraus: — Well, the Clerk could probably clarify that, but I know that the Sask Housing has certainly appeared

before this committee because it's a treasury board Crown.

Ms. Ronyk: — Yes, Mr. Chairman, if the auditor has audited the corporation and has reported on it, it certainly is in the committee's mandate to call a corporation official.

The committees in the past have worried somewhat about there being overlap between Public Accounts and Crown Corp, and we have indeed had corporations at both committees in the same year, but there has never really been an overlap in the items that were reviewed. And the focus of the committees is so different that it hasn't really been a problem for members in the past.

Mr. Chairman: — Okay. Thank you for that clarification. Supply and Services, then.

Tourism and Small Business, page 133. Any questions of the officials who are here?

Okay, the committee will then note the report that has been provide by the auditor on this, and move on to the Department of Urban Affairs, page 137. I'll just wait for a moment for members to catch up with . . . I see no one wishing to speak on this one. We will then again note the report of the auditor on the Department of Urban Affairs, and move on to Indian and Native Affairs Secretariat, page 142.

The clerk draws to my attention that we earlier agreed that Indian and Native Affairs Secretariat would be called forward on last year's business so it's already on our agenda. There is nothing that prevents us while they're here, referring to the report that's here. So I just bring to the attention of the committee that that agency will be coming before us when we . . .

Mr. Van Mulligen: — I was going to ask some questions as to . . . we seem to be just skipping through departments. Some people are suggesting that certain departments should be called in to ask them about *Public Accounts* or the auditor's report. As I understand it, they have an opportunity to appear here in any event with respect to *Public Accounts*, and we may well be putting these questions to them at that time as well.

Mr. Chairman: — Yes, that's . . . exactly.

Mr. Martin: — I think I misunderstand here. Are we not bringing them in for the last report first, and do we not have to clarify all that first before we go on to this last report?

Mr. Chairman: — We don't have to, but since we have called them for the last report, we can deal with that and then move on to the present. I would not recommend we call them twice. When we call them we might as well deal with them.

Mr. Muller: — There's no use mixing the two years while they're here. We may as well start from . . .

Mr. Chairman: — Start from the beginning. Okay.

Legislative Assembly Office. I don't know about this one. Any questions here? Any questions, any need to call them?

Mr. Muller: — None for me.

Mr. Chairman: — There's one comment here about possible changes to some of the legislation. I think that's. . . those points that may be well made and the . . . What is that committee that oversees the operation of the Legislative Assembly Office? The Board of internal Economy should maybe examine some of the recommendations that are made here.

Mr. Rolfes: — Mr. Chairman, I must admit, in perusing this report I did not read this one in any detail, but I think it should be noted, 24.03, and I did not know that this was happening.

In my opinion, the payment to members of the maximum annual expense claim at the beginning of the year, or without adequate supportive documentation, is contrary to the intention of the Act.

I didn't know that we paid the maximum annual expense claim at the beginning of the year. What happens if a member should resign during the middle of the year? Or what happens if the member dies during the middle of the year?

A Member: — He did all his travelling earlier.

A Member: — He'll be doing a lot of travelling after, but not saying which way.

Mr. Martin: — What you're referring to there, the annual expense . . .

A Member: — Depends on which side of the House . . .

Mr. Martin: — The annual expense . . .

A Member: — Well, ours we know.

Mr. Chairman: — Order.

Mr. Martin: — The annual expense claim, is that that niggardly amount of money we get for travelling back and forth from our constituency to the Legislative Building? Is that which one we are referring to?

Mr. Chairman: — Can some of the officials help us there? What are you referring to?

Mr. Martin: — Which one is that? That's all I'm asking.

Ms. Ronyk: — It's only small for Mr. Martin who lives in town. It's a substantial amount for members who live outside of the city.

Mr. Martin: — That's the one they're referring to, is it? The one we get to travel from the middle of your constituency to the Legislative Building — the 35 trips a year you make back and forth.

Ms. Ronyk: — Yes.

Mr. Martin: — Okay.

Mr. Van Mulligen: — . . . (inaudible) . . . think that Mr. Martin should be getting a travel allowance seeing as the Legislative Building is located in his constituency, unlike some of us who have to travel for a few extra blocks.

Mr. Chairman: — I think, Mr. Wendel, we've got it clarified. I think we've got that clarified. Anyway, I think of the concerns I think we should not take lightly and we should note, and I think put on the record that we would like the Board of Internal Economy to take a look at it.

Mr. Rolfes: — We expect some tighter . . .

Mr. Chairman: — Just for clarification so that people are making sure they know what their ground rules are.

Mr. Martens: — The interpretation on 24.03 is that the intention of the Act was not that, but if the Act doesn't actually say that, then that maybe should be the part that's cleared up. Then let it say what really we want it to say, if in fact, we do want to make some adjustments.

Mr. Chairman: — Agreed. Okay. The next one, 145, Liquor Licensing Commission. Any questions there?

Mr. Rolfes: — You don't want to over-emphasize; 25.03 is the same point again that I want to make. Without satisfactory authority — now, "without adequate statutory authority":

Therefore, it is my opinion that payments of approximately \$26,000 made from September 1, 1984 to March 31, 1985 to the former commissioners were without adequate statutory authority.

You know, there's another one of those that if you don't have statutory authority it shouldn't be done, and those officials should know that. That's part of their job, is to make sure they know what the statutes are and what they say and what they're able to do.

Mr. Muller: — Would it be satisfactory enough for recommendations to go to that department from this committee that this, and I . . .

Mr. Rolfes: — Well I have no intentions of . . . Yes, that would satisfy me, certainly.

Mr. Chairman: — Okay, can the committee then express — and I'll let the clerk make the wording — but can the committee then express its concern about this, ask why it was done, and ask whether steps have been taken to ensure it won't occur again.

Mr. Muller: — Yes, that's to be . . .

Mr. Chairman: — Okay, and we will expect them to give us a written report.

Municipal Employees' Superannuation Commission is

where we are, on page 147.

Mr. Van Mulligen: — Will the people responsible for this commission be appearing if and when Urban Affairs appears before us?

Mr. Chairman: — I don't think necessarily so, or do they?

Mr. Kraus: — This particular fund, the administrators are now with the Department of Finance. They're now part of the Public Employees Benefits Agency so they could be, I suppose, appearing under the Department of Finance.

Mr. Van Mulligen: — When Finance officials come, we have questions we can out to them at that time.

Mr. Chairman: — We should just indicate, I think, for the Department of Finance's information, that we will want to ask questions about the superannuation commission when the Department of Finance is here so that they may have some of the people responsible in attendance.

Mr. Van Mulligen: — There may well be questions but . . .

Mr. Chairman: — Not sure.

Mr. Van Mulligen: — . . . not entirely sure that there will be questions.

Mr. Chairman: — Further to what Mr. Van Mulligen says about there may be . . . I think the clerk brings to my attention something which is worth noting on the top of page 149. I am reminded that the committee did ask the public's — the Municipal Employees' Superannuation Commission to do a special report for the committee a year or so ago, and that was provided. And then the auditor says that:

. . . in (his) opinion, the Commission now has implemented appropriate procedures and maintained appropriate records and has . . . material aspects complied with the motion of the Standing Committee on Public Accounts.

Top of page 149, which I think reinforces the role of this committee and the fact that we can cause things to happen and have done so.

Mr. Rolfes: — Mr. Chairman, in spite of that though, I want to again draw the committee's attention to transactions without apparent authority. And there were a number of them, at least three or four, noted by the Provincial Auditor.

And I think the same . . . I would make the same suggestion as we made in regards to the others, that we are concerned about this, and ask them to report whether they've made corrections in that regard.

Mr. Chairman: — Okay. The committee I think agrees that we will ask them to report on what they've done.

Mr. Neudorf: — Maybe, Mr. Rolfes, just make a blanket statement indicating that all departments not appearing before this committee that have been negligent in that aspect be contacted on that particular . . .

Mr. Rolfes: — Yes, I would certainly move that. Or you could move it, fine. I would certainly move that we contact all those departments . . .

Mr. Chairman: — That we're not calling.

Mr. Rolfes: — . . . that we are not calling to notify them of our concern of making transactions that do not have the apparent authority in statute for those transactions. And that we would like to have a report to see what corrective actions they have taken in that regard.

Mr. Chairman: — In keeping with what the pattern has been, we want a report on why the thing happened in the first place. Maybe there's a good reason. And secondly, what steps have been taken to correct the situation so it does not happen again. And that's good. Thank you, Mr. Neudorf; that's very helpful.

Northern Forest Operations Ltd., 151. No questions? Is there any comment by the officials?

Carrying on to 154, Office of the Executive Council.

Mr. Rolfes: — I want to direct the committee's attention again to 28.05 and 28.06; same thing applies here.

Officials of the Office did not have documented control procedures in place to ensure that all expenses paid by the Comptroller and charged to the appropriations for the Office were properly authorized, accurate and complete.

And no. 28.06:

The consequence of this weakness is that the Office of the Executive Council may fail to detect incorrect, incomplete or unauthorized charges made against its appropriations on a timely basis.

Mr. Kraus: — I do have a comment on that one. This is a comment that's been made about a number of departments and it relates to our new revenue expenditure system.

We put the system in place and we were . . . it was a new concept and we will be talking about it, I guess, when the Department of Finance is here. But it's a new concept where we're no longer inputting the information into the computer system, but rather the departments now do out in the departments. And there are checks and balances at that time before we finally get the information to process. The computer does certain checks and balances as well as individuals and departments.

Now what the auditor is getting at is that there should be some additional controls by the departments to ensure that when they get reports back, after all the processing is completed, the cheques are issued and so on, they should be doing some additional work to make sure that everything that they sent to us is correct notwithstanding the fact that there are considerable controls in the system to start with to ensure that everything should be processed correctly.

We're not completely in agreement with the auditor on this particular issue, but I will say that some departments have nevertheless, and I do it myself as a manager, are taking the time to check off the reports that we get back, the expenditure of reports that we get back, to make sure that all the invoices were processed correctly even though I have considerable faith in the system. And I guess the point I'm trying to make is that it's really probably a problem that should be addressed by myself because, in part, the Department of Finance and myself have put departments in this position.

But specifically, Executive Council is now implementing additional control procedures to balance their input with the output that I give them. So we feel they're doing all that's necessary. But it really is a problem, I suppose, that we should be addressing this, opposed to each and every individual department.

Mr. Chairman: — To my hearing, you say that you're satisfied now that the controls have been put into place.

Mr. Kraus: — The controls are better than they were when we first had the system in operation. And specifically, Executive Council is implementing additional control procedures, so they're doing at least as much as everybody else is, if not more.

Mr. Rolfes: — I would like to know if you can provide that, or maybe the Executive Council has to provide it. What are those additional controls?

Obviously the auditor had some concerns that the information or that the appropriations were not properly authorized, accurate and complete. And therefore they did not know whether the correct appropriations had been made,

Now what I would like to know is what are those corrective actions that have been taken in order to assure that they are fully aware of . . . they're fully — what's the word I want? Not aware — but they are satisfied that the correct appropriations have been made?

Mr. Kraus: — In addition the many other controls that are in the system, what Executive Council would be doing here is when they get the expenditure reports back from us at the end of the month, they are actually taking the invoices that they have sent in for processing and they're checking them off against the reports that I send back. So they are satisfied then that everything has been processed, that only those things that they have authorized for processing are in fact processed and charged against their vote.

And this is what we're getting back; we're getting into something now that we're talking about initially this morning, and that was about checkers checking checkers. And perhaps we will want to talk about that a little more when Finance comes forward because we do have controls in the systems, and at some point in time, a government organization or a business has to take some risk. And there's a limit to how much checking you can do, but we feel there's more than adequate control over these expenditures.

Mr. Rolfes: — Okay, not knowing the details of it, I can't, you know . . . no way that I can . . .

Mr. Martens: — Mr. Chairman, if you do that, Herman, when the Department of Finance is here, then you can get kind of the overall view for their systems change at that time.

Mr. Rolfes: — Yes, that's true except this isn't Department of Finance. This is Department of Executive Council which . . .

Mr. Kraus: — This particular recommendation or comment or concern by the auditor has been raised probably seven or eight, maybe 10 times, different departments. This is just another department that's being raised.

Mr. Rolfes: — Oh, I see. Okay, good enough.

Mr. Kraus: — But I think we should try to give you an overview of how this systems works.

Mr. Rolfes: — Okay, I appreciate that.

Mr. Chairman: — We have noted the report on the Office of the Executive Council.

Saskatchewan Centre of the Arts. Questions?

Mr. Rolfes: — Well, I don't . . . likewise. This one is . . . I mean, obviously there's been a discussion between the Comptroller and the auditor because it's 29.06 and 29.07. This obviously pertains to the same thing again. So I'm not going to make a big issue out of it.

Mr. Chairman: — Anyone else? Okay, we've noted that one.

Saskatchewan Crop Insurance Corporation, page 157.

Mr. Rolfes: — Yes, it's not in here at all, but could someone tell me — we are not limited to just the auditor's comments on this in examining departments, are we?

Mr. Chairman: — Not when they're here.

Mr. Rolfes: — Not when they're here.

Mr. Chairman: — We can examine everything pertaining to the public accounts of that department for the year under review.

Mr. Rolfes: — Well I have not examined the Public Accounts in the Saskatchewan Crop Insurance Corporation. I'd like to know how the crop insurance corporation is functioning now that it has moved from Regina to Melville— is it? Melville, I think— and just see how it is functioning.

And it would be interesting to know how they are doing out there, you know, and do farmers have access to them. And I'd like to . . . I laud the government, by the way, for the move. I agree with that particular move, that we should decentralize. But I'd like to . . .

A Member: — I'd like to see your comments in the press.

A Member: — Well the press is here.

Mr. Chairman: — He wasn't elected then. The press is here.

Mr. Rolfes: — But I also, having said that, I'd like to know whether or not it's meeting its objectives.

Mr. Neudorf: — That would be a little bit premature at this point.

Mr. Rolfes: — Well I don't know. That's why I asked.

Mr. Chairman: — Well since we're calling the Department of Agriculture we can put the crop insurance on stand-by and when we've talked to the Department of Agriculture we then determine whether we still want to call it. Is that fair?

Mr. Martens: — Just a comment on that. ACS (Agricultural Credit Corporation of Saskatchewan will have to come from Swift Current, and crop insurance will have to come from Melville, and you have to keep that in mind. That's not a negative to the discussion, but you have to keep that in mind. Crop insurance is under the Minister of Rural Development, so it isn't to do with agriculture.

Mr. Chairman: — Yes, and that's a point well made. When we decide that we're going to call crop insurance we should make sure that we call it for a particular day, not to sit here on stand-by, but that we're going to deal with them that day. And that's, I think, a good point to make. I'm just going to put crop insurance on the list and then we can determine what we do with it later.

Saskatchewan Housing Corporation, page 159, Are there any general comments or questions?

Mr. Rolfes: — The only question I have is— have the Crown corporations dealt with Sask Housing?

Mr. Chairman: — Yes.

Mr. Martens: — They're just doing it now.

Mr. Muller: — I think they're done with Sask Housing.

Mr. Chairman: — I notice the note here on page 161, 31.18 — No regulations for programs. I haven't read this carefully. Is this saying that programs exist and then there are no regulations provided?

Mr. Wendel: — That's essentially what it's saying, Mr. Chairman, yes.

Mr. Rolfes: — I have just one question. Does the home improvement grant come under the Saskatchewan Housing Corporation?

Mr. Chairman: — Yes.

Mr. Rolfes: — And is that . . . could we ask questions on that under this?

Mr. Chairman: — That won't be under the year in review, under review.

Mr. Rolfes: — So we'd have to wait till next year. Well that's the one that I want. I'll make you a bet, and I'll give you 10 to one odds that the auditor is going to have remarks on that home improvement program.

Mr. Chairman: — Let me follow up on my comment on no regulations on the program because I go . . . on page 162, and I notice that:

The following programs did not have regulations governing their operations on December 31, 1985:

Co-operative housing, farm housing, handicap home modification, Build-A-Home, Saskatchewan family home purchase, and non-profit sponsors of senior citizen's accommodation.

And I'm not sure if that gives the officials over there *carte blanche* to do what they want, when they want, without any regulations which guides them. And if it does, I'm not sure that's appropriate. This very well may have existed 15 years ago, but that doesn't mean that it's right. And can I have some clarification from Mr. Kraus about what he can comment on this? And he doesn't have to, but can you help me out?

Mr. Kraus: — I believe . . . I really don't have too much to add to what the auditor is saying. I believe . . . I guess what I could say is that I believe the board or the corporation believes that in some cases they do not need specific program criteria established by order in council or through regulation or whatever. That's their position.

Mr. Chairman: — Can I ask either you, Mr. Kraus, or Mr. Wendel, whether the board then has a definitive policy manual or policy description under which those programs have to be administered? Are we able to have that before us, or should we ask somebody else?

Mr. Wendel: — I think we would prefer you would address that to the corporation.

Mr. Chairman: — Fair enough. I'd like to do that. I think I would like to ask the corporations some questions there.

Mr. Rolfes: — . . . (inaudible) . . . ask a question of clarification. If some of these Crown corporations are going to be audited by private auditors, can we still call those people before us, or how is that done?

Mr. Chairman: — I think ultimately they're still responsible, aren't they?

Mr. Wendel: — If I could answer that, Mr. Rolfes . . .

Mr. Rolfes: — Yes, I would appreciate it.

Mr. Wendel: — If we continue in the supervisory role that we talked about the other day, then we will be reporting in here, at which point you can . . . (inaudible interjection)

. . . Well if we don't, I can't comment on that.

Mr. Rolfes: — No, I don't think it's hypothetical, because it's obviously they're going to do it. Well my concern is . . . Okay, let's say Saskatchewan Housing Corporation is going to be audited by private auditors and the Provincial Auditor doesn't put his final stamp on it. As you suggest, wait till next year and ask the questions. I won't have a chance next year to ask the question if they don't come before us.

Mr. Martin: — But as it stands now, unless there's a change in the legislation as it stands now . . . And there are something like — how many? Are there 18 in here that are going to be audited by the private auditors? The Provincial Auditor still has the final stamp of approval on those . . . on the audit of the — you know, of the audit on the audit, unless the legislation is changed, as I understand it. And there's still no change in legislation that I . . . (inaudible) . . .

Mr. Chairman: — The custodians of the rules of the Assembly may correct me, but it seems to me that if there is a change in the legislation which eliminates the supervisory role of the auditor, what we then will not have is the benefit of a report of the auditor with his comments on things he sees that maybe not quite correct, but we will have the *Public Accounts* still, and this committee does consider the *Public Accounts*, and therefore under the *Public Accounts* will be able to call that particular Crown or agency, such as Sask Housing Corporation, to the committee. Am I correct, or would you rather I check it?

Ms. Ronyk: — I think that's true, but I don't know what's in the *Public Accounts* on the corporations, and maybe Mr. Kraus could elaborate on that.

Mr. Martin: — It's important to understand that when a private firm audits a Crown corporation, audits their books, that information then becomes public and can be scrutinized by anyone, including the Provincial Auditor,

The Provincial Auditor still has the final say on all moneys that are, you know, moved around within the province of Saskatchewan, as I understand it. And I never heard anything about changing that particular legislation; in other words, putting him out of work. He's still got the final say.

Mr. Chairman: — I think the reason Mr. Rolfes raises the question is because in the early part of the Provincial Auditor's report he makes reference to a statement made to him by the deputy minister of Finance saying that they're working on legislation which would remove the role of the Provincial Auditor from some 18 Crown corporations. That hasn't happened. But if it does happen, I think the question's then irrelevant.

Mr. Rolfes: — But obviously nobody can answer that here.

Mr. Martin: — But only he still has the final say on the audit of those books. I mean, unless that's changed in the legislation, and I can't conceive that's going to happen.

Mr. Chairman: — Until we see any legislation that may come, we don't know that.

Mr. Martin: — But there's no question that Crown corporations are going to be audited by private companies. They've made that perfectly clear, from what I understand. It says right here. Is that not true? I mean, that's certainly your understanding.

Mr. Wendel: — As I understand it, Mr. Martin, they intend to have private sector auditors audit some of the Crown corporations. Our concern is that we do have the final say as to what work is done and how it will be reported.

Mr. Chairman: — And ultimately it will be a decision of the government, and the government will have to answer for it. But I also draw to the attention of the committee — they may want to address this at some time — that if that is a decision of the government to have private auditors audit these 18 Crown corporations which were reported to us on September 11, the auditor notes, and I read:

It is in my opinion that the enabling legislation for Crown corporations numbered (and they're numbered 3, 4, 7, and so on) would require amendment of the specific enabling legislation for these Crown corporations in order to permit the executive government to appoint an auditor.

So for a wide range of those corporations the government is not able yet to appoint an auditor, because there has not been enabling legislation. So for the time being, the Provincial Auditor is responsible.

Mr. Rolfes: — All I wanted for clarification, Mr. Chairman, was whether or not . . . I mean if it was taken away, the final supervision or scrutiny of those Crown corporations was taken away from the Provincial Auditor, would we still be able to scrutinize those annual statements? And I'm not sure that we are, and that's the question. And therefore what I was concerned about in the home improvement program would no longer be under our jurisdiction. That's what I was concerned about. Okay, fair enough.

Mr. Martens: — I think, Mr. Rolfes, that this committee has the right to call whoever they choose under their legislation, and I don't think that you need to worry. If in fact the decision by this forum is to call some Crown because of whatever kind of a report that was handled, I think we would have an opportunity to do that.

Mr. Rolfes: — Well fair enough, that's good enough.

Mr. Chairman: — Thank you. Saskatchewan Legal Aid Commission, 163. Any questions here?

Mr. Rolfes: — Well 32.02, I don't want to make a big deal out of it again, but here we find again another weakness of the delay in collecting of money and/or impairment in the collection of moneys. And I just want to note that, you know, if you add them all up together, it may amount to a lot of money in the government if the money isn't collected on time, and maybe some corrective action should be taken.

Mr. Chairman: — In lieu of our not calling the commission, can we note that the auditor had expressed this particular comment, so that it's . . .

Mr. Rolfes: — Then we don't have to call them.

Mr. Chairman: — Okay. Saskatchewan Library, 164. Any questions? Hearing none, we will . . .

Mr. Rolfes: — Well the same thing applies. I just don't want to bring it up.

Mr. Chairman: — Well we have a blanket recommendation here, so we'll be expecting a report. Saskatchewan Library. We have noted that report.

Saskatchewan Power Corporation.

Mr. Rolfes: — Saskatchewan Power Corporation. I do want to note this one, Mr. Chairman, if I may, 34.02, because it's a big sum:

In 1985 the corporation purchased natural gas from a number of suppliers at costs in excess of . . . (one million). These purchases were not approved by the Lieutenant Governor in Council prior to purchase.

I think it's a fairly large amount of money and they simply, again, did not have approval by the Lieutenant Governor in Council, and I think again that they should be made aware of our concerns in that area.

Mr. Martens: — Do you want to ask them?

Mr. Chairman: — Why don't we ask them to come here for one-half an hour.

Mr. Rolfes: — Well we could ask the Sask Power Corporation to appear. Let's put them down anyway and see. We might have way too many.

Mr. Chairman: — Yes, that is . . . I mean, there's no sum of money that's too big or too small when you're dealing with taxpayers' dollars, but this is a very substantial sum. We'll probably not spend a lot of time with them but let's ask them to come forward.

Saskatchewan Telecommunications Superannuation Board, 166. The auditor reports here there seems to have been some corrective action taken.

A Member: — Yes, it's in the final comment.

Mr. Chairman: — Yes, so the final comment is, although there was some concern, the auditor reports:

. . . that the Minister's approval for the above noted investments was subsequently obtained.

So hopefully that will mean that in future there will not be improper and premature action on the board's behalf until approval is obtained in advance. Any comment or question?

Okay, we have noted that.

Saskatchewan Transportation Company.

Mr. Rolfes: — I just want again to draw the committee's attention to 36.03 — not proper authorization by the Lieutenant Governor in Council.

Mr. Chairman: — In excess of 1.2 million.

Mr. Rolfes: — Yes.

... borrowings in excess of the amount authorized was (by) approximately \$1.2 million.

Mr. Martens: — I just want to make a note that I think that that is right to ... your point is well made. If they in fact need that authority, it is not difficult for them to get it, and that should be noted. However, on occasion, sometimes they take and use their borrowings so that they don't have to take it out of reserve for the occurrence, that they get more interest out of what they leave in than what they take out. But they should have the proper authority to do that.

Mr. Chairman: — Could we ask the STC to give us a report on the nature of that borrowing, what its purpose was for, or do we have it here?

Mr. Kraus: — Oh, I don't have any information on the Crown Management Board Crowns.

Mr. Chairman: — Then let's, if the committee agrees, let's ask the transportation company to tell us the nature of the borrowing, what it was for, and why it was not able to get this authorization beforehand.

Saskatchewan Water Corporation, 168.

Mr. Rolfes: — Same thing again, 37.07 — spending money for purposes not authorized by the legislature. This is a little different. It's not the Executive Council:

To the extent that financial assistance payments have been regarded as funded from monies appropriated for the payment of the administration costs of the corporation, it is my opinion that such monies are spent for purposes not authorized by the legislature.

And we should ask the Provincial Auditor as to, you know, the particular statutes that he is referring to, where the authorization came from.

Mr. Wendel: — Yes I could, Mr. Rolfes; 37.04 is the section of The Water Corporation Act that deals with appropriations of money, and it was our view that this should be a clear intent of what that money is being voted for, and if it's voted for that purpose, it should be used for that purpose.

Mr. Rolfes: — And would you know what they spent the money on that wasn't authorized by the legislature?

Mr. Wendel: — In 37.06 we make the general comment:

... the Corporation included as administration costs, financial assistance payments related to programs which no moneys were separately appropriated by the Legislature.

Mr. Rolfes: — Oh, I see. Okay. Could we ask the Saskatchewan Water Corporation to give us an explanation of what those moneys were spent on, what programs they were, that were not duly authorized by the legislature? I mean, I don't want to call them, but I would like to have an explanation as to what those programs were and who benefited from those programs, who those moneys were paid to which were not authorized by the legislature.

Mr. Chairman: — Let the committee ask them to provide that.

Mr. Martens: — Just to comment on it, this Crown corporation is different than all of the rest. Well, basically different than, because it is appropriated from different departments, money to spend. And that is different. And for you to ask the question to where it was spent, I think is good. It will give them an opportunity to define it.

Mr. Chairman: — Okay. Let us make that request then. I'm going to stop here. If the committee so wishes, we should really, with the time left, determine our work-load for next Tuesday.

First of all, we will have to deal with the remainder of the first part of the Provincial Auditor's report. I don't know how long that will take. We can either leave Tuesday totally reserved for that, and also leave time then to prioritize the departments that we are going to call before us, and leave it at that, or put some department on stand-by. I hesitate to put some department on stand-by because there's no way to determine how long the auditor's report yet will take.

Mr. Muller: — I think we should do that and then look for some officials for Thursday.

Mr. Chairman: — Okay. Meanwhile, I'll ask our clerk to give us a list of the departments that we have identified, and then we will prioritize, and if the clerk would be so good as to provide me an advance copy, I'll try as your chairman, to give you an idea of what I think should be prioritized, and then you can decide. Okay?

That being the case, I'm going to entertain the idea that we adjourn at this time and finish the rest of this another day, meeting next Tuesday. Thank you, it was ...

Mr. Rolfes: — Mr. Chairman, could I move the committee entertain ... would the committee entertain a recommendation that only for next Tuesday, that we start at 9 o'clock, rather than 8 o'clock? And I make this as a personal request, because I will either have to drive in late Monday night or early Tuesday morning. And I think what we have on the agenda we could easily finish in an hour and a half if we so desired. If not, you can certainly start at 8 o'clock and I'll come in whenever I'm ready. I have no strong feelings on it.

Mr. Chairman: — I'll leave it to the committee. Okay.

Mr. Muller: — You may have to accommodate me in the same way some day.

Mr. Rolfes: — I think we probably would. That's fair. Okay, 9 o'clock then.

Mr. Chairman: — Thank you. Have a good day.

The committee adjourned at 10:25 a.m.