

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**  
**May 8, 1990**

**Mr. Chairman:** — I'd like to begin by introducing Mr. Bob Vaive. Mr. Vaive was introduced in the Legislative Assembly, but I'd like to introduce him formally today as the new Clerk of the Standing Committee on Public Accounts. I know that Mr. Vaive will certainly be glad to answer any questions that he might have from members, between committee meetings, and I'm sure that he'll be glad to assist me if you have any questions during the committee meetings.

I'm sure that we welcome Mr. Vaive here. It's a time of many clerks, secretaries in the last number of months. We look forward to his participation, and look forward to the stability that someone with his experience will bring to his office.

We're now on item 1 of the agenda for today, which is, complete the review of the 1987-88 *Report of the Provincial Auditor*, and it was indicated that the only outstanding item at this point would be chapter 2 of that report.

There are a number of items raised in chapter 2, current issues of importance, specifically about the accountability process that the previous auditor felt had been resolved by virtue of an undertaking by the Premier to ensure the co-operation of Crown agencies and departments with the office of the Provincial Auditor.

The Provincial Auditor, at the time, was satisfied that such an undertaking would in fact resolve the problems that were reported in chapter 2; indeed the auditor's report for '88-89 does not make the same type of comment with respect to co-operation or lack of co-operation, as the case might be. It is no longer seen as an overarching issue.

There are other items, beginning particularly with paragraph 2.58 and there on, which continue to be reported, and therefore I would assume are issues that the committee may still want to address itself . . . may still want to address itself to those issues. And that is not to say that there is nothing to preclude them from any discussion on the previous paragraphs in the chapter with respect to the accountability process. And I throw it open for any comments from committee members.

**Mr. Hopfner:** — I appreciate your summation of the first part, but as we all know, our session of '87-88 had started kind of feisty like, and that was basically due to the auditor's report and then to some of the publicity the previous auditor had — and I'm referring to Mr. Lutz — had gained quite a bit of attention when he made some public remarks in Edmonton regarding Tory administrations and access to information within governments. And those kinds of comments had basically led to quite a lot of questioning regarding the access to information with auditors, and with the Provincial Auditor's department from other departments. And what I was wanting to ask is basically of the Provincial Auditor now that . . . Is the problems that the Provincial Auditor had with the private auditors, has that been settled by the professional body as of to date? I understand there was a situation that was taken and the professional, I guess it's kind of a court within its own profession, have they ever come down with a ruling regarding some of the

challenges that had been taken?

**Mr. Wendel:** — Mr. Chairman, Mr. Hopfner, those cases are still before the professional conduct committee of the institute chartered accountants.

**Mr. Hopfner:** — I see. And are they being heard as of now, or are they still laying in abeyance kind of thing?

**Mr. Wendel:** — I will be attending a meeting, I believe Wednesday or Thursday, with the committee, and I may have some more information at that time.

**Mr. Hopfner:** — I see. With the basis of where the Provincial Auditor had felt that there was not enough information at the Provincial Auditor's fingertips with various departments, has that all been satisfactorily resolved as far as you're concerned now?

**Mr. Wendel:** — Yes, Mr. Chairman, the access to information is much better than it was last year, and I believe there's only one or two instances in the 1989 annual report where we still haven't had access to some information.

**Mr. Hopfner:** — Is that the things that are in question, or are you just having to correct that and bring that into the current year's . . .

**Mr. Wendel:** — The matter in question is the Potash Corporation of Saskatchewan's minutes. We still haven't been able to examine those. In the case of Saskatchewan Property Management Corporation we weren't able to examine a budget document.

**Mr. Hopfner:** — With the Provincial Auditor in the summary of current issues of importance, and it's:

I cannot effectively carry out my role to watch over the public purse for my client, the Legislative Assembly. I recommend the process be repaired to require that appointed auditors and the Provincial Auditor work together on Crown corporation audits as joint auditors or with some similar arrangement.

Has that kind of been rectified now? Have you come to an agreement or were you satisfied, were your department satisfied now?

**Mr. Wendel:** — I think the way the Provincial Auditor was making that comment based on the observation he makes in paragraph 2.20. What he was saying there is that he no longer felt he could serve the Assembly because 50 per cent of the public purse was being examined by other auditors and he was being denied access to information. When a case arose where he wasn't able to rely on an appointed auditor, it wasn't always possible to go back and do all of the work after the fact . . .

Now part of this problem is being corrected. As the Provincial Auditor reported last June, the Premier sent a memorandum to all agencies and advised them to co-operate, and co-operation has been much, much better. There is a problem, as I pointed out in the 1989

annual report, that if co-operation isn't forthcoming, it may still be possible that the Assembly won't be served. Like if the appointed auditor hasn't done everything that's required to be done, and we show up six months after the year end and find the work's not sufficient for us, then it may not be possible to go back because the year end's gone by. And in that case you may not get all the information you were supposed to get.

**Mr. Hopfner:** — When you do an audit though, the audit is not actually complete until . . . you could do a summary audit of that particular audit anyway, could you not, and present it to the committee?

**Mr. Wendel:** — I think that dealt with that situation in the 1989 annual report where we get into Saskatchewan Property Management Corporation, where we went in and did our own procedures after the fact. And the results were we weren't able to do a complete audit.

Now, by meaning a complete audit, part of the work we do is to express an opinion on whether or not there have appropriate control systems in place to safeguard and control public money. And to audit that you have to actually observe what the people are doing during the year. So if you arrive six months after the year end, there is no way you can observe what they were doing at that time. That's the problem simply.

**Mr. Hopfner:** — There's basic audit requirements, right? You all follow a certain basic type of audit requirements, do you not?

**Mr. Wendel:** — Generally.

**Mr. Hopfner:** — Like private auditors, Provincial Auditor?

**Mr. Wendel:** — I would say, generally, yes.

**Mr. Hopfner:** — What would you do differently than a private auditor?

**Mr. Wendel:** I don't think I would do anything differently.

**Mr. Hopfner:** — Yes. And then where you cannot rely on a private auditor, okay, your department could not rely on a private auditor, that would be then just basically that the private auditor was negligent in his work. Is that what it would be? Or would he not follow the same basic steps that you should be following?

**Mr. Wendel:** — I don't think I could, as a general comment, say they were negligent. I think as a case in point maybe we could work with the Saskatchewan Property Management Corporation. We went in and looked at the appointed auditor's files. Now when we go and do an audit we're required to examine certain audit evidence, document that evidence, and then form our opinions. We went in and looked at his files, and the auditor that I sent there to look at them said there's not enough information in these files for me to form an opinion.

It's a matter of the way they document their files, or they

may not have thought something was as important as we thought it was.

**Mr. Hopfner:** — So then when your auditor goes in and asks that auditor for the information and he comes up with that sort of a final summation that there wasn't enough evidence there, was there a lack of co-operation then with the private auditors when he asked for more information? Or did he ask for more information? Or what happened there?

**Mr. Wendel:** — I would think in the first years of this new work with these appointed auditors, the co-operation wasn't as forthcoming as it could have been, and they went ahead and did a number of procedures, did things on their own without discussing the matters with us. And as a result, we did have some problems. I'm finding that we do have more discussions with them now and we discuss what they're going to do before they actually go and do it, and it does solve some of the problems.

**Mr. Hopfner:** — Oh, okay. And so now basically what you're saying is the information could only be on a timely factor. It's not the fact of not getting the information; it's just on the fact the time limits. Is that what you're saying?

**Mr. Wendel:** — I would say generally. But as I pointed out before, there is situations that may arise where it's not possible to go back because the year end's gone by. There's nothing that can be done about it. If that co-operation wasn't there in the beginning, and time has gone by, it's not possible to go back and audit six, eight months after the year end.

**Mr. Hopfner:** — Year end is March 31, right?

**Mr. Wendel:** — Correct.

**Mr. Hopfner:** — Government year end. When is it timely for you to have your report finished?

**Mr. Wendel:** — Timely? If I had my preferences, I would like to have it ready for the first day of the session, the next session.

**Mr. Hopfner:** — So that'd be why it is almost, now, is almost a year.

**Mr. Wendel:** — If there was no fall sitting.

**Mr. Hopfner:** — No fall sitting. Would you normally have the auditor's report tabled in the fall? Not normally anyway. Was it? I don't think so.

**Mr. Wendel:** — I would have to go back and look.

**Mr. Hopfner:** — Okay. So the co-operation factor now is there between the private auditors and the Provincial Auditor's department. So we haven't got the problem there other than the fact that there might be a question as to why, of time limits, and that is the major part eh?

**Mr. Wendel:** — I think all I'm pointing out, Mr. Chairman, Mr. Hopfner, is there's a risk that exists in the future. It didn't happen last year but there's a risk exists that could happen again.

**Mr. Hopfner:** — But I was trying to establish it's not information, it's time. That's what I'm trying to establish. Like, if you have already indicated to the private auditors what you'd like to see, I guess they're going to go and get that information for you. But it's time a factor that you were really concerned with, I guess.

**Mr. Wendel:** — Mr. Chairman, Mr. Hopfner, if we're dealing with the potential for something to happen, that's one area. And I think what we're saying in '89 is, if that there's full co-operation from the appointed auditors and from the officials, then there should be no problem.

I think what was being reported in 1988 was that co-operation was not there, and as a result there were cases where it wasn't possible to go back and do that work because the year end had gone by.

**Mr. Hopfner:** — But the information would . . . any information that you asked of, you've never been refused, right?

**Mr. Wendel:** — Oh, yes, Mr. Chairman, Mr. Hopfner, they haven't refused it; it's just not possible for them to go do it. Even the appointed auditor can't go back and do it because the year end's gone by. If he didn't do it when he was there, it's too late. This is what the appointed auditor reported to us in the case of SPMC (Saskatchewan Property Management Corporation). Like when we went in and looked at his working papers, we said we'd like you to do this and this, and he came back after he tried to do it and said, it's not possible to do this because procedures have changed, staff have left, and I can't go back.

**Mr. Hopfner:** — It's a kind of a confusing thing for me because I'm going to ask, okay now, as a private individual, you audit me. I have an auditor come and audit my company. How is it that an auditor can go back on a private company but cannot go back on a Crown corporation, on a government business?

**Mr. Wendel:** — Mr. Chairman, Mr. Hopfner, he can go back and do a great deal of the work on a private corporation and on a government business. But depending what it is that he's supposed to do, he may or may not be able to do all of it. I think what you're talking about is an audit of the financial statements of a company. That work can all be done after the fact — or a great deal of it.

If you're required to prepare a report on whether or not management had proper control systems in place to safeguard and control the public money that they're looking after, some of that work could be done after the year end, but some of it cannot. It must be done before the year end because, as I was saying, you have to actually observe the staff carrying out their duties. That would be one of the normal audit procedures that I would follow or an appointed auditor would follow.

So if the year end's gone by and he hasn't done that, he can't go back and do it because staff have left; they may be following different procedures, and if you didn't observe it, you don't know whether they were doing that

or not. You can only assume they were doing that. And that's not sufficient for an auditor.

**Mr. Hopfner:** — If someone else wants to ask a question, I'll just pass for now. I've got . . . (inaudible) . . .

**Mr. Baker:** — Well I guess there's not much point in being in the committee. I've put my hand up twice so . . .

**Mr. Chairman:** — Sorry, Mr. Baker. If you were there first, then I'll recognize you. Mr. Baker, I didn't see your hand but if you had it up, then I'll accept that and let you go ahead.

**Mr. Baker:** — That's all right, go ahead.

**Mr. Lyons:** — Oh after you, Alphonse.

**Mr. Baker:** — Part of my question's been answered where you'd come down the chute on why you can't go back in. I'm not quite clear on why you couldn't go back in. I mean just because staff has changed or left, because when you're doing transactions, there's obviously records of transactions.

And I find it difficult to think that if you can't go back and follow the trail through, irregardless of who the employees are . . . you know, you come and have a tax audit done on you by Revenue Canada and they seem to be able to follow the trails fairly close. So I find a little difficult to get through my head as to why you have to observe the procedure to make sure that it's being done properly. The records will speak for themselves. The procedure, if it's not right, it'll be all messed up.

I guess that's where I have the difficulty in trying to understand why you can't go back in later, even after the fact and have a look at this. In this business that we're in, there's paper trails all over the place. We need to grow several more trees every hour just to take care of the paper trails.

And that's where I had some difficulty. And Mike went on and asked a couple more questions after I wanted to visit about it. But that's where I have a problem with the statement that you . . . I just wanted some clarification. You partly explained it to me but I still can't see where a staff change would make a difference here.

**Mr. Wendel:** — Mr. Chairman, Mr. Baker, what we're required to do in legislative auditing is actually form three opinions. Now if you're thinking of a private company where you've got a small business and you have your auditor come in and do the financial statements, okay, that's one thing that you have to do as a legislative auditor.

There are two other things, and another one is, as a legislative auditor you have to form an opinion as to whether or not the transactions have been in compliance with the law. We actually do additional work to make sure that the expenditures comply with the various statutes. Now that requires different audit procedures than the audit procedures to express an opinion on the financial statements.

**Mr. Baker:** — Is there no paper trail there for the . . .

**Mr. Wendel:** — There is a paper trail for that and that work can be done after the year end. Then there's another requirement of the legislative auditor and that is to form an opinion as to whether or not the control systems are adequate to safeguard and control public money. And that again is different audit procedures than the financial statement audit or compliance with authorities audit.

Some of those procedures, as required by our profession, we chartered accountants, require us to observe the procedures being carried out.

**Mr. Baker:** — Could you give me an example?

**Mr. Chairman:** — People opening up mail when it comes in . . .

**Mr. Wendel:** — Mr. Chairman points out a good example, is two people opening the mail. Now if you didn't actually see two people opening the mail, you might see where they've both signed off that they did it, but that's not the same as observing them doing it.

**Mr. Baker:** — You'd have to be parked there all the time, wouldn't you?

**Mr. Wendel:** — Oh, but you'd have to observe it.

**Mr. Lyons:** — I guess the general question, Mr. Chairman, are there any issues still current that were current in the current issues of importance last year? I know you mentioned some of the problems with SPMC in this year's annual report. I was wondering whether or not you're still having a problem with the Crown investments corporation. There was a reference last year to not being able to get at the minutes of the Crown investments corporation. Have those minutes been provided now to the auditor?

**Mr. Wendel:** — Mr. Chairman, Mr. Lyons, yes, all information has been provided by CIC (Crown investments corporation).

**Mr. Lyons:** — Okay. The same applies to SPC (Saskatchewan Power Corporation)?

**Mr. Wendel:** — Yes, all that information has been given.

**Mr. Lyons:** — SaskTel and PCS (Potash Corporation of Saskatchewan) . . . not PCS. What about WESTBRIDGE?

**Mr. Wendel:** — All that information has now been received. However we've not had an opportunity to assess it yet.

**Mr. Lyons:** — Okay, that's the first question. Second question is those questions raised under point 2.68, scrutiny of spending. In your opinion, are those issues improved, those issues raised by . . .

(pause)

**Mr. Wendel:** — Mr. Chairman, Mr. Lyons, what paragraphs 268 and one up, I guess, to 272 is dealing with

is the Provincial Auditor reported here that when public money is spent through a government department, the Assembly is provided with a list of the persons who receive money. This information allows the Assembly to question payments. When Crown corporations do not provide such a list, that's been recorded.

**Mr. Lyons:** — Has that situation improved though? You made mention that things are getting better.

**Mr. Wendel:** — That situation remains.

**Mr. Lyons:** — Remains the same. So there is not access to that particular information as to who receives the money off out of the Crown sector?

**Mr. Wendel:** — Mr. Chair, Mr. Lyons, we have that access. Like there isn't a problem with the Provincial Auditor having access to anything here. I think what's being reported here is that that information is not provided to this committee or to the Legislative Assembly.

**Mr. Swan:** — Is it provided to the Crown Corporations Committee?

**A Member:** — No.

**Mr. Chairman:** — Can I just ask: where would these paragraphs then be reported in your 1989 report?

**Mr. Wendel:** — I haven't reported that in 1989. I was waiting to see whether it would be dealt with.

**Mr. Lyons:** — Now the question was raised on the timeliness of the tabling of *Public Accounts*. Let's start at 2.83 running to 2.93. I'm wondering, in your opinion, has there been an improvement in the timeliness of the tabling of *Public Accounts*?

**Mr. Wendel:** — I think what was commented on in the 1989 annual report was that the *Public Accounts*, when they're tabled, are two-year-old information. When the Legislative Assembly is called on to approve the estimates for say 1990-91, what they have in their hands is the information for 1989. They do not have information pertaining to 1990. I think that's the point that Mr. Lutz was trying to make here, and that's the same point that's been made in 1989; if there's some way of getting some more current information when you're called on to approve the estimates.

**Mr. Lyons:** — Do you have suggestions as to how to do that?

**Mr. Wendel:** — You might consider interim audited financial information that would provide information similar to the audited information.

**Mr. Lyons:** — In the same format only without having a complete audit.

**Mr. Wendel:** — Yes.

**Mr. Lyons:** — Would that involve much additional cost, in your opinion?

**Mr. Wendel:** — Mr. Chair, Mr. Lyons, it would certainly involve some cost. I don't think it would be a great deal of cost, but I haven't costed it out.

**Mr. Lyons:** — Is it in the purview of your department . . . there's a number of things and there's a number, as I sit here . . . this is the second year now I've sat in Public Accounts Committee, and it's obvious that there's some technical problems that are being raised, for example, in terms of time limits, accessibility to information, that I find out that the auditor has and that you have access to, but that members of the committee don't have access to, the Public Accounts Committee or the Crown Corporations Committee for that matter. Some of it seems to be more of a technical problem than it is of a legislative problem; I mean legislative problem in terms of trying to actually hide information.

I was wondering, based on some of the things that emerged from this fairly full discussion we had last year on the problems, whether or not the auditor office was considering issuing a report on maybe some solutions to the problems that were raised in here, of how things . . . For example, yesterday in the Legislative Assembly we received the report of the public employees' superannuation board, annual report '85-86 with an audit date of October of 1989 on it.

It seems to me that that becomes . . . in fact is irrelevant, and particularly on a superannuation or pension fund where you have the kind of ongoing transactions, that the information provided other than the . . . Okay, what the bottom line was in '86 is basically irrelevant particularly given what's happened with the stock market and so on and so forth.

That that question of timeliness surely can be overcome by some method that the auditor can induce by some method. I mean if the facts and figures are there . . . They're all on computer, right? With computerization of the technology, surely there must be some way of auditing those kind of annual reports prior to three years later, after the fact. I guess the question is, is it the problem on the side of the . . . from the auditor's office or is it a problem of access to information again from that particular agency in that case?

**Mr. Wendel:** — Excuse me, Mr. Chairman, Mr. Lyons. In that case they got behind in their work. They had what I believe was an early retirement program, and it ended up that that took precedence over preparing the financial statements and preparing for the audit. That was the situation that arose there.

But just from another comment there that . . . I just want to point out that the Provincial Auditor cannot compel anything. He can only report. I cannot make them do their books more promptly or go in and audit if they're not prepared with the information for me to audit. I just want to make that point.

**Mr. Lyons:** — The point I was trying to make is that we are in a situation, it appears to me, where the financial affairs of the province in its broad sense as well as in specific instances, should now be technologically — because of technology, because of computerization, because of the

ongoing . . . for example, Mr. Kraus's office is in touch every month on what the financial affairs of the province are and what the bottom line is, those kind of things. There must be techniques available to the Provincial Auditor to overcome this question of timeliness. Everybody uses a spread sheet; everyone has got the sort of on-line, at-the-moment information.

It seems to me ridiculous that we're dealing with a situation where you got three or four years in reporting, both on the part of you of the agency, but also, I mean there must be some method of being for the auditor to click in to the financial situations of the Crowns and the government departments almost on an on-line, ongoing basis.

I guess the question is, is there any notion of having a review of the way in which access to information on an ongoing basis is obtained. Has the Provincial Auditor's office done that, developed some suggestions and ideas as how you go about bringing the technology flow into the 21st century?

**Mr. Wendel:** — Mr. Chairman, Mr. Lyons, it's a difficult question. We do have computer technology at the office and we are hooked up to, I believe it's called WESTBRIDGE now, we have a direct link with them. We have had that for many years and we do have access to information through the computers.

I think the problem with this public employees benefits agency, the superannuation plans, is management is responsible in those cases to prepare financial statements in an annual report to show how they've managed the money that they have been charged with.

We can audit before that. We can audit through the computer if you like, but until they actually prepare a set of financial statements for us to audit, we can't finish our audit. So the onus is still on management to prepare a set of financial statements. We're required then to come in and audit those financial statements and attach an opinion to that. Then they can go ahead and print it. But if they never get around to preparing that financial statement, I cannot do anything. I can only audit up to a certain point. I can have access to the information; I've had that access; I've done some of the work. But I cannot complete the work.

If that clarifies that a little, I . . .

**Mr. Kraus:** — In the case of the pension benefits agency, that is a hopefully unique case where they don't have any good excuses. I think they would admit that even though they got behind there in '87 or whatever, and definitely their intention is, is to have their financial statements audited and tabled in a timely manner. They don't want to be behind either. That's not talking about the broader issue, but definitely that specific issue should be and is supposed to be resolved. That's what they're working towards. They don't want to be having their financial statements tabled late.

For example there's a board for one of the pension plans that they administer and they're anxious as well to have the financial statements completed and audited in a

timely manner, the same as the legislature is, so there is an effort being made to do it on time.

On the broader issue that's another matter that you're talking about. As you pointed out, the financial data is obviously there, at least with the central systems. You can't say that for every agency, that they're computerized, but certainly with the central systems the information is there all the time.

We're making payments now for the new year and everything's there, and we take statements off internally on a regular basis. And whether the financial statements of the province were to be audited early or not, I suppose, depends in part on any number of issues, including the auditor's resources or, maybe I should say, ability to push things — I'm not sure whether it's ahead or back — but in any event I guess push them ahead. And I don't know if the auditor is in a position to do something like that, where the audited financial statements might be available much earlier.

I know you may not want to get into all of this, but there are some jurisdictions, for example, who have attempted — there aren't many, but there's one or two that have tried to separate these documents. There's the three documents and they . . . the volume 1 if you will, the main financial statements of their province are audited and in some way distributed to the legislature. I'm not sure . . . maybe it's through the Public Accounts Committee that meets all year round. That thing is out quite early in the year. These other documents come out much later, perhaps late in the fall or again in the spring, as they do here.

But again that means that the auditor, I suppose, would have to be in a position to audit the financial statements earlier. I'm not sure he is right now, but that's what he would have to aim towards.

**Mr. Chairman:** — I wonder if I might ask members, at this point — and I don't want to shut down any discussion to consider going through chapter 2 in a sequential fashion to enable us all to conclude our discussion on that chapter today. If there's some system to our madness here, we may be able to get through it.

There is over a hundred paragraphs in that chapter and, again, I don't want to take members away from any discussion that they think is important, but again I wonder if it's possible to do that.

Is there agreement on that?

**Mr. Swan:** — I'd like to ask one question on the line that we're going, but I think Britton was ahead of me.

**Mr. Britton:** — Well my question is . . . I want to take you back to the question of not being able to get a handle on, I guess, on your third option. That is more or less an efficiency part, is it?

**Mr. Wendel:** — No, Mr. Chairman, Mr. Britton, we don't audit for efficiency, no.

**Mr. Britton:** — Well then what are you saying when you

say you have to observe how the people do their work? What is that for?

**Mr. Wendel:** — We're observing a control procedure.

**Mr. Britton:** — Well what is control if it isn't efficiency?

Okay, I won't argue with you because . . . the reason I want to take you back here . . . I'm with you up to that point. And when I had an audit in my business, you're right, they done the financial thing and they done the . . . and then we would have someone telling, come down and stick around awhile and take a look at how my operations go. Okay? Now that's what I understood you . . . that's where your difficulty was in not being able to go back after year end.

**Mr. Wendel:** — Mr. Chairman, Mr. Britton, I'm not certain what it is that you had done, but what many of the downtown or private firms do when they audit a private company is they have maybe two engagements. They have an engagement to attest to your financial statements, and then you might engage them to provide you with some management consulting advice like to help you set up new systems or to give you some advice how you may want to finance things, or things like that. We don't do that type of work.

**Mr. Britton:** — So that third level of accountability you were talking about, you said that you couldn't do the audit properly because you couldn't observe. Now we'll just leave whether it's . . . what kind of a study it is. Would you mind telling me then, how do you get that information while the year is in the current year? Do you have people going and watching during the current year?

**Mr. Wendel:** — Mr. Chairman, Mr. Britton, yes, we do have people go in before the year end and they will do part of the audit ahead of the year end, yes.

**Mr. Britton:** — Okay, then why would they not have done it in the particular year that we're worried about? Why . . .

**Mr. Wendel:** — Mr. Chairman, Mr. Britton, we wouldn't have gone in in those particular years because there were appointed auditors. They would be responsible to do that.

**Mr. Britton:** — Okay, now I understand. I'm getting it clear now. Because I was kind of wondering, if that was where the problem was, then how are we going to fix it? And if you were doing that sort of thing, then it shouldn't have been. So that clears it up. Thank you so much, yes.

**Mr. Swan:** — I listened with interest to our auditor telling us that they had to observe, and then he gave the illustration of observing two people opening the mail, and that's great. I've worked in banks and different places during my life, and when the auditor was there watching, things were certainly done different that day than they were every other day. And I wonder if you think that it's that way in government or whether what you observe the day the auditor's there is normal process? I think we'd be a bit naive if we thought that was normal day.

**Mr. Wendel:** — Mr. Chairman, Mr. Swan, that wouldn't

be all the evidence we would seek but that would be one of the things we'd be looking for, and observation is a requirement.

**Mr. Swan:** — I don't know. I think some of what I see in this particular chapter is a bit of nit-picking going on between the Provincial Auditor's staff and the private auditors. There was quite an outcry by the Provincial Auditor's department against the idea of having any private audits done. But from the other side of it, I found once we had a private auditor doing a Crown that we got advice on an ongoing basis so that we could do a better job; that we couldn't get that advice by going to the provincial audit system. So there may be some problem but there's certainly some improvements.

And I hope that someday the Provincial Auditor will acknowledge that there is a different type of work being done by the private auditor that is not possible for the Provincial Auditor's department. And maybe in the next year or two, as you write this report, you'll keep that in mind. I think it would be advantageous to you and to us.

**Mr. Wendel:** — Mr. Chairman, Mr. Swan, that isn't . . . the opportunity to provide advice to the Crown corporations isn't within the mandate of the Provincial Auditor.

**Mr. Swan:** — I know. That's why I say it's better the other way.

**Mr. Wendel:** — Well possibly consideration might be given to giving that to the Provincial Auditor as part of his mandate. The second point you raise, Mr. Swan, was with regard to the appointed auditors. I think what was pointed out in his 1988 annual report was the appointed auditor also couldn't do this work because he said he hadn't observed the transaction. So it's not just the Provincial Auditor saying that, okay? It was also the appointed auditor saying that.

**Mr. Chairman:** — Could I just ask members if they have any further comments on chapter 2, paragraphs 2.00 to 2.57. I think in the main those are the . . . or at least from point 2.07 to 2.57 are the paragraphs that in the main would seem to have been resolved to the satisfaction of the auditor as a result of the Premier's direction last year to Crown and department heads.

Are there any further comments, discussions on those paragraphs that members want to raise?

**Mr. Hopfner:** — Well I don't . . . I think I was on the speaking list.

**Mr. Chairman:** — Yes, you got it.

**Mr. Hopfner:** — I don't think, basically that the problem's been resolved. I think we're going to see some of that back here in years to come, and in fact in entirety unless we can get some agreement, because what Mr. Swan was saying is probably very, very correct when he said that there appears to be some nit-picking. And the reason I say that is because basically various paragraphs in here kind of contradict each other and it definitely sets up a fact that there is some animosities.

And I like if you refer to paragraph 2.13, paragraph 2.13, and then that refers it back to 2.03, and basically what we're saying:

Appointed auditors as professionals serve their client, the Executive, with the same integrity I serve my client, the Assembly. However, no person can serve two masters who have different requirements and where conflicts of interest can arise . . . (and then it says see page 2.03).

I mean there can be a conflict of interest between the executive and the Assembly with regard to information. Well there's no truer statement in the world that there can be a conflict between the executive and the Assembly because the . . . we have a government and we have an opposition in the Assembly and there will always be a conflict.

And so when you look at the fact of doing proper audits, and from the statements I've heard in this committee, is that the only way a proper audit could ever be done on a department is basically by having the auditor do the work himself and then changing this and that, or making his own recommendations for himself to change this or that in the department.

This committee could not function or wouldn't have to function if there was no conflict. And every department tries to do their utmost to get a good report from the auditors, private or the Provincial Auditor. And it's this committee that tries to put things together and to make sure that these departments and the bureaucrats within these departments, that follow the rules and that the moneys are duly spent or that other decision making within the departments follow rules and procedures.

But what we have here in chapter 2 is the conflict of who should be reporting to who . . .

**A Member:** — To whom.

**Mr. Hopfner:** — To whom, thank you. And basically, I as a committee member here, by saying it, could have some . . . could not maybe have a total agreement within the committee by saying, well I as a committee member of the Public Accounts Committee could accept the Provincial Auditor report. Or if I look to the back of the book, I read an auditor from say, let's pick Clarkson Gordon, and they say that they felt that their audit is complete and satisfactory and feel good about presenting it to the Provincial Auditor for us. Well I would like to say that an audit, as far as I'm concerned, an auditor is an auditor is an auditor. Otherwise by law they should be dealt with by the profession.

And I would hope that if we're going to leave this particular kind of paragraphs that you've indicated that seem to keep revolving around the particular thing of private auditors versus the Provincial Auditor, I would think that that should not have to show up here again.

Like we understand the Provincial Auditor should do the final analysis and the reporting. But if an auditor, a private auditor can spend more time through the year in a department and can audit books say on a monthly base or on a quarterly base or a semi-annual base or whatever,

that should speed the process up if there's co-operation between both. You shouldn't have to have . . . I would think that you should want to see that co-operation from both. And as far as the private auditors as well, they should want to see. It's not a one-way street. But they should want to see that co-operation so that you could speed up the timeliness and the access of information. And I was happy to hear that that's what you're doing now; you were starting to do that.

But do you feel we have to be looking at similar paragraphs, like where there may be that difference between 2.13 and 2.03 where I just used an example. Do you feel we can do away with that?

**Mr. Wendel:** — Mr. Chairman, Mr. Hopfner, I think if there's full co-operation by this office, the appointed auditors, and the management of these various places, then there shouldn't be a problem.

**Mr. Hopfner:** — So then I'll wrap up my comments by saying if the department gives the information to the private auditor and the private auditor knows already what you're going to ask him because you say you're already talking to them prior to an audit, that that information should actually be flowing fairly evenly and you should be able to have everything done timely.

**Mr. Wendel:** — Mr. Chairman, Mr. Hopfner, yes it should. If there's full co-operation it should work.

**Mr. Chairman:** — I wonder, is it fair to say in our report to the Assembly that the auditor had expressed comments concerning the ability of the Provincial Auditor to carry out his role effectively and expressed concern about interference with the Provincial Auditor, but felt that pursuant to undertaking by the Premier that these issues had been resolved?

**Mr. Hopfner:** — Well that's just the point that I've been trying to make, Mr. Chairman.

**Mr. Chairman:** — Can we say that?

**Mr. Hopfner:** — When you use that kind of language it sounds like there was deliberate interference by the departments or by some boards or something or another to prevent that information from going to the auditor. Now the auditor is saying everything's okay. Like there was no deliberate initiatives taken by any of the departments not to give this information out.

Where there was some, it was basically on the timeliness, and the auditor already previously — I think it was about two meetings ago — had indicated to the committee that even when he does an audit that it may take longer. I mean, I think that's what you were more or less insinuating, that you can't specifically put a time on an audit; that it could take longer than what is anticipated to do a proper job. And those are pretty strong words when you're saying that the department was interfering.

**Mr. Chairman:** — I'm just simply stating what's in the report and what I know to be the case subsequently.

But it's 9:30; I wonder if members might want to take a

break and during the break give some thought to what they think could be put into our report to the Assembly, if anything, concerning the matter that is in fact there in the report. Okay? Take a break.

The committee recessed for a short period of time.

**Mr. Hopfner:** — You wanted it done up 2.57, so why don't we continue on from 2.57 because if something happens to relate further on in it here and flip back, well then could be . . .

**Mr. Chairman:** — There are issues raised subsequent to 2.57 that are very clearly reported in the auditor's report for '88-89, and I think can be distinguished from . . .

**Mr. Swan:** — You shouldn't take into account what's in '88-89.

**Mr. Chairman:** — No, no I know we shouldn't.

**Mr. Swan:** — Forget about that; just stay within this.

**Mr. Chairman:** — But it's, I think, as a group can be distinguished from preceding comments the auditor might want to make.

**Mr. Hopfner:** — All right let's try and sum up this then, Mr. Chairman, all right? Let's take from 2 to 2.57.

All right now, if we were to summarize or try to summarize what has taken place now through the discussion and going through the report and going through all the departments, if I asked the Provincial Auditor then, okay, what up to 2.57, how might you word any concerns you may have yet?

**Mr. Wendel:** — Mr. Chairman, Mr. Hopfner, I think as the Provincial Auditor pointed out last year, that it was reported to this committee that there was a memorandum sent around advising all government departments and agencies and appointed auditors to co-operate with the Provincial Auditor in that. Co-operation has been forthcoming.

**Mr. Hopfner:** — Okay. So as far as you're concerned then, your concerns have been met.

**Mr. Wendel:** — With the exception of the one item that I noted in 1989, yes.

**Mr. Hopfner:** — We'll deal with that in 1989. Okay. Now what we'll want to go on from 2.58 on to the independence, Mr. Chairman?

**Mr. Chairman:** — Are you asking here if up to 2.57 . . . Is there anything that you want to add to the . . .

**Mr. Hopfner:** — Well okay. As far as recommendation is concerned, I think we could . . . Do we not have to finish the whole chapter 2 before we can make our recommendation? You're not insinuating we have the recommendation for . . .

**Mr. Chairman:** — Well they are discrete and separate subjects in many ways.



**Mr. Hopfner:** — You want to have them? Any of you want to make the . . .

**Mr. Swan:** — They know what we want and what we don't want. Let's see what you have written now; Gwenn's likely got it written down.

**Ms. Ronyk:** — I'm working on it.

**Mr. Hopfner:** — Well while she's working on it, why don't we continue on then.

**Mr. Chairman:** — Want to do that. Then chapter 2.58, the question of independence . . . it's an issue that's been raised in every report that I can remember, and it's raised in the '88-89 report by the auditor and essentially revolves around the question of funding for the auditor's office. And I'm not particularly wedded to the idea that we need to discuss the question of funding in the context of this year's report, if members can agree that we will discuss it in the context of the '88-89 report but do so early on. That is to say, he has it as chapter 1 of his report, that there's an agreement that is opposed to discussing it today. We'll deal with it as chapter 1. I guess then that the first item to be discussed under the new report and we peruse it in the context of this here.

**Mr. Hopfner:** — Well you see, the problem we had there, Mr. Chairman, is that that kind of changes the format of the committee. Our position was that we should, before getting into the general report and basically coming back to chapter 1 and chapter 2 of the accountability and introduction and the corporation accountability and everything, that we get into the departments, and then a lot of the general questions that we're doing, just as we're doing today and stuff to avoid getting into any of that.

**Mr. Chairman:** — My feeling, as one member of the committee, is that the question of funding of the Provincial Auditor is not one of those general questions that committee members were concerned about last year when they said we'd like to not deal with chapter 2 because it raises issues that might be dealt with in each and every department, and we should ask each and every department about those things.

Now the question of funding for the auditor's office is a separate and discrete item that should be dealt with as a separate and discrete entity. But if it's members' feelings that if in considering the '88-89 report that we would not deal with chapter 1 at the outset but rather deal with all departments and then come back to the question of chapter 1, then I would take the position, as one member of the committee, that I would like to deal with this question of independence and funding for the auditor's office in the context of this report and deal with it today.

**Mr. Hopfner:** — Well then maybe that's what we ought to do is deal with it under the year, under the '88 year, the '87-88 year, and get it off the books so that we can get on with the departments.

**Mr. Chairman:** — Then I would ask: are there any comments that members want to make with respect to paragraphs 2.58 to paragraphs 2.61 which in this report is

entitled independence, but essentially deals with the question of funding for the Office of the Provincial Auditor. The auditor here recommends that funding for the Office of the Provincial Auditor be set by a committee of the Assembly. Is there any discussion on that?

**Mr. Swan:** — I don't really feel that the independence of the auditor is threatened. This is his statement, but I don't agree with it. I believe that the method of funding for the Provincial Auditor has been here for a long, long time and has served us well, and for us to all of a sudden see this as a serious threatening of the Provincial Auditor, I think is just an auditor making a statement that he wants more independence than he ever had before, and I'm not sure that he needs it.

I think the funding mechanism that we have has worked well enough that it could continue. For my part at least I would like to leave it exactly the way it is.

**Mr. Chairman:** — Any other discussion on that? I wonder, Mr. Hopfner, can you take the chair?

**Mr. Van Mulligen:** — I disagree and disagree strongly with Mr. Swan, Mr. Chairman. I think that it's high time that we began to look at the auditor's office as we look at other offices that serve the Legislative Assembly as distinct from the government. Even though it's clear from the legislation that the legislative auditor is accountable to the Legislative Assembly, is supposedly to be appointed in consultation with members of the Legislative Assembly, all of his funding comes from the government as distinct from say the Ombudsman's office whose funding is provided through the Legislative Assembly; as distinct from the Clerk's office whose funding is provided through the Legislative Assembly.

And the reason that we draw that distinction in funding is so that there can be a greater degree of independence. Now whatever reasons there might have been in the past for funding the auditor's office through the executive government, now I'm not clear, but I think the time has come, especially in these last few years where we've seen government reduce or hold the amount of expenditure going to the auditor's office, while at the same time encouraging money to be spent on private auditors. And that suggests to me that the executive government is saying that we want the auditing function of government to go in certain directions without any resolution or without any discussion by the members of the Legislative Assembly.

So what's happening is that the executive government is calling the shots. They're saying, we want the auditing function to go in a certain way. And I think that we are beginning to affect the independence of the auditor's office. I would submit that the kind of comments that were made last year would never have happened, would never have happened if there had been complete independence of the auditor's office, would never have happened if the auditor's office had been fully funded.

So I think that it's high time for this committee . . . whether there's government opposition is irrelevant because those things can change. You could easily be sitting on this side of the table next year and we could be sitting on that side

of the table. The fact remains is the question of independence and how can we best ensure that the auditor's office will serve all of the Legislative Assembly and all of the people as opposed to the executive government.

It's my feeling that we have to begin to address the comments that he makes, and he makes it every year. And we have to begin to do that. And I'm not saying that we necessarily have to come forward with a clear-cut recommendation as to how that's to be done. Maybe if there's agreement on our part, we'll study the issue and make a recommendation in a subsequent year. I mean that's a step forward.

And I don't have any clear recommendation other than I think that the committee should undertake to study the auditor's comments on the question of funding for his office and report back next year. And if you want a recommendation, I would make that recommendation. I don't know if you need it in the way of a motion.

But I would suggest that that's what we report to the Legislative Assembly and that's what we agree to do.

**Mr. Lyons:** — Well, Mr. Chairman, I'm sympathetic to Mr. Van Mulligen's arguments, but I think there's a deeper issue before us here. In reality, whether the auditor is an officer of the Executive Council or is an officer of the Legislative Assembly doesn't make much difference, I don't think. Because quite frankly the Legislative Assembly and the spending of the Legislative Assembly is determined by Executive Council in the final analysis.

To me, the issue is not the question of the independence *per se* from Executive Council or from the legislature, the issue is the question of the mandate. And the mandate of the auditor and the role in which the Provincial Auditor is seen, and the type of duties that the Provincial Auditor does in regards to the present functioning of the system. I strongly disagree with Mr. Swan on his statement that things are fine or that things should remain the way they are.

**A Member:** — They've worked well for a long time.

**Mr. Lyons:** — Well they may have worked well for a long time, Mr. Swan, and no doubt they have, but they can work better in the future. And I think that that is the issue that underlies the question of accountability, that underlies the question of interference, and underlies the question of a number of issues that the Provincial Auditor has raised, not only in this report but in reports in the past — and that is the way in which the Provincial Auditor functions in relation to the other agencies of government, whether they be a government department or whether they be a Crown corporation, or what other type of agency they have to deal with.

And that goes to the question of mandate; that goes to the question of the ability, given modern technology — a discussion we had a little earlier on in this committee — of how the people of this province are best served effectively, efficiently, and in terms of cost, given what we have now available to us.

Twenty years ago there wasn't the computerization that we have today. Ten years ago there wasn't the computerization that we have today. I would say up to five years ago we didn't have the level of technological achievements that we have today. And, you know, what it's going to be like five or 10 years into the future, the access to information lies at the root of these questions that the auditor raises. The accessibility for the information not only to the auditor's office, the funding for ability to carry out and examine that information, but it seems to me that there is at the subsurface of this debate, there is the whole question of how the public gains quick access, concise and — the word I'm searching for is complete — complete access to the expenditures of provincial government.

Because that to me is ultimately at the base of this issue. It takes in accountability; it takes in effectiveness; it takes in the question of interference; it takes in the question of independence, if you like.

To me, while I certainly support Mr. Van Mulligen's comments, I would like this committee to at least make a recommendation to the Legislative Assembly that the Provincial Auditor, in conjunction with other officials dealing with the financial affairs of the province of Saskatchewan, review and come up with a set of recommendations that deal with fast, efficient, and complete reporting procedures; in other words, that the question of mandate be examined as well as the question of how best we can implement the technological achievements that we've made so far in order to carry out what I believe is the intent of the public accounts and this committee, and that is that examination of public spending in a timely and complete manner.

**Mr. Baker:** — I'm wondering where the auditor would feel that there was more independence with an independent committee of the legislature dealing with this budget. My guess is today that the auditor takes a look at its financial needs and someone makes a presentation to treasury board, and somewhere there's a decision made as to how many dollars that the auditor could expend.

I don't see where they're going to gain any independence. If it came before this committee right now and we were the committee to decide some parameters of spending for the Provincial Auditor, we may be a lot tougher than the Executive Council or whoever or treasury board, because we don't have a grasp of the global context of the budget that we're working in. I think that it's probably just as well left where it's at.

I can't see any benefit from Provincial Auditor going to another portion or a select group of the legislature appealing for moneys. I mean, we all have to act responsible, whether it's Executive Council or whether it's a portion of the elected members.

I don't know where the independence would strengthen itself by reporting to a smaller group or a smaller board. You might run into the toughest bunch of rascals that you ever did want to meet, and they may even ask for zero-based budgeting and they may ask to justify every

nickel that's being spent.

So my guess is now that when you take a look at . . . You may ask for whatever, 4, 5, 6, 10, \$15 million, whatever you think you're going to need and supposedly would justify the spending or try and justify it. I can't see where you'd achieve more independence in that just because of where the funding might come from.

Funding may get better and it may get worse, but I don't see where any independence would be increased by having the budget defined by a different group. I maybe don't understand it well enough, but at first blush I can't see . . . it's all moneys being spent on behalf of the taxpayer, and whether it's done through treasury board and the Minister of Finance or whether it's done by a select group of the legislature, I don't see where the independence thing comes into this at all. Funding doesn't really have an awful lot to do with independence, so I don't see why that would benefit the independence of the auditor. Thank you.

**Mr. Hopfner:** — Thank you, Mr. Chairman. Mr. Chairman, I would speak probably in favour of Mr. Swan and his statement, and I just add to that:

Your argument was, Mr. Chairman, basically reasons for funding of the Provincial Auditor's office from a committee of the Assembly or from the Assembly, because it would give the Provincial Auditor more independence.

In the late auditor's . . . Provincial Auditor's report, the Provincial Auditor himself, if you would know that as far as The Provincial Auditor Act is concerned, that the Provincial Auditor, to conduct an audit of any Crown corporation when he is not able to rely even on an appointed auditor, he has therefore . . . well I should say there is nothing limiting the Provincial Auditor's ability to serve the interests of the Assembly.

So there is basically . . . he has a free-wheeling hand whenever he so desires to go into the departments at will and question anything at any time. So for him to have more independence, I don't know, probably that would be a question I should be asking; what more independence is desired and for what reasons?

I've heard of executive interference. Well it has been concluded in the remarks that that has been resolved. Not to say that it could . . . and that was as far as the information flowing from departments to the Provincial Auditor.

And I guess probably for ever and ever that that probably will never be without risk that it couldn't happen again, that timeliness, etc., because of additional work-loads that might be asked of various departments and for more information, and that all takes time to obtain, and that it would best serve all of the Legislative Assembly and executive people. Well the auditor, as I had indicated by my earlier remarks, already indicated that in his remarks in this report that he has no doubt all in the Act to be able to represent the Legislative Assembly and executive people without any problems at all.

I think probably what the funding aspect would do if it was set in with the Legislative Assembly, in part, would be just as a particular . . . would bring reason or an excuse for arguments to be brought into the Legislative Assembly that should actually be discussions that should take place in this committee.

And I for one would give this reason, that if there was funding from the Legislative Assembly, then those discussions and budgetary items would be in the Assembly. And just particular reasons that you've stated here, where I don't agree with, would start to surface in the Legislative Assembly as do expenditures from the Department of Education as were going on now for 15 days or whatever has been over the period now. And we will end up maybe spending 20, 30 days on Provincial Auditor's budgetary items in the Assembly if those kinds of things take place.

I think you can generally . . . I'm sure the auditor puts together his budget and he puts it forth and he hopes for his A budget as every other department hopes for an A budget, and maybe B or C budgets are accepted. I don't know.

And possibly, in this day and age when people are being hard pressed by the high interest rates and downturn in economies all throughout the province as well as the country and world, that there's enough effect; the fact is that there'd be people arguing for more dollars. I think as good managers, we all have to kind of squeeze the old pocket-book a little bit harder from letting the expenditures just free flow.

I think basically my strongest argument is that keeping the arguments in the budgetary thing off the floor of the Assembly and the ridiculous arguments that sometimes hit in this committee. For the expediency of the Assembly as well as . . . I cannot agree with the fact that it's going to help in speeding up any process or completing any reporting procedures if the fact that the provincial auditors and the private auditors just can't get along a little bit better.

And I think once that is accomplished, the way I understand it is being accomplished now, is that we're going to see complete and faster reporting because as well, there was a letter drafted by the Premier of this province asking every minister to make sure that their departments are reporting quicker and efficiently. And if those things are taking place, we're going to be able to not have to worry about extra fundings and all these kinds of things.

So I would say that, in essence, let's keep the arguments out of the Assembly; let's keep public accounts where it belongs — in committee — and let's get on with the people's business.

**Mr. Britton:** — Thank you, Mr. Chairman. Most of the things I was going to talk about have been kind of covered. First of all, I would like to read the paragraph we're talking about and talk about the relevance to what some of the remarks have been.

We're talking about independence — 2.58 says:

For several years I have reported the need to have the Provincial Auditor's funding set by a Committee or Board of the Assembly and not the Executive.

2.59 The accountability process can be affected by limiting funding for the Office of the Provincial Auditor.

2.60 I have reported instances of interference in the 1987 annual report . . .

And then the last one is:

I recommend funding for the Office of the Provincial Auditor be set by a Committee of the Assembly.

Mr. Chairman, when I read that I get the feeling that the Provincial Auditor is saying, that if his funding was by committee, there would be none of these problems. I can't agree with that — 2.59 says:

The accountability process can be affected by limiting funding for the Office of the Provincial Auditor.

Well I hope that particular paragraph is not suggesting that the Provincial Auditor not be limited; in other words, have unlimited funds. I don't think we mean . . . The other thing I would comment, and Mr. Baker covered, is I can't see where another committee would have any . . . it would be any difference, whether it's this committee or another committee in terms of 2.60 — interferences. I don't see how they have any connection with this particular thing we're talking about.

I don't believe the Provincial Auditor and the public auditor funding should be in conflict in any way. If the Provincial Auditor is funded by one process and the private auditors by another, I can't see where there's any problem here. I just don't think there's any correlation in when he's talking about another committee. And then he says that these other two instances, they wouldn't be addressed in any way at all.

So I just don't know where it would come from. Thank you, Mr. Chairman.

**Mr. Muller:** — Well as I understand it the Provincial Auditor is an officer of the Legislative Assembly, and so where his funding comes from doesn't affect his independence in any way, whether . . . if it comes from the Board of Internal Economy, if we were to say that his funding should come from the Legislative Assembly, the Board of Internal Economy would then in effect set out the funding for the Provincial Auditor. The Board of Internal Economy is funded by treasury board.

So I mean, we're just setting up another committee on top of a committee that is going to look at the funding of the Provincial Auditor. So I can't see what's wrong with where his funding is coming from now, because treasury board is still going to have a control on the funding to the Provincial Auditor because they control the funding that

goes to the Legislative Assembly and that is doled out by the Board of Internal Economy.

So I have to agree with Herb and what he's saying, that it's worked very well. The system has been in place for a long time; it's worked well and I think that it should be left that way.

**Mr. Lyons:** — Thank you, Mr. Chairman. I'm going to make a motion that hopefully will deal with some of these questions. Again I can't agree with the statements of Mr. Muller that we can't improve upon, or the implication that we can't improve upon, the functioning of the auditing procedure. So I would move, Mr. Chairman, that:

The Committee on Public Accounts request that the Legislative Assembly empower it to review the mandate and functioning of the auditing procedures of the province and to make recommendations regarding the questions of:

- (a) the independence of the Provincial Auditor;
- (b) the timeliness of reporting financial information to the Legislative Assembly;
- (c) the improvement of providing financial information to the general public of the province of Saskatchewan; and,
- (d) any other matters as it deems necessary to improve the accountability of public spending to the taxpayers of Saskatchewan.

And I would make that motion in lieu of, and again . . . (inaudible interjection) . . . okay, which section?

That the Committee on Public Accounts request the Legislative Assembly to empower it (the Public Accounts Committee) to review the mandate and functioning of the auditing procedures of the province and to make recommendations regarding the questions of . . .

**A Member:** — I got the rest of it.

**Mr. Lyons:** — I think the motion, Mr. Chairman, is self-evident, that it takes this question that we've now become into a partisan political debate, tries to take it out of that context and try to rationally look at how we best can improve the accountability, the whole question of trustworthiness in the accountability procedure and methods of improving the information, the provision of information to the people of this province.

And I think that every member of this committee knows very well, partisan considerations aside, that every member of this committee knows very well that we can improve upon the functioning of the reporting features and the provision of that kind of information both to the committee, the Legislative Assembly, and to the people of the province. And so I would so move.

**Mr. Chairman:** — Well the motion is certainly a lot broader than the discussion that we had been holding

strictly on the question of funding of the auditor's office. But the motion does make reference, very clearly, to the question of independence of the auditor's office which we are discussing. So I'd have to say that the motion is in order, even if I have certain sort of feelings about sticking to the straight and narrow. Nevertheless, the motion is in order.

**Mr. Hopfner:** — It goes right back to the beginning. We could rehash everything that's been said this morning, and I don't think we want to do that. I think basically — to put it in a very short form — is that the Provincial Auditor does enjoy the freedoms and the independence maybe more so than any other individual or individual department does in this entire province and in the country.

I don't believe for a moment that anything could be speeded to the point of having anything more efficiently done than that what is already being done. And as things slowly progress, as far as technology and everything else is concerned in this country, we'll never see maybe an end to that for entirety as well. And things could be improved and improved and improved upon.

I think basically it's just another area where, as I've indicated before, it gives an excuse for more discussions or even political partisan arguments to be brought forward into another form and that's right into the Assembly, and more so than what it is now. And I believe that, as well, the auditors should be as responsible as any other department has to be as far as expenditures are concerned and everything else.

I'm sure if he wants to put forward a budget and have a real reason why he's got to have more dollars and in A, B, or C budgets, well then, so be it. It's like any other department, and it's got to be looked at and his arguments have got to get by the management of this province, and if the management does so thinks that he needs more moneys for his particular arguments than he's going to get them.

And so I think the motion is actually a nonsense motion because I think the Provincial Auditor's limitations are definitely in a broad sense, and I think we just let it go when the auditor himself has indicated that a lot of the suggestions that have been . . . well they've been rectified; the problems have been rectified. And not to say that is without risk but risk is probably a very broad word too because they may never . . . the problems may never ever happen again.

The risk of what I'm talking about is the expediency as far as information is concerned to the Provincial Auditor, and those are the very concerns I think the Provincial Auditor does have. And with that procedure being rectified, I don't think funding is that big of an issue.

I see a lot of work load and a lot brought upon by private auditors . . . is taken on by some private auditors and I think it frees up some time for the Provincial Auditor to spend more time in looking at other things as well. Because the private auditors are doing the basics for the Provincial Auditor. So with that I'll be voting against the motion.

**Mr. Chairman:** — Thank you, Mr. Hopfner.

**Mr. Baker:** — I guess I'd like to ask the Provincial Auditor maybe or the Acting Provincial Auditor, whether he feels that this motion would be a necessary procedure. Whether he feels that he is limited today as to where he can wander around and have a look at public affairs or whether he feels that there's some area that the doors are shut on him. And whether he feels the need of going through a full-blown look at the role of the Provincial Auditor.

Is there some reason in your mind that we should be looking at wider powers and new methods other than the one that we use? And certainly you have the capacity to make recommendations on almost every area that the motion deals with. I just maybe wouldn't mind hearing your comments on whether you feel that there is a need for a larger role to be played by the Provincial Auditor.

**Mr. Wendel:** — Mr. Chairman, Mr. Baker, I don't think I'd like to enter into the debate, but the comment being made by the Provincial Auditor and again being made by myself in the 1989 annual report is that the funding for the office should be set by committee of the Assembly. Now that is the view we take.

**Mr. Baker:** — Okay, while we're on that, could you try and maybe define for me why it should come from a different source and where you would gain more independence? I guess that that's . . . we're back to the original situation here now.

**Mr. Wendel:** — I think what the report is saying is that if you have the funding come from a committee of the Legislative Assembly, the Assembly then has some say in the level of funding that is provided to the Provincial Auditor. Where if it's set by treasury board, you do not have that say.

**Mr. Baker:** — Would we at that point in time bring you in to estimates and go through your estimates and put you on the hot seat? Are you proposing that sort of a situation come down, where we might wind up asking questions about your department for several days or weeks or whatever it may take? Is that the route you're asking it to go, or are you looking for a situation where it becomes sheltered from this sort of scrutiny?

**Mr. Wendel:** — Mr. Chairman, Mr. Baker, that would be a decision of the Assembly. If that is the process that they wish to use, that would be a process. Another process might be the Board of Internal Economy or this committee.

**Mr. Baker:** — In reality the funding is today approved and set by the Legislative Assembly under the same procedures that any other votes take place in the Assembly. And I couldn't see where you could change the type of funding or you could better yourself if it was going to be just a simple vote in the legislature as to how many dollars you're going to have for your expenditure.

**Mr. Wendel:** — Mr. Chairman, Mr. Baker, I think what would change is the process. It would be the process that

changed. In other words a committee of the Assembly would have some input into the level of funding for the Provincial Auditor before a decision is taken as to how much money would be given to the Provincial Auditor for that particular year. That would be the difference. And that committee then would have in mind the needs of the Assembly when they approved that level of funding, whatever it was that they decided was appropriate for the office.

**Mr. Baker:** — You could wind up in pretty tough shape. You run that risk. I think we should just leave well enough alone and get on to next year's.

**Mr. Chairman:** — Are we ready for the question?

**A Member:** — No.

**Mr. Chairman:** — Then I suggest that we hold off until the next meeting and deal with the motion at that time.

Also the Clerk has prepared some comments pursuant to our earlier discussion on the other parts of the chapter. You may want to review those, Mr. Hopfner. In fact both of us may want to do that and come back to the committee. And we'll see you folks next week, Tuesday. And we'll deal with the same items.

The committee adjourned at 10:30 a.m.