

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**  
**May 16, 1991**

**Mr. Chairman:** — I'd like to proceed with our review of chapter 1. The comptroller has passed out some information that members can review prior to next Thursday when we propose to deal with this question of the format of the Public Accounts and the like. I've held some initial discussions with the press corps and they're interested in whatever we decide, you know. Whatever opportunity we decide to give them, they would like to participate because they do . . .

**Mr. Swan:** — . . . the press corps.

**Mr. Chairman:** — Yes.

**Mr. Swan:** — No way. That's not our business. They can train themselves or . . .

**Mr. Chairman:** — No, no. It's not a matter of training.

**Mr. Swan:** — I don't think we do that.

**Mr. Chairman:** — They have some . . .

**Mr. Swan:** — Beyond our call of duty.

**Mr. Chairman:** — They have some interest in how this information gets released and have some comments to make. And whatever we do with it is our business, but they would like to share with us their comments in this matter, in whatever fashion or opportunity we decide as a caucus to do that, but it was left for Mr. Hopfner and myself . . .

**A Member:** — We share it in the newspaper every day.

**Mr. Kraus:** — Mr. Chairman, could I just make one comment about what I released. This is . . . I wouldn't want the members to think that we're trying to restrict the information that we provide in any way. This is just to stimulate discussion, and if it ends up we have to provide six volumes worth of information, we would certainly do that.

And the other thing I wanted to point out is that I focused mainly on volume 3 because I feel the committee has a lot of interest in volume 3, and the financial statements and so on of the government are other issues that are being addressed anyway, and so that's why I focused on it.

**Mr. Chairman:** — The value-for-money examinations, I don't know if there's any need to examine that part of chapter 1 inasmuch as that's the subject of the Bill and . . .

**Mr. Rolfes:** — Mr. Chairman, I do have a question though. I think I asked it last time, and that was of the Provincial Auditor on .18. And that was what suggestions he had in that regard. I was wondering if the Provincial Auditor had given any further thought to that or if he is giving further thought to making some suggestions how to make the *Public Accounts* less confusing.

**Mr. Strelieff:** — Mr. Chairman, Mr. Rolfes, yes, we'll be prepared to discuss it on Thursday when it comes back.

**Mr. Rolfes:** — Oh, okay. Good enough. Good enough.

**Mr. Chairman:** — The other items in chapter 1 — the relationship with appointed public accounting firms — the auditor notes that his office plans to examine how they carry out their responsibilities through appointed public accounting firms. So I expect that there will be some review next year for the committee to consider if its members have questions at this point about the nature of the review or some of the issues that the auditor sees. I don't know . . . (inaudible interjection) . . . Pardon me?

**Mr. Baker:** — In where? Where are you at?

**Mr. Chairman:** — Oh, I'm on page 6.

**Mr. Baker:** — After. I'm looking at this.

**Mr. Chairman:** — The independence of the auditor's office, that again I think was resolved to a great degree this year when the funding for the auditor's office was in fact provided through the Board of Internal Economy. And that is also the subject of another amendment on that Bill 53. And so we'll have a further opportunity to discuss that item in some detail, I would think, when the Bill does come to us for clause by clause.

**Mr. Rolfes:** — I have just one further question on .29 and that is again — maybe the auditor would give us some explanation now or next Thursday — and that is I notice delays in receiving necessary information from private auditors. I think that's what you're referring to here. "In this (annual) report and in previous reports, we note problems . . ." Oh not necessarily from private auditors, from maybe agencies.

Have you got any suggestions there at all as to how that can be improved or what governments can do to make sure that you get the necessary information on time?

**Mr. Baker:** — Do like they do in the construction business — put a penalty clause in it.

**Mr. Rolfes:** — Yes, we could do that but . . . No, is it . . . maybe the Provincial Auditor can tell me: is it mainly from private auditors, or is it from agencies and private auditors that you can't get your information on time? And what seems to be the problem?

**Mr. Strelieff:** — Mr. Chairman, Mr. Rolfes, paragraphs .28 to .30 deal with the relationship with the private auditors and the Crown corporations that they audit. We have been encountering delays in getting the necessary information, and so far I have had a difficult time sorting out the issues and that's why I've flagged it. But I've also said that we're going to try to examine how to make it better over the next few months and come back next year with some proposals.

**Mr. Rolfes:** — Okay. The thing is that this is really the crux of the problem. I mean we can do everything else we want in the legislature, but if you don't get the information, the report's going to be delayed anyway. I mean there's nothing we can do. We've got to come to grips with this as to how we get the information to you on time so that you can do your work and then get it to the

legislature on time.

So I just wanted to know, what are the problems? Are they problems of accounting . . . differences in accounting principles? Are they differences in what they think they have to supply to you? Is it a difference of who has authority on examining various Crown corporations and agencies? Or just what seems to be the problem? Or is it just simply a lack . . . they don't think it's any of your business? I mean I don't know. I don't know what the problems seem to be.

**Mr. Strelieff:** — Mr. Chairman, Mr. Rolfes, there's a number of problems that surface during the year. Some of them can be disagreements on how to get the work done. In this year's report, some of the Crown agencies have taken the position that we don't have a responsibility to examine and report to the Legislative Assembly on their affairs. And then when that position is taken, that's a very difficult one to resolve.

Sometimes the priorities of the private auditors are such that their first priority would be reporting to the board of directors and their second priority would be reporting to us. And so in terms of scheduling their work, it becomes a problem.

In some cases the actual agencies have had a difficult time completing their financial reports. And perhaps when we schedule our work, we have to reschedule it, and it backs up and it delays the final results.

Sometimes there's an issue on how a specific type of transaction should be reported. And the debate, particularly when there's a private auditor involved, the debate takes a number of parties, a number of players, and they're difficult to resolve.

And there's a whole series of issues that happen when we're not able to do the work ourselves and where we're relying on appointed auditors, so we don't have the direct access to many of the transactions, the firsthand knowledge. We have to wait until work is done and then review that work and determine what to report to the Legislative Assembly.

There is a general feeling that I have that the structure needs to be reconsidered. It just doesn't seem to work right. And I've talked with many people about it so far and I plan to continue to discuss what options there are.

The first step is a better communication process and closer involvement in some of the planning and draft reporting, and that will solve some of the problems. But there just also seems to be just a structural problem that I think our office is going to have to come to grips with and perhaps recommend a change.

**Mr. Britton:** — My question that I was going to ask has been pretty well answered, Mr. Chairman.

**Mr. Baker:** — I guess, Mr. Strelieff, when you're working with a private-sector auditor, do you sit down and layout some parameters as to what you require to do your report? Is that sort of a structure there, that you say that I need this, this, and this, and this is what we require to put it all into

perspective? Or do they just go ahead and do it like they would if I took my income tax in and said here, get her done?

**Mr. Strelieff:** — Mr. Chairman, Mr. Baker, we do at the beginning of the audit cycle, write them, write the appointed auditor for a Crown corporation saying that we plan to rely on their work and that we need the following reports from them by a specific date.

There'll be a report on the financial statements, a report on whether the Crown corporation complied with the legislative authorities that govern it, a report on internal control, and a report advising us what they think we should report to the Legislative Assembly.

So we'll send that out and then wait until those reports are provided. And then once the reports are provided, we then have the opportunity to review their working papers, to determine how they came to their conclusions, and determine whether we should rely on their work, and what to report to the Legislative Assembly.

That's the general process as we write them saying we're going to be relying on their work and we need the following reports by a specific time. And then we wait until the work is done and the reports are provided to us. And then that triggers our next point. Quite often they're draft reports; sometimes they're final reports. At that point we say, okay, can we look at the working papers that support those reports? And then we do that assessment.

But in all, in the terms of the delays, that's quite a structure to have to go through — if they have to finish their work and then report to us and then we have the opportunity to decide . . . or to look at what they've done and try to determine what to report to the Legislative Assembly. It's a cumbersome process. That's the way it is.

And it's a process that really is not contemplated by our profession anywhere else in the country. It's kind of a unique circumstance that . . . As a result, it has been a difficult one to work through. And when there's any kind of delay, it just sort of backs it all up.

**Mr. Baker:** — I just want to get an understanding as to how . . . what mandate that you gave them.

**Mr. Chairman:** — Can I just maybe . . . or just on this before we leave it. My sense is that any future committee looking at this would be most interested to know what's happening in other jurisdictions on this. My guess is that other jurisdictions too make use of appointed public accounting firms, and the committee would like to know — I'm assuming that they would like to know — what's happening in other jurisdictions and how other jurisdictions have dealt with these problems or this problem of relationship and reporting.

**Mr. Strelieff:** — The best, from a personal point of view, the best relationship would be if our office did all the work, but that's . . . If there is a public policy objective of having the private accounting firms do the work, then there somehow has to be a stronger link between our office and the private accounting firms.

The Alberta model is the one that least . . . the legislative auditors across Canada like the best, and that is where the private auditors are an agent of the legislative auditor, and there's a rotation of auditors, there's tendering, there's one reporting function where the reports of all the auditors go through the Auditor General of Alberta. So there's not . . . The disagreements are handled within the office of the Auditor General, not in a public forum, unless they need to come to the attention of a public forum.

That's, I think, a far simpler process. It certainly makes sense for the public accounting firms or the private accounting firms and our office, and I think it also creates less confusion for the Legislative Assembly and the public.

**Mr. Baker:** — In this day and age of computers and things, I mean there's got to be some pretty decent vehicles that could be put together that could keep you up to speed at all times; information as to how they're doing it, and what's in it.

**Mr. Strelieff:** — It's a difficult structure for the private accounting firms to get used to. Not very often do you have another professional colleague reviewing your work directly, and then expressing an opinion on that work. It happens in court cases, but that's really the most common time it happens. This relationship that we have is not a common relationship that I can just go to some other model somewhere and say okay, here's a pattern that they follow in British Columbia, that works here. It's a really strange thing.

**Mr. Baker:** — I guess we better have a look at what they're doing in other jurisdictions.

**Mr. Chairman:** — If I can just recap on chapter 1, paragraphs 3 through 13. There was agreement that the comptroller in the Department of Finance and the auditor would be sitting down to see where they could mutually resolve these matters. I am assuming that next year's report will detail the outcome of those discussions and any agreements or lack of agreements — timely financial statements.

There's a Bill before the House to ensure that the *Public Accounts* are to be tabled by the end of November. The members — although it's not a financial statement — you know, the members may want to express some comments on the release of the auditor's report. And when Bill 53 comes before the committee, it certainly is something they may want to discuss.

The *Public Accounts*, that matter we'll be dealing with, or the structure of the *Public Accounts* we'll be dealing with next Thursday. The value-for-money, again, that's an item that's part of the Bill 53. In relationship to the public accounting firms, this matter that the auditor will be studying during the course of the next year, and we'll report to our future committee on. The independence of the auditor's office is something that again will be the subject of clause by clause in Bill 53.

And the auditor indicates that he has undertaken a strategic planning exercise for his office and that's for our

information.

**Mr. Rolfes:** — Yes, Mr. Chairman. Not to differ with what you've said, but just possibly a correction. You had used the word "tabled", that the *Public Accounts* were to be tabled by November. That's not quite correct.

**Mr. Chairman:** — That's right.

**Mr. Rolfes:** — I wish they would be tabled by November but that's the problem. They are to be prepared by November.

**Mr. Chairman:** — I stand corrected. They will be completed by then.

**Mr. Rolfes:** — That's right. Now we still have to work out the problem as to how to table them by November.

**Mr. Chairman:** — Yes, you're correct. Unless there's any further items on chapter 1, can we proceed to chapter 2, 3, 4?

**Mr. Rolfes:** — I have just one question on, Mr. Chairman, if I may, on page 11, paragraph .11. I note you make the statement:

Where an appointed auditor examines the accounts of an agency, that auditor is not a substitute for the Provincial Auditor.

Was that statement made for any specific reason, or just to refreshen our memories that that is the case, or are you experiencing some difficulties in the private auditors accepting that they are not a substitute for the Provincial Auditor? I just wondered . . . or is it just a statement?

**Mr. Strelieff:** — Mr. Chairman, Mr. Rolfes, the chapter explains how we carry out our examinations. And paragraph .10 and .11 then . . . paragraph .11 just point out that, in this relationship, our office still has to form an opinion on the financial statements — compliance with legislative authorities and internal controls — of the Crown agencies, even where there's a private accounting firm involved.

It's just stressing that point. We still have to, on our own, sit back and say, okay, what is our opinion? We can't just rely . . . or accept the opinion of the public accounting firm. We have to still form an opinion and report to the Legislative Assembly.

So it's just a reminder, and it leads into the next paragraphs on the audit risk that, because we don't have that direct access to all the transactions of the Crown agencies, when we do form those opinions, we're working through other people's eyes and it increases the risk that we're not reporting what we should be reporting.

**Mr. Baker:** — I would have to wonder about your profession, if that's the case. I mean, I would assume that when you finish up and become a chartered accountant or whatever degree that you have, that the practices and the training, whether you wind up in the private sector or the public sector, should have all the same bench-marks. And kind of like, if I went to a doctor who knew how to

take out appendix in Vancouver, I would think they should be able to do that in Saskatoon.

So I don't know why we would have all these changes in procedures when basically we're all doing the same thing. I guess I have a little problem understanding that one, and I've heard you repeat it a couple or three times over the course of these meetings. And to me, I wonder where we're coming from here, almost to the point where it's leaving an impression in my mind that we have a bit of a territory or a turf situation. That's the impression that I've got from it, and I don't believe that that's the case but it more and more appears that way when you talk about. And I guess I'm having a little difficulty wondering whether you both went to the same kind of process to get to where you're at.

**Mr. Strelieff:** — Mr. Chairman, Mr. Baker, it is a difficult thing to explain. In general, as you can see from our reports, we come in contact with, each year, probably 25 to 30 different public accounting firms every year. And yet every year we're only reporting that we're having some complications with a few. So in general, it's working.

Every once in a while, we do have a disagreement in opinion, or we reach a different conclusion when we see a transaction taking place. And why we reach a different conclusion, it might be the fact that we report to the Legislative Assembly and the public accounting firms report to the board of directors. That might have something to do with it. We might be a little bit more conservative maybe — I don't know — meaning that we would err on reporting more things to the Legislative Assembly and less in terms of making a judgement.

There's a whole series of possible reasons why problems occur, and that's why I said in an earlier chapter that I have to . . . our office has to re-examine this thing and try to figure out a way of making it work better, because I'm uncomfortable with the arguments that take place. It just doesn't seem to make sense. Part of it's communication and part of it may be there's a need to change the structure.

**Mr. Baker:** — Well that's what we're going to look at, I guess.

**Mr. Lyons:** — Just on this point, Mr. Strelieff, when the public sector . . . or private sector auditors are engaged in an audit of one of the agencies, do you provide them with a written set of instructions as to what in particular you want done in terms of procedure, for example, checking the management control system? Is there a handbook that comes from your office that they are then required to follow?

**Mr. Strelieff:** — We do provide information to them on how we carry out our work. Like we will say, here is — if we were doing this examination — here's the kind of methodology that we would use. They then . . . We don't compel them to do it that way and there's nothing that requires them to use our methodology. They then will determine what they think is the best approach in their particular circumstance.

So we'll give them the guidance, but nothing compels them to follow what we do. They use their judgement. And then most of the firms . . . well pretty well every firm, I think, has a different approach to an individual examination.

**Mr. Lyons:** — When you say you provide them guidance, what and how do you provide them guidance? Just verbally? Do you have a set of regulations that . . . or in a particular instance if . . .

**Mr. Strelieff:** — In our office we have audit manuals. And where they want copies of the audit manuals, we give it to them if they ask for it. And when they want advice, which quite often they do, they'll phone us and say, here's a circumstance that we're getting into; what's your advice on how to handle it? And where they give us those kind of calls, we provide it.

**Mr. Lyons:** — Mr. Baker used the analogy of the appendix operation, and it was just a question of whether in Saskatoon they use a chain-saw and in Vancouver use a scalpel or vice versa, if you catch the drift. And I mean . . . Because this is obviously not a new problem, and I'm finding it more and more difficult to find what actually is it. Is it structural? I mean if it's structural, if that's what you're arguing the point, that it's structural, because you're not physically doing the audit, the members of your office aren't physically doing the audit, that's one sort of argument and you can make a good case for that, it seems to me.

On the other hand, if it's a question of them not understanding auditing procedures or whether they've got different auditing procedures or don't follow your advice or what have you, it seems to me that's more of a technical problem as opposed to structural.

**Mr. Strelieff:** — Mr. Chairman, Mr. Lyons, the structural part, it would be a lot easier if we were just doing the work ourselves, obviously. I mean then the staff are following our approach, and when they decide to report something they're putting it into the context of what we think is significant to the Legislative Assembly. And it's all one, consistent approach.

When there are more parties involved, it gets more complex. And when there are issues to resolve and there's more parties involved, it gets even further complex. And the relationship we have now is a pretty complex one. And it means that the communication has to be really good. And when there's a communication breakdown or when there's an issue that it's hard to resolve, it's really hard to resolve.

Even within our office, if we were doing the work ourselves, if we have a difference of opinion on what should happen, they're hard to resolve just within our office. But when you have a Crown corporation, a private auditor, and our office involved in the same issue, it's pretty difficult.

**Mr. Swan:** — Now, Mr. Strelieff, I've been listening very carefully and I've been reading what you say. I have a lot of difficulty thinking that the Provincial Auditor has more knowledge on how an audit should be done than a

company like Peat Marwick or Deloitte Haskins or some of those very major firms. They probably have men in there with 25 years more experience than you have. And then you come and say, this is how you do the audit. That's not going to go down very good I'm sure.

Those large firms are very, very capable at what they do. They're as good as you are, maybe better in some places; I don't know. I don't know if you would know whether they're better or worse. But of course we all think we do things to the best of our ability and we think that's the right way.

I can tell you after working with the Provincial Auditor doing the Sask Water Corporation and then having the opportunity to work for two years with a private auditor doing the Sask Water Corporation, the assistance to the corporation provided under the private auditor was so much superior to what we had ever experienced with the Provincial Auditor that I think we should be moving more in that direction rather than less.

And the reason I say that, the Provincial Auditor simply goes in and audits the books looking for trouble. And that's all. You use a private auditing firm and they can come in and give you financial advice which is part of the services that those large firms can provide. And many times I've found the direction that they were able to give to the corporation was invaluable.

Now I think when you're making judgements on whether or not the private auditor is doing his job, you should be looking much broader than what you have and seeing some of the very real value that is there in having that private auditor. Because I'm sure by the time the year is over many times the corporation has been much more efficient because of the advice that the auditing firm has been able to provide on an ongoing basis throughout the year.

**Mr. Strelieff:** — Mr. Chairman, Mr. Swan, you are right that our office does not provide management consulting advice. That's not in our mandate and we're just straight auditors. That's it. And there are very good, sound reasons for hiring private accounting firms to provide that management consulting advice. That's a really strong expertise they have. Our office is an auditing office only. That's it.

**Mr. Swan:** — That's why when I read this, I get the impression that you resent having the private auditors all the way through the system. But I believe that the private auditors are doing very good work. And if we can't take a firm like Deloitte Haskins and have a major audit done and rely on that audit, then there's something wrong with the auditor's background right from the university on.

You know those firms are well qualified. They have some of the top-notch auditors in the world, and if we can't send those in to do the audit of a Crown and then take their report and present it to the legislature there's something wrong.

**Mr. Lyons:** — They do mess up you will have to admit.

**Mr. Swan:** — Well so does the Provincial Auditor.

**Mr. Lyons:** — That's right. Well I haven't seen that yet. But I haven't seen that yet.

**Mr. Chairman:** — First, I have another question on this. If we're experiencing some difficulties now — and I don't know if the right word is difficulties — or some unease about the relationship and the reporting at times, what's it going to be like if you decide to do value-for-money audits, where in the case where the agency or the company already has an appointed auditor other than your office? How's that going to work?

**Mr. Strelieff:** — Mr. Chairman, we're working out our approach on the broader types of examinations. And we'll be focusing primarily on departmental activities for quite a time period, which is where the experience is across the country, is primarily within the closely held organizations of government which primarily focus on the departments.

**Mr. Rolfes:** — Yes, Mr. Chairman, I just wanted to comment on what Mr. Swan has said. It depends on what you want the auditing firm to do for you. If you pay for it, you can have all kinds of services provided by an auditing firm. And if we wanted the Provincial Auditor to give business consulting advice to the agencies and departments, then we could so legislate that. But we have not done that.

And so it depends on what you want out of an auditing firm. So when you say that they provide all this advice and consultation, you pay for that. So we could do the same thing with the Provincial Auditor. We have not deemed to do that and didn't think that was necessary and that was not his mandate.

So I don't think that what Mr. Strelieff is saying is that the other auditors are inferior. I don't think you'll find that anywhere here. I mean, they're just as capable. And so did Mr. Lutz, he never said that they were inferior. He's simply saying they serve a different master. The private auditors were serving the Executive Council and their masters. The Provincial Auditor is serving the Legislative Assembly. And they have different objectives and goals that we give them. And that's where I think some of the differences come in.

And secondly, it is simply said — and this is why I asked again in paragraph .11 — the Provincial Auditor has full responsibility for all of the auditing. By legislation he has. And if we don't want him to have that, then we've got to change the legislation, saying that no, we will accept the reports of the private auditors, of the work they do, that they can send it directly to the Legislative Assembly. We have not deemed that to be the case, and therefore they must report through the Provincial Auditor to the Legislative Assembly, because the private auditors are not our servants. When I'm saying ours, I mean the Legislative Assembly. They are the servants of those people who appoint them, and that is the Executive Council. And there's where the difference comes in. And it depends on what the Executive Council wants out of those private auditors, and that's what they will provide. They'll provide you exactly what you asked them to provide. And we, from the Legislative Assembly, will expect the

Provincial Auditor to provide for us what we have legislated for him to provide for us.

And there's where the difference exists. And I don't think anybody's accusing anybody of being inferior, not knowing how to do their work. It simply means they're serving two different masters with different instructions. That's the way I see it.

**A Member:** — Well you're right.

**Mr. Rolfes:** — Am I? Oh, thank you, sir.

**A Member:** — You're welcome.

**Mr. Swan:** — Well as we listen to Mr. Strelieff, he said that he gives instructions by letter, tells them what reports he wants. Then when they give the reports, then he goes back and he wants to see all their working papers to see how they arrived at the report. To me that means that he's not trusting the auditor to be able to do the audit, basically. That's why he wants to see the working papers.

I can see why he gets into difficulty with other accounting firms if he's going to take that approach. You know, they should be trusted as professionals in their field. You know, if two doctors do an examination, do you have to go and look into the other guy's mind to see that he did it right? It's the same process.

**Mr. Rolfes:** — Yes, and you do — you do.

**Mr. Chairman:** — Mr. Swan's got the floor.

**Mr. Rolfes:** — Yes, okay. You do in the medical profession, by the way, Herb.

**Mr. Swan:** — And beyond that, I believe that what we're seeing in Saskatchewan is strictly a fight over turf. There has been legislation provided that gives the right for the Crowns to hire the auditors. But I don't believe that auditors only write the things that the Crown corporations want.

Auditors have a job to do, and auditors will report, if there is a problem in a Crown, you're going to see them report very quickly because their reputation is at stake as a professional. They have to report if things are not being done right, and they will report that just the same as the Provincial Auditor would. You can't pay an auditor to falsify records unless he's a crooked auditor.

**Mr. Strelieff:** — Mr. Chairman, Mr. Swan, one of the comments you made about our office reviewing the working papers of appointed auditors — we're required to do that by professional standards in terms of in order to form our opinions. That's just part of the process, and private auditing firms would be doing the same. It's just the same kind of standard.

**Mr. Lyons:** — Yes, it seems to me that the crux of this matter revolves around a couple of issues that are interrelated. Let's take the example of STC (Saskatchewan Transportation Company), for example, where we've had court cases, where we had people charged with the misuse of funds and kickbacks and a whole pile of stuff in

regards to the assets of the Saskatchewan Transportation Company.

What we saw is an audited financial statement by a private auditing firm that, in the years when this was taking place, that said everything is hunky-dory. I guess the question then is, who audits the auditor? And it seems to me that in the legislative mandate of the Provincial Auditor's office to in fact ensure that those audits are conducted properly so that he can, his office can rely on him. And consequently we as members of the legislature are able to say, okay, we trust what's going on.

And I say this because it's for the protection of us as members of the Legislative Assembly representing the public that this kind of thing not go on, the STC thing. I mean, I'm not saying, for example, the Provincial Auditor... (inaudible interjection)... well I'm not saying the Provincial Auditor would have found it, but I'm not saying that he wouldn't have found it either. But we can say that we have a private-sector auditing firm. And I've got nothing against them; I use them for my personal affairs and my business affairs. I use a private-sector auditing firm.

But there are two totally different — not totally different — but two different approaches that one takes. The fact that the Provincial Auditor, as you put it in your own words, goes in looking for trouble is precisely what I want the Provincial Auditor to do. I want the Provincial Auditor to go in and find the trouble in STC or Sask Water or SaskPower. I want that to be sure that when the books are done that there is not a hint of malfeasance of... I'm trying to use the polite word for crookedness. Whatever the polite word for crookedness is, that that is not going on in any of the departments or of the Crown corporations for that matter. And I want to make sure that we can totally rely on it, which means that I want to be able to make sure the Provincial Auditor audits the auditor and is seen in that light.

It's not a question of whether Mr. Strelieff is 20 years in the profession or 10 years or 50 years in the profession; it's not on that level. It's on the level of the interests of the public being best served, who audits the auditor. And those are, it seems to me, the issues that we have to deal with.

What isn't clear to me in this debate is the relationship — as pointed out in the auditor's report — what isn't clear is it seems to me that there is no clear direction to the private auditing firms, that yes, that the Provincial Auditor is the king of all cheeses in terms of having the final say and in terms of saying we have the right to demand this type of audit procedure be carried out. I just... that seems to me that there is... where the confrontation comes from.

If, for example — and you used the example of hiring a private sector auditing firm before in Sask Water, right? I'm sure that there were certain things that... directions given to the auditing firm by the corporation just on the basis for providing financial information, financial advice; that those kind of directions were given by the corporation to that private-sector auditor. That's in the nature of an employer-employee relationship, if you like — right? — of hiring somebody to do a job for you, that

you do give them directions.

And it seems to me that what we've got to somehow make clear is that whether or not the audit is done by the Provincial Auditor or by a private-sector auditor, that that relationship is clear. That in the final analysis, the Provincial Auditor is responsible to us for the audit that the private sector auditor carries out. It is.

I mean in the case of STC, one could ask the Provincial Auditor, why didn't you guys go and find out about the . . . you know, the guitar that was bought for Christmas presents on an STC credit card? Why didn't you find out about X, Y, and Z, and the lumber and the renovations and all this kind of stuff? Because it's your responsibility. And we haven't asked the Provincial Auditor those questions. I'm surprised that nobody has, because it's ultimately his responsibility, responsibility of his department to find out that these things have gone on.

So when he says look, I can't rely on this audit, or I can't . . . you know, I've got to check those private auditing firms, it's not a question of questioning their professional integrity or competence as firms. Seems to me it's more a question of covering the interests of the people of Saskatchewan in his own office in that . . . because it's . . . I want to stress that it's not a question of taking issue with private auditing firms, because there is, there's . . . we need all the expertise that we have in this province of putting brains together to figure out how we're going to get out of the situation that we're in. And there's a great deal of expertise in the private sector, in the private auditing firms, and so on and so forth in terms of financial management that we're certainly not going to . . . don't want to denigrate.

But it seems to me there's something that can be done and has to be done to clarify that relationship so one doesn't see it as Mr. Baker points out, a turf war. That it's just a question of a normal relationship where one has authority over . . . one party has authority over the other party as part of the contractual relationship.

**Mr. Chairman:** — I might . . . When you look at the Act that governs the Provincial Auditor, when you start to look at it there's a real opportunity for confusion here in reporting relationships. And my understanding was that it was in 1983 the last time, or when the auditor's Act was amended, things were more or less clear as to the reporting relationship. It was further amended then a couple of years ago, I believe it was 1989. The 1989 amendments set out a relationship between the Provincial Auditor's office and appointed auditors, and that's still there today.

And in my opinion, when you look at it, it provides for confusion to say that the auditor ultimately is still responsible to the Legislative Assembly to give the Legislative Assembly an opinion as to whether the accounts have been faithfully kept, saying that he might rely on appointed auditors, and if he has any concerns at all about the work of the appointed auditors then he shall have the right to examine that work. But he's still responsible for offering the final opinion as to whether the accounts have been faithfully kept, and given that relationship, to his opportunities for confusion.

Is that okay if we take our break? Okay.

The committee recessed for a short period of time.

**Mr. Hopfner:** — Thank you, Mr. Chairman. Mr. Chairman, I guess probably this is more a question maybe for both the comptroller and the Provincial Auditor. But I guess I'll ask the Provincial Auditor first.

When you make a report like we have every year through your auditing report, in your wording of the auditor's report, is it . . . I guess, is the Provincial Auditor's report pointing out mismanagement of government?

**Mr. Strelieff:** — Could you explain what you mean by that phrase, mismanagement of government?

**Mr. Hopfner:** — Well we hear so often about the Provincial Auditor's report and about mismanagement that the Provincial Auditor has been pointing out in his report of government.

**Mr. Strelieff:** — Mr. Chairman, Mr. Hopfner, our reporting responsibilities are set out in our Act in section 12, or paragraph 12, which tells us what we should be bringing to the attention of the Legislative Assembly in our annual report.

**Mr. Hopfner:** — I recognize that, but is that . . . What you bring to the recognition of the Public Accounts Committee and to the Assembly, is that regarded as mismanagement?

**Mr. Strelieff:** — I suppose what . . . Mr. Chairman, Mr. Hopfner, probably subparagraph 12(1)(g) gets closer to management issues in terms of we have to report where:

essential records were not maintained or the rules and procedures applied were not sufficient:

- (i) to safeguard and control money;
- (ii) to effectively check the assessment, collection and proper allocation of money; or
- (iii) to ensure that expenditures were made only as authorized.

So when you say mismanagement, if an expenditure was made that wasn't properly authorized, is that mismanagement? I suppose that's your judgement.

**Mr. Hopfner:** — No, I'm asking you. Is that mismanagement?

**Mr. Strelieff:** — Well let's see. If I was the president of an organization or the chief executive officer of an organization and I said that this type of expenditure . . . I told my management that they should not be making this kind of expenditure, it's not authorized, and my management made that kind of expenditure, that management . . . I guess there would be a mismanagement there.

**Mr. Hopfner:** — Has that been done in here?

**Mr. Strelloff:** — Where there's . . . Well we have recorded instances where transactions did not comply with legislative authorities.

**Mr. Hopfner:** — Like where? Like, give me an example.

**Mr. Lyons:** — Point of order, Mr. Chairman.

**Mr. Chairman:** — Point of order.

**Mr. Lyons:** — I wonder if perhaps that issue will be raised as we get into a review of the individual . . .

**Mr. Chairman:** — I don't think that Mr. Hopfner is intending to delve into other chapters. He's just asking for an example to illustrate something. Well it's not a point of order.

**Mr. Strelloff:** — Mr. Chairman, Mr. Hopfner, one of the items that we reported in this year's report, it relates to the liquor control board, where we said the remuneration of the chairman of the board lacked legislative authority. So there's an instance that lacked legislative authority.

**Mr. Hopfner:** — Okay. So that was what you would deem as mismanagement then? It was not reported upon. Well it was recorded, right?

**Mr. Strelloff:** — It was accounted for as an expenditure — yes, we spent this money. But our question is, does it have the legislative authority? So by our Act, we're required to report to you that when there isn't sufficient legislative authority, you want to know. And that's what we've done.

**Mr. Hopfner:** — Okay. But using that as the example then. When you brought it to the attention of the management, was it straightened out? Like, does any of this stuff get straightened out as you bring these things to the attention of the management?

**Mr. Strelloff:** — Mr. Chairman, Mr. Hopfner, when something has not complied with legislative authority, it has already happened so in a sort of a historical sense, I mean you haven't complied with it.

In some cases there needs to be a change so that in the future they don't comply with it. And I think in most cases changes are made or those types of transactions are looked at a little bit more carefully before they're actually authorized or entered into so that they ensure that they do comply with legislative authorities. So usually there is a correction, usually.

**Mr. Hopfner:** — All right. So in your view then you're saying that that was direct mismanagement.

**Mr. Strelloff:** — Mr. Chairman, Mr. Hopfner, what we've said is that that transaction didn't comply with legislative authority. We didn't use the phrase "mismanagement" for that kind of transaction. We didn't use that phrase. We report just the facts kind of thing.

**Mr. Hopfner:** — Okay, so you're not saying it's mismanagement; you're saying there was a mistake made here and it should be corrected. You're pointing out that

management had made a mistake or an error and they have to correct that according to their legislative mandate. Is that what you do then? It's not that you're saying that, through your auditor's report, that there been a mismanagement.

**Mr. Strelloff:** — Well again, Mr. Chairman, Mr. Hopfner, it depends. It probably depends on the circumstance where again if I was the chief executive officer of the organization and I instructed my management to make sure they comply with all relevant legislative authorities and my management did not do that, then as the chief executive officer I would be worried about management. There would be a mismanagement issue there.

Or if I asked them to make sure that you prepare financial statements every quarter because I need to know what's going on with my organization and I didn't get the quarterly financial statements, I would worry about management. Or if I asked them to not enter into specific kinds of transactions and they did, as a chief executive officer I would be worried about management.

And our role as a Provincial Auditor is that you've asked us to report these kind of things to the Legislative Assembly, and that's the contents of our report.

**Mr. Hopfner:** — Then when using your example, then I guess probably when management would make a certain decision, they would probably make that decision assuming that they're in the right to do that. And then you would point out that no, in your opinion, that no they're not in the right to do that.

And I guess my question would be to the comptroller. In an example that was brought forth, would they have reported . . . well I really, I guess they don't report to you, do they? I don't understand it. So I'm going to ask you would there have been a disagreement or an opinion given that the management could have done what they did and think that they were legally doing it?

**Mr. Kraus:** — These things vary and we don't make the payments for the Liquor Board, so I can't speak for that as well as perhaps some I see in departments. Quite often it's just simply an oversight; the people aren't even aware that they need to get an order in council or that there should be some regulations struck or whatever. You could say, well don't they know these things. But in general they do, but there may be situations where it simply an oversight.

In other cases, and I suspect that would be the case in the Liquor Board situation, they undoubtedly thought what they did was appropriate. They probably did some research and said, we can increase the salary without getting an order in council. And they probably believed that they were on secure legal grounds, and went ahead and did it.

So it could be either way. Either they don't know they need it, or they may have thought it through and come to the conclusion that they do have authority. That's often the case.

**Mr. Hopfner:** — Yes, because when . . . I guess probably



then we go back to it's the interpretation whether you want to accept whether that was a mismanagement or not. Is that right, Mr. Auditor?

**Mr. Strelloff:** — Well, Mr. Chairman, Mr. Hopfner, I think one of the purposes of this committee is to make that kind of assessment. You have our report and then you can also call in the appropriate official to further delve into it, whether it's a general management issue or is it just sort of a once a year exception, and what is management's view. And then you make that assessment.

**Mr. Hopfner:** — Yes. Well, do you ask those questions of management when you make the audit then? Like in the example for the salary of the Liquor Board personnel there, did you ask management whether this was an ongoing practice that they have? Is it an ongoing practice that it can be . . .

**Mr. Strelloff:** — Mr. Chairman, Mr. Hopfner, I think I'll have to ask Fred a bit on this. From my understanding is that we reported this last year, that there . . .

**Mr. Hopfner:** — Yes, I know that's last year . . .

**Mr. Strelloff:** — I mean not even prior to this report. In our '89-90 report, we reported that the salary of the chairman lacked legislative authority. And I think there was an undertaking to ensure that they did get the necessary authority. And then when we went back in this year, we found that they hadn't got the necessary authority again. So we thought, well let's bring it back to your attention. And we would be discussing that with the appointed auditor, with management too.

**Mr. Hopfner:** — Okay. All right. When there is a reporting done of . . . Let's get off that. Like I can accept that. Do you have to bring that back? If they recognized and they went out and got the authority and made the same mistake again, you're pointing out that same mistake. So I recognize it, and I can accept that.

What gets reported? Do all sums of money get reported upon that are spent? What escapes the reporting to your office of government expenditure? Like give me an example of anything that might not be reported upon.

**Mr. Strelloff:** — Mr. Chairman, Mr. Hopfner, the first thing that would not be reported on is what we haven't looked at. So when we carry out a . . . (inaudible) . . . sampling exercise, so there's a whole array of potential information or potential transactions that we wouldn't report on.

But then you're centring a little bit further, that when you come across something and you're . . . I guess we're making the judgement, should we bring this to the attention of the Legislative Assembly or should we not? What are examples of things that we don't bring to the attention of the Legislative Assembly in that circumstance? So what would be . . .

**Mr. Wendel:** — Mr. Chairman, Mr. Hopfner, I think last year or the year before we had a lengthy discussion here on controlling postage payments to SPMC (Saskatchewan Property Management Corporation). And while the

problem continued this year, we decided not to report it this year because Mr. Kraus was working on a system and we were very close to having the problem corrected. And we didn't think there'd be any merit to bringing that back here for another discussion.

Now if Mr. Kraus's system doesn't work next year, well then it will be back for your consideration again. So it would be those kind of things that wouldn't get reported.

And from a dollar sense, if there were say, \$100 petty cash fund that had been stolen — the office wasn't locked or something and it disappeared — well we wouldn't usually bring that to the attention of the House, 5,000 or \$4,000, those smaller items.

**Mr. Hopfner:** — So what do you regard as a smaller item before you start reporting?

**Mr. Wendel:** — It wouldn't be just based on dollars. It would also be determined as to whether it was systematic. In other words, if the system caused this — they could've had a better system to protect against this happening in the future — then we might bring it forward to you even if it was a small amount.

But if it was just a . . . looked to be a one-time error and it was . . . well it's really hard to pick a dollar number, but say \$5,000 as a one-time thing, likely that wouldn't be reported. It was just a human error; it just happened. Like you maybe made a duplicate payment to someone, some clerk. And you have people that make mistakes. It happened; it happened.

**Mr. Hopfner:** — So what you're saying to me then is that you virtually report on every aspect of government at any one given time. Like there isn't an expenditure that goes really . . . that isn't made. There isn't an expenditure that's made that you don't know about.

**Mr. Strelloff:** — Mr. Chairman, Mr. Hopfner, we don't look at every transaction.

**Mr. Hopfner:** — No, I recognize that but I mean you can look at, like, from anything from a dollar expense right through on up to any limit. So what would you then base your 1990 auditing report on? How did you make the decision to do what you did and to not do what you didn't do?

**Mr. Strelloff:** — Mr. Chairman, Mr. Hopfner, the question is that how do we . . . Well could you just rephrase the question for me?

**Mr. Hopfner:** — You know we have accusations that things are not reported upon, okay, and then you have accusations about mismanagement of things that you have reported upon. And so we've cleared up the fact that really could it . . . some degree the mismanagement is the interpretation.

But then what I'm after is that I guess probably with your own submission here to the committee, is that you would have the right to report on really everything a government is involved in, right? And so that it is your decision if there is nothing really reported upon comes before this *Public*

*Accounts*, say like because you decided well that's not relevant for this year to have a report upon it. You could actually say, well no I won't do an audit on that particular segment of government business, or do you look at everything?

**Mr. Strelloff:** — Well, Mr. Chair, Mr. Hopfner, our Act does give us the responsibility to examine and report on all public money, and report on about five different kinds of aspects of the administration of public money. And to do that we follow generally accepted auditing standards and we organize our staff accordingly. And in some cases we work through appointed auditors; some cases we do the job directly to fulfil our responsibility.

**Mr. Hopfner:** — I guess probably what you're saying is there's really no direct answer then as to...like if there is an expenditure made of government, you will be auditing every department, right?

**Mr. Strelloff:** — Yes.

**Mr. Hopfner:** — Okay. So these people know that they will be audited, okay. But they don't know whether you'll be reporting on them as far as your audit is concerned. But I guess what I'm saying is when it comes back to the actual management of your opinion in management of that particular department and be it an expenditure of...I don't know really how to explain this because I want to relate back to accusations that make this report political in this forum or in the forum of the legislature.

Now we get accused all the time as government members of hiding or protecting or doing something of the Executive Council, right, because of this report. And I have a hard time accepting that as a private member because I don't believe I'm trying to protect anybody from mismanaging.

And I want to get the politics out of the auditing reporting of this as Mr. Anguish had mentioned yesterday as well in his lovely speech he gave us in the Legislative Assembly, eloquent speech he gave us in the legislature yesterday. So we wanted to take the politics out of this thing.

So when members opposite, of the opposition have indicated that and accused me of protecting Executive Council, well I'm telling you today that I'm not protecting Executive Council. I want answers and I would like some direct answers. I would like to know what they mean by mismanagement and deceit and all this kind of stuff that you are printing in this book. Because I can't directly read it.

**Mr. Chairman:** — I don't know if it's fair to...I mean you could say that, but I don't know if it's fair for the auditor to comment on that.

**A Member:** — That's political. On my speech, you mean?

**Mr. Hopfner:** — No, no, no. But I'm going with what the member from The Battlefords, Mr. Chairman, had indicated in his speech yesterday afternoon. I listened very carefully...

**A Member:** — Well don't ask the Provincial Auditor to

intervene. That's not his...

**Mr. Hopfner:** — Well I wanted to deal with the auditor's report. And in that report here somewhere he said that you pointed out that there was some mismanagement and there was...

**Mr. Chairman:** — The auditor didn't use that word.

**Mr. Lyons:** — Well it was in the terms of reference of the definition, it's implied.

**Mr. Hopfner:** — Well where's that definition? The member from Rosemont said it's in the definition here somewhere in this auditor's report — in the terms and definition of the auditor's report.

**Mr. Lyons:** — Mr. Chairman, I just want to...The auditor said that if management...if somebody were to make an expenditure without proper authorization against, for example — and he used the example of the chief executive officer saying you're not to make this expenditure and the expenditure was made by management, then that would constitute the definition of mismanagement.

For example, under chapter 10, using his definition, the remuneration paid to members of the Crown Investments Corporation of three hundred and some thousand dollars would constitute mismanagement by the chief executive officer or by...I shouldn't say the chief executive officer, but by the managers of the Crown Investments Corporation.

**Mr. Hopfner:** — And that would be interpreted as mismanagement?

**Mr. Chairman:** — To whom is that question directed?

**Mr. Hopfner:** — Well what the member from Rosemont gave me as an example would be interpreted as a mismanagement, a deceit.

**Mr. Lyons:** — The improper expenditures of money without legislative authority.

**Mr. Chairman:** — It could certainly be interpreted as mismanagement.

**Mr. Rolfes:** — Or incompetence, whatever you want to. You haven't got the legislative authority to do it.

**Mr. Chairman:** — That's a matter of definition. The auditor is simply reporting some things. How you interpret that, that's your own prerogative and the prerogative of the committee.

**Mr. Hopfner:** — I'm just wondering then, if that's the case, how was it best then in the reporting of your agency that the reporting become more defined as to pointing out whether it's an ongoing problem or if it's just a first time situation or something else like this that we can more or less take the politics maybe out of the interpretation then.

I guess maybe that's the question I ask. Is there any ways and means that you can point out to the public in a more

general term that in your opinion you found that this particular segment of management had made, in your opinion, a mistake, and this is what he or she reported to you on behalf of that particular department or whatever, that it was neither an oversight or in the opinion that they received.

Because those people do not always have the opportunity to come forth as witnesses here for quite some time before the accusations are made public in a forum such as here or on the floor of the legislature. And then the rest of the public don't really get a true picture of what your findings were.

So is there some different kind of general forum you feel that we could be maybe discussing in how we audit and report this, so that it takes a lot more of that political punch out of our interpretation, out of your report?

Because like I say, the witnesses are at a disadvantage. You know that and I know that. You're at a disadvantage because until this committee meets, you don't go out in public and say, well no, the member from Rosemont or the member from Battlefords is — well I wouldn't use the word; I don't think you'd ever use the word as misled either — but has got this all kind of a little bit wrong here, or something like that. Kind of an easy note that this was our findings and this is what we . . . because you have a much nicer way of explaining it in a general discussion than you do when we are just reading a small paragraph. And it doesn't sound as bad when you're discussing it and we're talking and speaking in a general way as it does when you're reading some of this.

So I guess my question to you is, is there a different way we can be reporting some of this stuff?

**Mr. Chairman:** — The question is then one of reporting general progress on items, is it?

**Mr. Hopfner:** — What's that?

**Mr. Chairman:** — Is the question of . . .

**Mr. Hopfner:** — No, I asked the question. He got the question. You don't have to ask me.

**Mr. Chairman:** — Oh, okay.

**Mr. Strelieff:** — Mr. Chairman, Mr. Hopfner, well we do report what we're required to report. How people interpret what we report is a difficult thing for anyone to control.

You did mention that, do you somehow identify those problems that are systematic compared to those that are instances. But we do distinguish between those kind of problems. When we say something doesn't comply with legislative authorities, it's usually a very specific kind of transaction.

In other cases we talk about systems to ensure good, reliable financial information comes out the other end. And when we say that there is a problem with the system, that's more of an ongoing kind of problem. And in some cases there may be a problem in the system but we

haven't found any evidence in terms of inaccurate information. But we know that there is a problem and there's a potential for something to go wrong.

And in those cases, those are the ones that have the potential of having a general problem, that certainly this committee needs to ask management about.

**Mr. Hopfner:** — Well yes, that part is fine. There's a potential for a problem. I guess probably you can bring that out in a very short sentence. You may have a potential for a problem because of this, that, and the next thing.

**Mr. Strelieff:** — Which we do.

**Mr. Hopfner:** — But the problem that had already occurred, okay, after the fact, that you've picked up on as through your audit, when you make a report such as the one for instance like you said, last year you picked up the fact that the Liquor Board salary issue there. And then they corrected it but then they . . .

**Mr. Strelieff:** — No they didn't.

**Mr. Hopfner:** — . . . they made the same mistake or they did the same thing again this year.

**Mr. Strelieff:** — They didn't correct it. The problem still exists.

**Mr. Hopfner:** — Oh, I thought you said they made it right.

**Mr. Strelieff:** — I think the phrase I used, that they undertook to make it right and didn't. So we thought, well better bring that back to your attention again.

**Mr. Hopfner:** — Oh, okay, all right, that's fine. But on other issues such as the issues that you've reported, as we found over the past years that the Provincial Auditor's office had reported in this committee before we even got to ask questions about it, we can thumb through here chapter by chapter, and we'll go through some areas you state, maybe 25, 30 different little issues that you had found with the department. And by the time the Public Accounts Committee gets to deal with it, 29 of those 30 issues have been resolved.

In the meantime, before we get to deal with those 30 issues that you've pointed out in your report, you did not report to the public other than through this booklet where there's a whole bunch of people in this province don't read it or can't even begin to understand it . . . that members can take this book and say oh, we've got 30 problems here — bad administration, bad management, all this kind of stuff when there's no problem out there other than maybe the one little issue left for you people to consider or to find the result.

In the meantime the people have gone out there and they've listened. Because of the political reasons, they have listened to people bad-mouthing certain departments and officials and everything else because of the type of reporting.

Now I guess what I'm asking you, is there any way that

you can see we could cover off this kind of misgiving, misleading of the public?

**Mr. Strelloff:** — Mr. Chairman, Mr. Hopfner, you're right that when we do report something it usually gets fixed. I think it's probably because of this committee. You bring in the officials and because the problem seems to be a problem and it seems logical that it should be fixed, this is a good mechanism for making sure that the problems identified are fixed.

In terms of timeliness, I think there is an issue there and you've talked about it in previous meetings, where you're coming to the belief that our reports and the *Public Accounts* need to be made available more quickly so that the issues are debated in a more timely manner. And so that they're not a year later that you're still talking about something that happened a year ago that has been fixed. There is a timeliness issue that I think is important, that the reports should be made public to you, to the Public Accounts Committee, on a more timely basis.

**Mr. Hopfner:** — Do you feel though then that we're a little bit, kind of put the cart before the horse on the type of reporting procedure we have? Like why would this committee not deal with the Public Accounts Committee before anybody could go out into the public and make issue with your audited report? Because really your report is not finished until it's gone through this committee. So there should not be any interpretation of this report, political interpretation of this report, allowed until this has gone outside this committee . . . or till your audit is final and binding.

There's a lot of things that get said that have already been fixed. You see what I mean? Like maybe what we ought to be doing when we're looking at a reporting procedure and redoing this whole . . . and revamping this Public Accounts' whole mandate, is we ought to be looking at the fact that before any of us as private members actually criticize anyone department or minister, that this report ought to be dealt with in committee to see whether what any of us are saying in public is factual or not. Otherwise.

**Mr. Lyons:** — My point of order is that the member from Cut Knife-Lloydminster appears to be saying that the matters reported by the Provincial Auditor . . . that there is some question as to their veracity. This may be . . . I think this puts the Provincial Auditor in a very difficult position.

It's a question of argument. The member's making an argument as to what matters are reported by the Provincial Auditor.

**Mr. Chairman:** — And you're further debating it, and it's not a point of order.

**Mr. Lyons:** — Well it's supposed to be . . .

**A Member:** — It's not a point of order.

**Mr. Lyons:** — The point of order is this: is that it is not on the recommendations made by the Provincial Auditor and . . .

**Mr. Chairman:** — You're further debating. What you're raising is not a point of order. In your mind it may be a point of order, but as far as I can determine it's not a point of order. It's a matter of debate.

Having said that, I would encourage members to think of that we have next Thursday to set aside to talk about the structure of Public Accounts, and questions of the relationship with auditors and so on that we are discussing is something that the auditor is going to do further work on.

**Mr. Hopfner:** — I just thought maybe the Provincial Auditor might have been able to add to what . . . I guess probably what I was getting at was . . . so I could personally give it more thought as to the procedures that should maybe begin to take place and take the politics out of this reporting system until this committee is satisfied that — as we go through point by point and chapter by chapter — that things have either been resolved or not resolved. And the unresolved things, I think we can do a much better reporting system to the legislature as members, as a unified body of this committee, instead of a divided body all the time. I think that's what I was getting at more or less.

**Mr. Chairman:** — Mr. Hopfner's got the floor.

**Mr. Hopfner:** — But I was just wondering if you had any thoughts maybe relating to that particular idea . . . (inaudible interjection) . . . No, no, not the politics, just the general public knowledge of what might . . . Do you feel the public are maybe getting a real, true interpretation of what you want to set forth to the public through your . . .

**Mr. Strelloff:** — Mr. Chairman, Mr. Hopfner, my reporting responsibilities are set out in law and it tells me what kind of information to report, what kind of examination to carry out, and when to report. And then what happens to that report is not under my influence. I report to the Legislative Assembly.

**Mr. Hopfner:** — Okay, but then you know as well as I do that through the medium and everything else, that if I as a member wanted to make an accusation against Executive Council regarding something in this report that has already been fixed and has not been a problem, possibly because of your position as Provincial Auditor, you don't like to get involved in correcting uncorrect statements, or incorrect statements. So you're not going to get out into the press and say, well they were . . . I was incorrect. It was a problem at one particular time. And when you say timeliness, I guess probably there will never be a perfect type of thing as timeliness in reporting because of the fact that we were now looking for a mandate to be sitting outside of session and how the documentation will be tabled, be it through the Speaker's office, whether it's in session or not in session, and people . . . and members can still go running about and say whatever they wish about it.

I guess . . . I've got to wrestle with this some more, Mr. Chairman. Maybe we can discuss it next Thursday.

**Mr. Chairman:** — Okay.

**Mr. Lyons:** — Mr. Chairman, on a point of procedure. I wonder if in terms of the agenda that had been laid out for the Public Accounts, whether or not after a week from Tuesday, whether or not we could move to the first agency or department that is laid out as to we agreed on, the first one that we're going to deal with.

**Mr. Chairman:** — Well that's up to members. It's up to the committee.

**Mr. Baker:** — Mr. Chairman, I know we're ready to wrap up but I wonder — since I was on the speaker's order, related basically to what we're doing — I wonder if the auditor could provide the committee the definition as auditors recognize an audited statement versus a non-audited statement, so that maybe we could better understand what an audit means in the terms of an accountant, so that we realize when we say an audited statement, what it means in the definition of the language of an accountant. Whether an audit . . . and the responsibilities that go with an audited statement.

Just so that maybe you could provide the committee with it, because it's clearly then . . . in my mind, an audited statement will clearly clear some errors to what accountant deems as an auditor's statement in the process, because this goes . . . an awful difference between the auditor's statement and one that's not, and the responsibilities that go with that.

It's up to committees to make clear of some of the misconceptions that I'm hearing.

The committee adjourned at 11 a.m.