

# STANDING COMMITTEE ON PUBLIC ACCOUNTS

April 27, 1993

**The Chairperson:** — We'll get under way, and I have just one observation to make before we begin and that is that if we . . . and I want you to think about this and then we'll finish off the meeting with making a decision about this.

The normal pattern of events would likely have us begin our review of the *Public Accounts* starting next week Tuesday. However Mr. Strelloff is not going to be here because he's accepted an invitation to attend a conference in Vancouver and he's speaking there on Monday and Tuesday, or one of those days anyway. And so I would think that it would be a real good thing to have him around when we begin our discussions on the *Public Accounts*.

So if you want to enlighten the committee on what you're going to say there, maybe we'll give you permission to go and then . . . No, just go right ahead.

**Mr. Strelloff:** — Well I can, it's no secret. Would you like me to?

**The Chairperson:** — Sure, please.

**Mr. Strelloff:** — It's an international conference of the government finance officers association and every 10 years it's held in Canada. There's about 6,000 delegates to it, and they're representing local governments and state and provincial governments in Canada and the United States. And I'm invited — and I accepted an invitation quite a while ago, quite a few months ago — to speak on performance auditing and how to get started.

So performance auditing in the context of our office is examining issues related to economy, efficiency, and effectiveness. And the focus of the discussion is how to get started in the context of an office our size and a jurisdiction our size with our history.

And that's a conference that begins Sunday and goes to Wednesday, and I'm coming back Tuesday evening.

**Mr. Cline:** — Mr. Chairman, I think it would be acceptable if we just agree to start two weeks from now.

**The Chairperson:** — Okay, thank you.

**Mr. Cline:** — There's one other matter I want to raise before we start. I neglected at the end of the last meeting to thank Mr. Kraus and his staff for preparing the presentation that they gave us last week, which was a very thorough presentation and very helpful. And in fact we not only had the presentation but we had some fairly comprehensive material that Mr. Kraus and his people prepared, and we really did appreciate it even though I didn't indicate that back before we adjourned. So thank you very much.

**Mr. Sonntag:** — It was actually all the rest of us who thought of it and . . . (inaudible) . . .

**The Chairperson:** — Okay. Then I will accept that as a recommendation and we'll move that into two weeks from today we'll begin our work on the *Public Accounts*.

And I'm pleased to say that the Provincial Auditor, Mr. Strelloff, is here this morning to give us a brief overview of what he believes to be the role of the auditor, and I think that that's an important part of this process. And I want you to feel comfortable, like I know you will, and tell us what you have on your mind.

**Mr. Strelloff:** — Thank you, Mr. Chair, and members. I have a lot of things on my mind and some of them I'll share with you today. My presentation is divided into three components.

First, discussing whom we serve and what we do; the second, our organization and general priorities that we have; and the third, the challenges that we face both in '92-93 and '93-94.

My presentation is based on my annual report. And if . . . Have all of you got a copy of our annual report? And also the brochure that I handed out. I've got a couple extra copies of the annual report if you'd like to have. In particular in my annual report, Appendix 1, which deals with the work of our office, and chapter 1.

So the first topic is who we work for and what we do. As you know and probably have heard me say many times, our office is here to assist the Legislative Assembly in helping them hold the government accountable for how the government manages all the public money entrusted to its administration.

And that's the *raison d'être* for our office. Any time that we get to issues, our perspective is how best can we help the Assembly hold the government accountable for how it manages public money? To do that we are to examine all public money and report our findings and conclusions to the Assembly.

We also advise the Public Accounts Committee and more recently, at the request of the Crown Corporations Committee, we're advising that committee as well. Our responsibilities are contained in The Provincial Auditor Act. Appendix I includes a copy of The Provincial Auditor Act.

Now what we do. Our examinations, in general, are called comprehensive audits which have three components to them. On page 236 of Appendix I, you can see those three components. The first one relates to financial reporting and compliance with the law or legislation, and management controls.

So when we examine a government organization, we normally examine them for these three reasons: one, financial reports. And when we look at financial reports, we try to answer the question: are the financial reports provided by the government reliable and credible? So that's the assurance that we're trying to provide the Assembly.

When we examine compliance with the law, we answer, or we try to answer the question: has the government complied with the main legislative authorities governing its activities? And it's the main financial legislative authorities governing the activities of usually a specific organization that we're examining.

The third component of comprehensive auditing is called management controls. And when we examine management controls, we answer the question: how well is the government safeguarding public assets and preparing financial reports? And more recently we're trying to help answer the question: is the government managing public funds and resources in an economical, efficient, and effective manner?

Now if you looked at page 279 in Appendix IV, it gives you the types of reports that we . . . or the types of professional opinions that we provide on each of the organizations that we examine. So on the top of page 279 it gives examples of opinions we form on departments, Crown agencies, and government corporations.

The first one relates to our opinion on the adequacy of the control systems used by a government organization to safeguard and control public money. So our examination is designed so that we can gather sufficient evidence to provide that opinion. And these opinions are summarized in each of the chapters. And I'll go to one chapter just to show you how it connects there and gets reported to you. So example 1 is what we call in our jargon an opinion on internal control. It relates to the adequacy of the control systems.

The example 2 on the next page is related to compliance with the law. So it's an opinion that we form on an agency's compliance with the law, regarding the laws pertaining to spending, revenue raising, borrowing, and lending activities. So they're financially oriented examinations. And we plan and carry out our examination so that we're able to form such an opinion which in a general sense when you look at an organization, the first thing you do would be to identify the key pieces of financial legislation that pertain to that organization. And then we design audit tests and procedures, examining, for example, specific transactions to ensure that the corporation or the agency or the department is complying with the relevant legislation and then at the end of the day, each year we form these opinions and report them to you.

The third example of an opinion is the more familiar one on page 281 which pertains to financial statements prepared by the government organization, and that's the more familiar financial statement. In jargon terms they call it a test opinion on financial statements where it explains the scope. The first paragraph explains the scope of the examination which are the financial statements reported on, the kind of work we did, and then our opinion.

So those are the three kinds of opinions that we give

for each government organization, that our examination is designed to give, and the examples of the opinions.

Now to bring it to life a little bit more, go to page 93 of our annual report which is the department of Community Services. Now remember I said we carry out three kinds of examinations on each of the government organizations. And the examinations are financial statements, compliance with legislative authorities, and internal controls.

Beginning on page 93 we explain the results of our examination for the department of Community Services. The first page explains the major programs that the department is responsible for and the dollar amounts, both in terms of a budget and actual results.

On the next page, paragraph 3 sets out the funds, the special-purpose funds in the Crown agencies that that department is responsible for. So then this chapter reports our findings on the department and all the organizations that that department and its minister are responsible for.

Paragraph 4 . . . Paragraph 1, 2, and 3 in our jargon is the scope of our examination; here's what we're looking at. Paragraph 4 gives our findings and conclusions related to the department's activities — so their rules, their internal controls, the rules and procedures to safeguard and control their appropriations and revenues, that first sentence, and the compliance with legislative authorities.

And our conclusion there is that in our opinion the department's and the foundation — there's two organizations involved here; they were merged in the middle of the year or sometime during the year — in our opinion the department's and the foundation's rules and procedures, its internal controls, were reasonable. And that's the first sentence.

Then the second sentence deals with its compliance with legislative authorities. And we said, we say, we think that they have complied with all the major financial authorities except for the matters reported in paragraph 6 to 13. So the department, in our examination of the department, the one thing that we think we should bring to your attention in terms of compliance with legislative authorities is related to The Fire Prevention Act and that relates to compliance with legislative authorities.

So that's paragraph 4. It's providing you assurance that the department is reasonably safeguarding its assets and complying with the law except for the one item.

Then in paragraph 5 we set out our findings in all the special-purpose funds and Crown agencies which the department is responsible for. So paragraph 3 lists those agencies. And in paragraph 5 we say that in our opinion the financial statements of all those organizations are okay except where we've specifically addressed concerns in that chapter. We say that the rules and procedures, the internal controls

of the agencies, are reasonable except where we specifically mention concerns. And we do the same for compliance with legislative authorities for each of those organizations.

So in terms of what we do, examining . . . carrying out three kinds of examinations, in the context of this department, here's how it flows through to you. And as you go through the chapter, you'll notice that we have concerns about the Archives Board, the Arts Board, the Centre of the Arts, the Housing Corporation, and the lotteries trust fund. And our concerns are usually very focused. They'll either relate to financial statements or compliance with legislative authority or specific internal control issues or problems that we think need to be brought to your attention.

In general the report focuses on problems. The assurance that we provide you is very brief. It's in paragraph 4 and 5, but there's a lot of assurance that we're providing you there. Most of the work that we do ends up that the issues are resolved before we report. Most of the work and the issues that we encounter from day to day get resolved in discussions and arguments between our office and the department and the comptroller's office and CIC (Crown Investments Corporation of Saskatchewan) and whoever has to come to the table to try to make the issue go away. When we can't resolve the issue for some reason, we then report it to you. And that's in general what we do when we go out there and examine . . . or the purpose of our reports or examinations when we're out there examining what government does and trying to help you hold them accountable.

The report in chapter 10 brings to life the results of our audit work and our standards, the examination standards, that we plan our work and we carry out our examinations and we assess the sufficiency and appropriateness of evidence to support or opinions is in accordance with the standards recommended for the public sector by the Canadian Institute of Chartered Accountants.

More recently we are establishing closer links with our legislative audit colleagues, particularly in B.C. (British Columbia), Alberta, and Canada to just help share methodology, training, and experience, and begin to even work together on joint projects, either concurrently or together. And that, in the last year or two, the momentum that way has increased remarkably. And you'll see even maybe the next year's report, the results of some joint efforts that we're working together that address issues that each of the provincial auditors and the federal government auditor have to deal with from day to day.

So that's who we serve and what we do. We're trying to help the Assembly hold the government accountable — no easy task, as we all know. And we examine all the government organizations and report our conclusions and findings to the Assembly. Our responsibilities are contained in The Provincial Auditor Act.

Now when we carry out our responsibilities we have two approaches that we're allowed to do. One is we perform the work directly, and the second is in other cases we work with and through government-appointed auditors. The Provincial Auditor Act allows our office to carry out our responsibilities to the Assembly by relying on the reports of government-appointed auditors.

And when the government appoints another auditor, we carry out our responsibility by first advising the appointed auditor at the beginning of the year. It's usually in the fall. We'll write them and say that we note that you have been appointed the auditor of STC (Saskatchewan Transportation Company) for example, and that we plan to rely on your work and reports and that we need your reports by a specific date. So that's the first introduction to it.

When we receive the reports, we assess whether reports are reasonable, are supported by the auditors' working papers and are consistent with other information that may have come to our attention, other information that might be . . . they may have been transacting with other government organizations or issues that have surfaced elsewhere.

We then report our views to the Assembly in a public report. So this is our annual report. And when our views differ, we are required by the Act, The Provincial Auditor Act, to state we are unable to rely on the work of the appointed auditor, and we are to explain our reasons, what additional work was performed at our findings.

Appendix II, page 262, shows what the appointed auditors have reported to us that they believe should be reported to you as a result of their examinations page 262, Appendix II. So the reports, part II, that second part, reports of appointed auditors:

Where the appointed auditors' reports indicated there were matters to be reported in accordance with Section 12 of *The Provincial Auditor Act* . . .

So that section says when you, an appointed auditor, believe that something needs to be brought to the attention of the Legislative Assembly, please report those matters to our office, and then we use their findings as a basis to prepare our report.

And as you can see, the 10 reports there are actually reproduced verbatim in pages 263 to wherever it ends — 270 or 280. And those set out again what the appointed auditors believe we should be reporting to you as a result of their examinations.

And remember, we go through the process of looking at what the reports are and their working papers to determine whether we believe you can rely on those reports and work and then report to you our findings.

As you know, we've pointed out that we think the existing system, when the government does appoint

another auditor, doesn't work that well, and no doubt we'll be discussing those systems at future meetings. In general our problems that we see are that it's difficult for our office to examine issues directly, particularly on a timely basis, and generally because we must wait until the reports of the appointed auditors are provided to us before we can begin our examination, so it tends to be late. And when there is an issue, it tends to be difficult to get to.

So when we assess changes to the audit system and our ability to help you hold the government accountable, we recommend that you consider assessing any changes in the context of our ability to examine issues directly, whether or not the government appoints a second auditor or not. Does it improve our ability to examine issues? Do the proposed changes improve our ability to examine and assess government financial statements and auditor reports before they are issued publicly, and does it improve our ability to report to you our findings and conclusions in a more timely manner?

Now no doubt we'll be discussing the audit system in future meetings.

Appendix I — my next topic is dealing with the organization that we have and our general priorities. So the first topic was who we serve and how we carry out our work. The second topic, the organization we have and our general priorities. And that again is focused on appendix I.

Now in general our office has three key priorities. The first is to promote better financial reporting by government as a whole. The second is to encourage Crown agencies to be more accountable to the Assembly. And the third priority is to begin to be able to carry out broader or more in-depth examinations and then report our findings and conclusions to you.

To help us focus on those priorities, in October 1991 we reorganized. We reorganized into three main divisions, each with two operating group responsibilities. Each group has a program focus, the program focuses that we've organized into are Health, Education, and Finance, thinking that those are the main areas of spending that government carries out and our office should focus on those three areas, particularly since you can't do everything, and those three areas are where there's a lot of activity going on. We thought, let's focus a little bit more in terms of developing more technical expertise and more understanding of how the government carries out its Health, Education, and Finance activities.

In addition, each division has two groups. So we have a Health, Education, and Finance division, but they also have a more focused responsibility, and that is, one group will have responsibilities for activities of Crown corporations; another one will have a value-for-money responsibility in terms of carrying out those examinations and developing methodology for it. And the third area is our professional-practice group. All very important responsibilities, into three divisions, each with a program focus — Health,

Education, and Finance.

We have a staff of about 56. In that staff there are 35 to 40 professional accountants, mainly chartered accountants, with a fairly extensive experience. There's a good group of chartered accountants and certified management accountants with 10 to 15 years of experience with our office, examining what government does.

We have six administrative staff in a staff of 56, six administrative staff and between 10 and 15 students. It varies depending on their success. In terms of students, they are articling to get their chartered accountancy designation or their certified management accountancy designation. And lately we've been very successful in moving those students through and getting their professional designation.

And all those professional designations, as you know, are pretty onerous. And I think Mr. Cline and Ms. Crofford were at some of the professional association convocations that this past year we had eight out of our eight chartered accountancy students pass their uniform final exams, which are national exams — eight out of eight. And the average across Canada is 50 per cent. So we're quite pleased with that.

And in my era with the office, I've hit a good sort of peek on it. The first year we had five out of seven; the sixth year, six out of seven; the third year, eight out of eight; which of course is all due to me, no doubt. There's no question about it! And in small part it might relate to the efforts of the individual students and the universities and the training programs that they are having to go through, through the institutes and the associations.

But I'm sure it has got to do with me, that the office over the last 10 years has been very successful in training students and moving them out all throughout the system. It's an interesting thing to watch as they march across the convocation, get their designation and then either stay with the office, or move all over the place.

Now we've had four move just in the last month. Two to Crown Life — they're picking up some of our people; and one to my colleague in Victoria, which robbed one of our . . . or provided an opportunity for one of our students; and one to Calgary.

And that's . . . I mean the movement around is good, and I encourage it when I discuss issues with my staff. I think it's good to move people around. And it also ends up with an infrastructure or a network of some pretty valuable people. So that, in training students, is one of the key things that we do; and I find it very important. So at any one time we have about 10 to 15 students out of a staff of 56 in the system, in our office at various stages, studying and working.

We also bring in co-op students from the University of Regina for the four-month terms, and from the University of Saskatchewan for the summer, And that's where we recruit most of the people from, those

two universities. The co-op program at the University of Regina, we tend to try to bring them through and then hire them permanently when we can.

So that's our organization and how we carry out our three priorities through that organization. We think that over the past year or two, and no doubt in the past as well, we have helped the Assembly better hold the government accountable in terms of the three priorities that we had in the past year, and in the future, the number one priority of promoting better financial reporting for the government as a whole.

The production of the summary financial statements, to me was an important step and will continue to be an important step as we move to managing and planning for the government as a whole, which I think is inevitable as we move forward. It's just a matter of how quickly do we get there.

Another issue in terms of better financial reporting for the government as a whole, getting the *Public Accounts* out by October 31 was an important issue. And more government organizations are now following standards of accounting that are recognized across the country.

On encouraging Crown corporations and agencies to be more accountable to the Assembly, there has been some progress in that area. The financial statements of the subsidiaries of organizations are moving forward. CIC itself prepares a more focused financial statement. Gerry . . . or the comptroller mentioned it at our meeting last week, where he pointed out the financial statement for the Crown Investments Corporation itself that now is provided by CIC, in addition to the aggregated set of financial statements, that more focused financial statement was long needed and necessary to get a better understanding of what exactly is happening in that organization. Also mandate statements are being planned and are beginning to be produced in the annual reports of Crown corporations.

On the third priority, examining and reporting more broader and in-depth issues, we're beginning to make progress in that area.

The broader issues, the signal there in this chapter . . . or this annual report relates to the annual report project, where we looked at the annual reports of government departments. And the objective was to determine what information the members of the Assembly and others need in those annual reports, need and expect in those annual reports to assess the performance of government departments. Chapter 8 deals with that.

We are also extending that examination as we speak now to other organizations of government, Crown agencies and corporations, and we'll report our findings the next time around on that issue.

So that's the broader types of issues and there are more planned. The more in-depth issues, we looked at the Department of Highways. And chapter 17 reflects our

moving into examining more focused, in-depth issues related to economy and efficiency and related primarily to the government's procedures for ensuring economy, efficiency, and in this case, within the Department of Highways.

So our three priorities are coming to life in terms of different directions for our office. In 1992-93 we did in general face many complex challenges which will continue in '93-94. And those challenges are set out in chapter 1, and they include the auditing, the first ever summary financial statements for the province of Saskatchewan. We've done it and we're going to be doing it again this year. That was a big task, a big task for the Department of Finance to coordinate it all and get all the individual financial statements in and aggregated and prepare accounting policies for each of the major issues. And auditing that information was a significant event for us.

Also during the year, completing our work on the *Public Accounts* early so that the *Public Accounts* could be tabled by October 31 was another significant challenge for our office, and it continues in the future.

We also are examining health boards now, and that we're particularly concerned that this transition occurs . . . or is handled carefully. Right now, or prior to March 31, '93, I think there were three health boards that were formed — the P.A. (Prince Albert), Regina, and Saskatoon ones. The P.A. and Saskatoon ones are the ones that involve for us a significant added complexity because we weren't there doing all the hospitals in those two cities as we were in Regina. The Regina one should be less complex, but still bringing all the operations together is complex in a number of different areas. And we're particularly concerned that this transition is handled carefully.

So that is a challenge that continues. And if we do get 30, or whatever the number of health boards created by August 17, or whenever they're supposed to be created, that is a significant challenge for our office and we're very concerned that it be handled very carefully. So we'll be focusing a lot of our attention on that issue.

The fourth challenge that we face was examining Crown corporations more directly and carefully. As you know, we're examining Crown Investments Corporation directly for the first time in about five or six years. And today, this morning actually, I signed off on those financial statements and they are going to the printer as we speak now.

We're also examining directly the Liquor Board, and that one will be increasingly complex as the Gaming Commission activities increase and they get folded within the Liquor Board and increase their activities. And also the sensitivity of what that organization will be doing will increase.

We're also looking at SIAST (Saskatchewan Institute of Applied Science and Technology) more directly, primarily because of many public concerns that were expressed about the state of their information systems.

And we're examining other Crown agencies more carefully but in a more cyclical manner.

Another challenge that we're facing during the year and will continue are the cross-government issues. You've seen the results of the annual report project in chapter 8. We'll be extending that to Crown agencies. We are developing a project on the roles, responsibilities, and duties of boards, of public sector boards.

The conference that we had on Friday afternoon under the auspices of the Institute of Public Administration of Canada to me was a very interesting conference as it pointed out the importance of carefully defining and communicating the roles, responsibilities, and duties of boards of directors. And that's not always done carefully. And more and more so it will be important for individual members of boards to know what their responsibilities are before they accept to be members of boards. And also the duty of care that they're held to.

Those types of issues were discussed at the conference in a pretty focused way which I found very informative for me, and I hope those that attended that session also found it interesting. And also the comments or the speech of the Auditor General of Canada focusing in on the challenges facing boards. And again the importance of clearly defining what the roles, responsibilities, and duties of boards are, whether they are advisory or decision making, and when they are advisory versus decision making. That's usually where the most difficult issue centres on whatever the issue of the day that faces a board — as a board, am I a decision-making body or am I an advisory board. Not an easy question to answer but extremely important in terms of carrying out your responsibilities.

We're also looking at the systems that the government has in place to ensure economy, efficiency, and effectiveness. The Department of Highways and Transportation is our first foray into that area. From my perspective it seemed to work well. The methodology was viewed as a pilot project in our office, mainly methodology development. But it also seemed to help the department itself focus its attention on the key issues that that department faces. And the senior officials within that department have said that to us as a result of our examination and the questions that we've asked and some of the issues that we've identified for them both as reflected in our annual report and reflected in more detailed findings that we provided to them. They have said that it has helped them manage better or focus on issues that they have to be careful about.

So that was a relief to me in terms of venturing into those examinations of economy, efficiency, and effectiveness. In carrying out those examinations we consulted a great deal with our colleagues, particularly in B.C., Alberta, and Canada, and our methodology now in this area is primarily based on the methodology of the Office of the Auditor General of Canada.

And they . . . luckily all those groups seem to be more than willing to consult and advise and to attend. We send them draft approaches and they provide their feedback. In general, before we address an issue we try to make sure that that issue has been addressed somewhere else so we have something to build upon before we move into it because there's been . . . many, many issues have been addressed across the country so why reinvent wheels. And that has helped in that area.

We're also . . . in terms of another challenge that we had, were the special assignments that we get from time to time. Remember the April '92 report that we provided this committee as a result of your January or February request to us to examine testimony that you heard where the government was paying for goods and services that they didn't receive. So we went out and did that examination. And that was a significant challenge to us particularly since it played out in a longer way than we anticipated and we . . . it was a bigger project than we anticipated.

And then more recently you've asked us to work with the Department of Finance and the Crown Investments Corporation on studying how the government could prepare a budget both for the government as a whole and in a multi-year sense, which I certainly look forward to and is very important.

We're also advising the Crown Corporations Committee and now attending those meetings and providing comments and advice to them on individual Crown corporations which is another important and relatively new challenge for our office. So '92-93 I threw up a lot of balls in the air for our office that some of them haven't certainly comedown yet and at times during the year I wondered whether too many were in the air and whether we would survive it. And at times I was wondering whether we would survive but we seem to have, and some of the balls are getting a little bit more comfortable or are being assigned to other people.

But the auditing of the summary financial statements, the Public Accounts on October 31st, the health boards, the more direct examinations of Crown corporations, the cross-government issues, the economy-efficiency issues, special assignments, advising the Crown Corporations Committee, all in addition to what we normally do, all very significant, and I think relate to issues that will help the Assembly hold the government accountable.

As result of all those challenges and of course limited resources as every organization has, we reassessed our work priorities and decided that we will no longer examine every government organization each year; we just can't do that. This year you will see that we haven't looked or we won't be looking at STC or SGI (Saskatchewan Government Insurance); there's a whole bunch of revolving funds that we're planning not to examine. When you have so many challenges facing you, you can't do everything, so you have to make choices. And one of the choices was to no

longer examine every government organization each year.

We delayed issuing this report so that we could finish more of our work. We continue to recommend changes to The Provincial Auditor Act so we can perform our work more effectively, so we don't have to spend so much of our time or much of our time chasing information, that we reduced our audit staff by four people, and that we are establishing closer links with other legislative audit offices so that we can better access their methodology, training, experience, and advice to help our office carry out our responsibilities to you more effectively.

Now our annual report reflects the result of our work during the year and what we're ready or able to report to you at our report date which, I think for this annual report, we cut it off as of February 28. So our work to February 28 of this year, that's when we cut off our field work, say, and then finalized our reporting.

It focuses on issues that we think should be brought to your attention. Some issues relate to the government as a whole, and some issues relate to very specific organizations. So when you're dealing with that variance in the size of organizations, the issues also tend to vary. Some of the issues that we report don't seem to be that significant in the context of the government as a whole. But in the context of one individual organization that perhaps can't prepare . . . doesn't have the perhaps the accounting system in place to prepare interim financial statements, it's pretty important for that organization. The organization however may only be, may only be managing a million dollars of public money instead of a billion dollars of public money. But the significance of the issue is still important for that organization; however it sometimes doesn't seem to be that significant in terms of the government as a whole, but we report both. We report our results of individual examinations of individual organizations as well as more general issues.

The organization of a report, as we get into it in the coming weeks, chapter 1 — we have five general sections you'll see in our annual reports and in past ones and perhaps in future ones — chapter 1 is traditionally just the general observations that I have personally that say here are some of the key issues that I see and mainly on a government as a whole basis. Some of the issues I'll note that have been moved forward in terms of progress and others that require more specific attention. It's my personal chapter that I, at the end of preparing all the individual chapters, I put together in terms of my general view on what's happening. Chapters 2 to chapter 8 are generally cross-government issues, results that pertain to the government as a whole. And note this year that I actually commented on the work of the standing committees — this committee as well as the Crown Corporations Committee as well as special assignments, but mainly issues that relate to the whole.

Chapters 9 to 21, the next grouping of chapters, relate

to departments and the organizations that those departments are responsible for. Remember, we went to the department of Community Services, and they are provided an appropriation and have revenues, but they also are responsible for — maybe, I think — about 10 special-purpose funds and Crown agencies, while the chapters 9 to 21 are the departments and the organizations those departments are responsible for. Some of them, as you see in the listing of organizations, they have responsibility for a lot of organizations — pretty significant and onerous.

Chapters 22 to 28 tend to deal with specific, standalone . . . mainly corporations. Generally they have separate legislation and they're a separate chapter. Many of them are Crown corporations.

And then the appendices, we normally . . . the appendix I starts off with a report by our office on our work; that's the one that we went through, the Office of the Provincial Auditor. It has the legislation. Then we have appendix II, the reports of appointed auditors. Appendix III, the work that we haven't yet completed. And appendix IV we went through the examples of the opinions we form, the three opinions on financial reports, compliance with legislative authorities, and internal control, that we form for each government organization.

And then V and VI are appendices that relate to individual chapters. One is the individual recommendations of the Financial Management Review Commission, and the other are a status report on the recommendations of the Public Accounts Committee, which the committee earlier this year asked us to prepare a chapter or a status report on your recommendations. And we plan to continue that, particularly this year as you, in your third report to the Assembly, you set out many recommendations that from our perspective and our experience when you do recommend something it generally gets done. You do have a significant impact on moving things forwards. Sometimes on a day-to-day basis, it sometimes doesn't seem that way, but in an over-time basis you definitely do.

So that concludes my comments on the three areas that I said I would. One is who we work for. We work for the Assembly. What we do, the types of examinations, how we report the results of our examinations, the organization that we have, and the general priorities that help to shape what we do — the three priorities being improving, encouraging, better financial reporting for the government as a whole, the better accountability by Crown agencies and corporations, and the ability to examine more in-depth and also broader issues.

And then the third topic being the challenges that we faced in '92-'93, and those will continue to '93-'94 and beyond, no doubt.

And if there are any questions, please do. Thank you.

**Ms. Haverstock:** — Yes. Thank you very much, by the way. That was very helpful.

My question is quite specific, and even though we aren't here to discuss this, I just took a quick review of chapter 23 which is the Board of Internal Economy. And I have a question because I'm truly confused as to where this particular thing would be examined, other than in the Board of Internal Economy itself, and that's regarding per diems.

Now I will tell you what I find rather astonishing. An MLA (Member of the Legislative Assembly) can claim a per diem while the session is on, even if they're on vacation or they're spending a day in their constituency office, the latter which I would understand should be covered by one's salary, not by the per diem. It's one of the reasons why I had raised in the Standing Committee on Rules and Procedures . . . I had recommended that in fact we would have an opportunity to spend one day per week in one's constituency so that there would be some continued contact with constituents. But one would not be paid a per diem in that case.

And I'm wondering where that is actually examined. Like, by whom is it examined and from where would recommendations come?

**Mr. Strelloff:** — Mr. Chair, Ms. Haverstock, I see that as — whether it's appropriate to have per diems when you're on vacation, as you mentioned — as a strictly policy issue that the board itself has to decide on and recommend as being the way you carry out your responsibilities. Once you provide that policy rule, we'll examine to make sure that it's carried out in accordance with your directions. But the issue of whether that's an appropriate policy is yours; it's the Assembly's and the board's.

**Ms. Haverstock:** — Well yes, okay.

**The Chairperson:** — If I may respond, I've never sat on the Board of Internal Economy, so I've been an outsider looking in. However my observations on this are that you have to be very careful on what kind of responsibilities you give away from the Assembly to determine its own agenda and the agenda of the individual as an Assembly. When you give it away, you are giving away something that people struggled for in the early time of parliament's establishment.

And if you give those functions away . . . I'm not talking about accountability. I'm talking about the responsibility of the committee. The committee is there to self-determine, just like the Legislative Assembly has the responsibility to sanction its own members. We have privilege there because we have gotten that through struggle over the centuries on its right to self-determination which gives us the freedom to do the things that we want to do. Now that does not relate to your . . . that only relates to a part of what your observations are. The accountability side, the auditor I think has made the observations about that.

But I think as a Legislative Assembly elected by the people we have some things that we have to self-determine and when we give that away we

relinquish some of the things that we have, that people before us have struggled to maintain. So just an observation.

**Ms. Haverstock:** — Well I appreciate your comments but I guess really what I'm requesting here is, I don't understand how it is we can have accountability if the responsibility solely lies with the Board of Internal Economy which is quite exclusive.

And as I have raised on numerous occasions, I think that there should be some way of being more inclusive of people from the private sector or some way of looking at perhaps changing not just perception, but reality, that this is a closed shop, if you will.

And I'm not suggesting for a moment that I think that politicians are overpaid. I think that one of the things that I would like to see happen is some of the recommendations that have come from people who have been brought in to look at this and re-examining the whole issue of per diems, re-examining the issue of salary, what would be taxable, what isn't, and in building in greater accountability, because I think that the general public would be equally astonished, as I am, in receipt of the information that we got from the Clerk's office yesterday, I think it was, or the Legislative Assembly financial services about what is acceptable on the basis of claiming for per diems.

It's just something that I would like to see addressed more directly and I don't know how that's going to happen since I have sent numerous letters, even requested to be heard by the Board of Internal Economy and every request has either been tabled or ignored. So I would . . . I don't know where to proceed with this.

**The Chairperson:** — I'm not necessarily going to cut off a response but I don't know whether that's the mandate of this committee to go into that.

**Ms. Haverstock:** — I don't either and I guess I'm talking about public monies being spent so I don't where to raise it if I don't raise it here.

**The Chairperson:** — Do you want to make an observation? Well we'll take it as presented and move on to Mr. Sonntag.

**Mr. Sonntag:** — Thank you very much. I think first of all there's probably, there's no obligation to file for a claim per diem if you're on holidays either, so I just make that observation. You're certainly not under any obligation to do that.

I was somewhat humoured, Mr. Strelloff, by your analogy with throwing up the balls and I just about broke out laughing because it reminded me of a story as a young lad of throwing up a bunch of balls and watching the balls come down and getting a bat in the side of the head, so I caution you about my past experience.

Sort of an interesting anecdote — this is not necessarily directed at you at all either, but I would be



interested on your comment on this and this is probably in relation to job description. Certainly in my past life in the financial world, in having dealt with many external auditors, it always seemed to me that the requirement of the auditor whatever the auditor — whoever the auditor was, I should say — was that they filed a report at the end of the examination, and in my case it varied from 25 to 30 pages, and in your case it appears to me from my brief history here that it would vary from 250 to 300 pages.

And it didn't matter — and I refer back to, as I say, in my past life — it didn't matter how many recommendations we followed through, every year there was another report that found a whole bunch of other things. And it just seemed like it was part of the auditor's job to find new and more things.

While it might appear like I'm leading to a question that says like is the auditor sort of trying to create a job for himself, that's not what I'm asking. What I'm asking is: does in fact your job description change, and is in fact that's what an auditor does, is continue to look for more and more things to do?

Or if we were a perfect Assembly and followed through on all of your recommendations, would we have a report here with simply an appendix and three pages in the middle and a satisfactory report, or will we always continue to have reports that basically cover all of the different departments and those sorts of things?

**Mr. Strelieff:** — Mr. Chairman, Mr. Sonntag, well we do examine individual organizations, and in the context of examining financial statements and compliance with the legislative authorities and internal controls, there's different transactions that are going through the organizations. Some of them are new; some of them are not so new. There are new staff that are put in place in government organizations. Some are new; some are not so new.

The circumstance varies. It doesn't stay stable. There's always a new climate or environment that we go to when we go out there and examine issues. We also are examining — as I've mentioned in some of the complex challenges — trying to examine cross-government issues is a perspective that we really haven't focused that much in the past but yet our office is pretty well the only organization that's in a position to have a look at how . . . well, the cross-government issues or when SaskPower deals with SaskTel, dealing with CIC and Finance all at the same time.

Those kinds of issues are very complex and they vary from time to time in terms of the extent that the government carries out those kinds of transactions, and therefore probably the issues that we bring to your attention will vary.

Whether we are here to just make work for ourselves — don't think so. From my brief experience here, two and a half years, more and more so I strongly believe it's in your interest, very strongly in your interest, to

have a strong Office of the Provincial Auditor. As a member of the Assembly to get . . . our office is one of the few mechanisms you have to get information on what the government is doing, one of the very few. And I'm amazed really at how more strongly I believe as the time goes on, and as more of the issues that I see surface and that are very important, it's . . . the work we do is, I think, very important to you. How long our reports will be in the future I don't know. I'd just like to move to more frequent reportings in a general way.

**Mr. Sonntag:** — just a follow-up to that thing too. I mean I certainly concur with it. You say, I think . . . as I say, my question was more maybe a bit more in that . . . So what you've really said then is that the job description has, although ultimately responsible still to the public through the Legislative Assembly, your job description sort of continues to evolve as time goes on.

**Mr. Strelieff:** — Evolves, yes. I mean chapter 2 is an interesting one of how our job evolves. Probably dependent on maybe the leadership. And in chapter 2, we're for the first time — and almost every colleague across Canada does this — but providing an overview of the finances of the province, trying to make it in as understandable manner as possible. You'll see in the next report — we've got two years in this one — there'll be three years. We'll begin to identify trends and indicators that you should carefully look at, and I'm hoping to begin to compare to other provinces too.

We had a meeting of our colleagues of B.C., Alberta, Manitoba, Ontario, and Canada a week or two ago, talking about how best to explain the state of the finances in a more understandable way. And we're trying to develop a more comparable way of showing things.

The example of chapter 2 is an example of an evolving kind of way of carrying out your job. If you're thinking . . . I'm thinking my job is to help you understand, assess what government does, and then hold them accountable. So part of that is to try to put the information in a more understandable way. And chapter 2 kind of reflects that, so that it does evolve.

**Mr. Sonntag:** — Thank you.

**Ms. Crofford:** — Back to this . . . well I should just mention first, I like the way the report is presented and I particularly like appendix V and VI, because that's the way I think — is in columns. So I appreciate the way it's laid out. It's really easy to see where things are at.

As far as this business of looking at efficiency and effectiveness and those kinds of issues, I guess what I start to wonder is where we cross over into the management prerogative in a department. And I assume that what you're talking about is looking at whether mechanisms are set up, not actually evaluating whether the department is meeting its objectives. And where I get a little bit concerned, is from your perspective you have a fair bit of access to

government proper, but I think where we're missing the boat on effectiveness, efficiency, evaluations, are community and client perspectives of how their needs are being met by government. So I'm just wondering how you see your relationship to what has typically been management's role in those kinds of issues.

**Mr. Strelloff:** — Well we're beginning to venture in there. What we're looking at is the government's . . . what the government's practices . . . or systems and procedures that they have in place to — for example in the highway one, on contracts, contracts with private sector road builders — to make sure the systems that the department has in place, to ensure they are managing those contracts in a cost-effective manner.

So the focus is on, what does the department do? It's not on determining whether it's an . . . we're not determining whether it's effective. It's how does the department know it's managing its responsibilities in an economic, efficient, effective way? And for contract management means buying the goods at the right prices at the right times and the right quantities.

**Ms. Crofford:** -Well that would involve some policy implications too though, because whether that money then is, shall we say, recirculated within Saskatchewan or whether, for example, something might be purchased from a supplier in the States or in B.C. or something like that, that then starts to venture into a slightly different realm that can't be measured strictly by . . .

**Mr. Strelloff:** -Well we're not looking at whether the decision is to buy outside the province or inside the province or whether the highway maintenance or construction should be done by the department itself or a private sector road builder. Those are policy decisions that have been made.

Now given that policy framework, how does the department manage it? And in terms of the contract side, in chapter 17, as we get to it, we found that they do a good job. And we even found that in our survey to people who are bidding for the jobs, that they felt the department does a pretty good job in managing its contracts.

**Ms. Crofford:** — Okay, one final question there. In other jurisdictions, is it typically the auditor's office that does this kind of . . . in a way, more of a management evaluation, or do they have other bodies set up that do that kind of efficiency effectiveness?

**Mr. Strelloff:** — Well two things: one is that our office is the last legislative audit office in Canada to begin to examine these kind of issues; second, it doesn't replace management's responsibility. I mean we've discussed this in other meetings and I strongly believe that the government should be examining these issues.

That's why our starting point is: what does the government do to make sure that it is, for example, under contract management of highways, is buying

the right goods at the right price? That's the management's job and we can't replace that job. All we can do is push a little bit, identify some good practices, some criteria for assessing good practices, and encourage management to take the ball.

**Ms. Crofford:** — Okay, thanks very much. I was just wondering a bit about how you saw the division. Thanks.

**Mr. Van Mulligen:** — You mentioned earlier that you've got a professional staff of about 50, and you have what?

**Mr. Strelloff:** — Fifty-six.

**Mr. Van Mulligen:** — Eight . . . 56? The book says 50 but you say 56?

**Mr. Strelloff:** — Well the book was at March 31, '92 — 56 as of this morning.

**Mr. Van Mulligen:** — No, but this report was just prepared.

**Mr. Strelloff:** — Okay, so the book says 50. So there would be 50 audit staff and six administrative people.

**Mr. Van Mulligen:** — Okay. But you've got eight students this last year, and you mentioned the figure 10?

**Mr. Strelloff:** — I said that in general we have between 10 and 15 employees who are students at some stage in their articling, if you recall. And in December, eight of our chartered accountancy students were advised they'd passed the uniform final exams. Some of them still . . . some of them at that date became chartered accountants. Some of them still have a term of service to complete before they get their chartered accountancy, which is about a 30-month term of service.

**Mr. Van Mulligen:** — Like how does that rate . . . like it seems to me that that's a lot of students. How does that compare to private firms? I don't know; I'm just curious.

**Mr. Strelloff:** — In general, public accounting firms are training students. Whether it's more or less than those firms, I don't know. I couldn't say. Could you, Fred?

**Mr. Wendel:** — Well the last time we looked we were fairly close. We do try and compare ourselves as to whether we have the same rough mix of professional staff and administrative staff. But I don't have those statistics with me today, but we do look at that.

**Mr. Van Mulligen:** — I guess I don't know enough either, whether the students that you have are a net benefit in the sense of meaning your office can become more productive, as opposed to if you didn't have the students, it would be more productive, because professional staff's time, you know, if you have students, it's got to be spent on training,

evaluating, and supervising students.

I don't know if there's a benefit to, you know, just from the viewpoint of productivity, to have students or there isn't. I don't know. I know that there's an obligation for accounting firms to have students, as there is for all professional bodies to train the new set of professionals, but . . .

**Mr. Streliaff:** — Mr. Chairman, Mr. Van Mulligen, a couple of things. I guess we're on verbatim. The students are an inexpensive source of labour, very much so, and that means that you get a lot of good work from them. And also you get people who challenge. I mean they're all very bright people. They're coming out of university, full of vim and vigour, and they question everything you do.

And it really in a sense of helping our office, I think it helps our office a great deal in both getting the work done, but always the nature of an auditor's job is to ask questions and challenge all the time. That's what we do out there. We ask questions on why do you do this. I mean they're very valuable for that. And I'm certainly happy that we have the opportunity to train the students and also then to move them out and put them in other organizations where they again contribute.

I see this part of our office job as a very important job for the future of the province.

**Mr. Van Mulligen:** — I don't understand, like the relationship of the students, whether they're a net benefit to the organization in terms of productivity.

**Mr. Streliaff:** — Well the first comment . . . in expense of their net benefit.

**Mr. Van Mulligen:** — The other question I have, a very quick one, is on page 49 of the auditor's report. It's a question of terminology that I don't quite understand. In talking about certain payments you said these payments lacked proper authority. Does that mean they're illegal then?

**Mr. Streliaff:** — We have this debate a lot internally. The term "lacked proper authority", well that means there's a law that says it should be done this way and it wasn't done that way. So does that mean it's illegal? And we used the "lacked proper authority" because it's, I suppose, a softer way of saying that in the context of that specific rule or that law, it was not right.

Illegal has such criminal kind of element to it, but that's what you automatically . . . versus a civil or the rules . . .

**Mr. Van Mulligen:** — For example, like if a business put somebody on the payroll and they didn't quite do the documentation accurately to support the cheque being paid out every month; and the auditor comes and says, well look, you don't have it . . . The payments don't have quite the proper authority because you've got some things missing here. . .

**Mr. Streliaff:** — These are a little bit more important

than that. These are related to rules, legislation that you enact. And you say that the board, in this case the members of boards, shall be reimbursed only through a specific system, that they require orders in council. It's rules from the Assembly, Legislative Assembly. And in that context, they lack legislative authority.

So if you view the Legislative Assembly as the rule maker, the lawmakers, which you are, someone's not following your laws.

**Mr. Van Mulligen:** — But you don't use the word illegal.

**Mr. Streliaff:** — I don't think we have in our report.

**Mr. Kraus:** — I also think that you have to draw a difference between payments that are made for services rendered and payments made where services may have not been rendered, keeping in mind that the services could be rendered by parties, not necessarily this situation, and yet due process hasn't been gone through in terms of getting all the proper authorities. It isn't that the people didn't discharge some duties and service and weren't entitled to get paid, but the transaction wasn't properly authorized in the first place by the legislature.

And there can be two parts to this, if you follow what I'm saying there. And I would expect in this case that the auditor isn't saying the people did not provide any service. It's just that the transactions were not properly authorized by the legislature, well in his opinion, in the auditor's opinion.

**Mr. Streliaff:** — And there's another perspective on this. I mentioned that we give three opinions. Two of the opinions — one of them relates to compliance with legislative authority. So when we're pointing out these payments lack proper authority, it relates to that examination. Another type of examination that we do is focus on the internal control of an organization.

Now your example about whether perhaps a cheque wasn't signed twice as required by the organization would surface as result of our examination of the internal control of an organization. It wouldn't surface in our examination of the compliance with the legislative authorities. So it's a different kind of problem that we would be reporting, and we would therefore not link it to legislative authority. We would link it to a strong system of internal control.

**Mr. Serby:** — Thanks, Mr. Chairman. I appreciate the overview provided this morning, Wayne. Just a couple of questions. The statement that you made is that when we can't raise all of an issue, we report it to you, and I expect . . . suggesting it will be recorded in the *Report of the Provincial Auditor*.

Over the past number of reports that were reviewed now, there have been in a number of chapters issues that you've indicated that you've reported in the report that then have already been resolved? Could it be then that in this report, because the time lines are getting closer to when you in fact review the report

and we review it as a committee, that there will be a fewer number of issues in the report that in fact have already been resolved — would be my first question.

My other is that I'm interested in your point where you suggest that you're going to be examining the work of the health boards to a greater degree and that you have a significant number of concerns about that whole transition process. I'm interested in knowing from what point of view or what perspective you have concerns around the transition, particularly when you made the point about recognizing what the role of boards are, whether in fact they are decision-making boards or whether they are advisory.

And then finally I think some interest in your comment regarding multi-year budgets suggesting that there has been some interest, I think, expressed by the Department of Finance to ask your assistance or working with you in terms of establishing that process. I'm interested in knowing where in fact that kind of authority to be involved in that process comes from. Are these issues that you raise of a concern as the Provincial Auditor? Or is there in fact a sort of a close working relationship between your office and, say, the Department of Finance in terms of looking at this kind of a process?

**Mr. Strelloff:** — Okay, I've got three general questions there: it's the multi-year budgets, the health boards, and the nature of the issues already resolved.

The first one, the issues already resolved, when we begin our examinations of . . . or begin our review of the chapters we usually provide you with an update to the best of our knowledge, here are the issues that we've reported here that are now resolved. And in the past, the committee, when receiving that advice, they've tended then not to address those issues, so we'll do that again to make sure that you know where we think issues that we've recorded have now been resolved.

On the health boards, the transition that I'm worried about is that . . . just the magnitude of the workforce, that we want the transition . . . When you move for example in Saskatoon from individual hospital organizations to one group, it's a difficult auditing issue. And there are three . . . or perhaps 30 more of those boards that will be created which just means a significant increase to our workload, and therefore we have to be able to manage that workload quite carefully to make sure that, from our perspective, we can help that transition happen as it actually takes place.

The multi-year budget issue — a couple comments on that. The Public Accounts Committee had, I guess in its third report to the Assembly, did recommend that we work with CIC and the Department of Finance to examine the preparation of a budget for the government as a whole as well as multi-year budgets. We also note I think that in the '93-94 budget that was presented just recently there is some multi-year time frames in that budget.

So those are the three: the issues already resolved, we'll be reporting to you when we know about issues that are already been resolved. The health boards, it's just a significant workload for us. And we want to make sure that we carry out that responsibility and that workload effectively, and the multi-year budgets, the recommendation of the Public Accounts Committee.

**The Chairperson:** — Just before you — you can have one more — but before you do, what I think . . . what I'd like to say is that as we go into the beginning of our public accounts discussion, we will have a greater chance to begin with these kinds of questions as we ask the auditor for his view of the different areas of the departments and different things like that. So if we cut off discussion today, that can resume in the same tone in the future.

**Mr. Serby:** — Well I'll save mine then, Mr. Chairman.

**The Chairperson:** — Well I wasn't anticipating to . . .

**Mr. Serby:** — Well it's in respect to that, within the area. We'll get into the debate I suppose . . .

**The Chairperson:** — And I was also going to say about your question, if you keep it in mind and when we get to the matter of the Board of internal Economy, that's when that discussion can be raised in a higher profile, if you will.

**Ms. Haverstock:** — I have one final question.

**The Chairperson:** — Okay, you're next then.

**Ms. Haverstock:** — I'm wondering if you could comment, since there was something raised about multi-year budgets, on set budget dates. As we know that there's often a concern on the part of provincial governments that they have little predictability as to what the federal government will do in their budgets, which would have a significant effect on whatever a province decides to do.

And similarly, a province's budget has a great deal of impact on school boards and so forth, so that that kind of unpredictability can create a great deal of difficulty when people are trying to establish what it is they will have on the revenue side.

Would you comment on the practicality of set budget dates?

**Mr. Strelloff:** — Mr. Chair, members, Ms. Haverstock, my first comment is that that probably would be one of the issues that might surface in our examination of the budget and the multi-year budget process that we would be planning to do with CIC and Finance and also just ourselves. So there, sort of, that is an important issue.

In terms of how those set budget dates could be coordinated, there are so many different levels or different governments involved. Even the local governments are affected as well. How do you

coordinate budget dates? Yet it seems logical that there needs to be some structure to it because of the one budget affects another budget which affects another budget.

I don't have any quick, magic answers to that other than that that will probably be one of the issues that might surface as we get into the budget process — whether there should be a standard budget date. On the other hand that might end up being a very specific policy-related issue that each government has to decide on their own.

**Mr. Van Mulligen:** — Can I just have follow-up on it? You're actually going to spend time on this — on the question of a set budget dates?

**Mr. Streliaff:** — Well, Mr. Chair, Mr. Van Mulligen, I assume that once we get into examining how the budget process works, part of the budget process is when the budget comes out.

Now whether it means a set budget date is one of the options or issues that people identify to us as being a concern to them, I mean it has been expressed here.

**Mr. Van Mulligen:** — I don't believe this. I mean you've got a budget this year which is the earliest in 10 years; you've got a government now two years in a row that's given two years notice to third parties of their grants and so on, and now this surfaces as an issue? I don't understand it.

**Mr. Streliaff:** — Well the question that was asked . . .

**Mr. Van Mulligen:** — . . . and that we would want to spend time on that.

**Mr. Streliaff:** — The question was asked by a member and may be asked by other people. I don't know.

**The Chairperson:** — I have a number of observations I want to make myself here, and I'm going to be brief because I've got other things that I need to be at.

I'm going to make some points that relate to the process that we've been through the last month and a half to two months.

I first of all want to make this observation that an evaluation . . . that agencies of government have probably become more aware of what the expectation of the Public Accounts Committee is and also the Public Accounts Committee has become more aware of the different agencies who are regulating government — an example, the auditor and the comptroller — and I think that those are good.

I want to also say that when agencies verbalized their role, they then have to fulfil the expectations that they have and what they verbalized. And when we have done that as a group together we have provided for ourselves a standard that I think is a good way to go. And I note the observation was made by Mr. Cline about Mr. Kraus's presentation and I think that those are good expectations. And when those are

verbalized, then he has to live up to that standard and we know that he has to. And that's an expectation that he has of himself.

I also noted that when we had our financial managers in here they asked us what our expectations of them were. They told me afterwards that they never had a time like that when they've been able to meet with the Public Accounts members, and Mr. Cline and Mr. Van Mulligen and myself were there and they were pleased that we had made the presentation that we did. So that is also again stating a role and meeting the expectations that that role is supposed to be.

I also want to make one other observation that has, I think, four different parts. And that is that in a general sense, I think that the comptroller and the auditor and the Public Accounts Committee in its role as an examiner of the details of the *Public Accounts* and also the role of the government, we need to deal in ways that were suggested by the auditor today. I think they were good. And also we need to say that — I think I would make this observation — the auditor today is there to provide accountability and a flow of accountability, not to catch-you-when-you're-wrong philosophy.

And I think that's a whole lot better in dealing with the Public Accounts Committee, it's a whole lot better when the auditor does that, and then the attitude that says, ah, I caught you, is not there. And I think that that is a positive because what it does is it gives the auditor and the comptroller and the Public Accounts Committee a management role rather than a degrading or a diminishing set of principles to follow.

And so that is, I think, a very important part of what we have done over the last two months and provided that balance. But I think the greatest advantage is that we've talked about what the profile of our expectations are, both from the government's perspective and from our perspective, from the comptrollers and from the auditors, and I think that that's an important part of the agenda.

I have never, ever gone through . . . in 11 years I've never, ever gone through that, and I think that that's an important part of what the Public Accounts Committee has done. And in that profiling you can correct rather than chastise, if you want to use that phraseology.

Anyway, those are my observations. One other thing that — I don't know whether Ms. Haverstock was here — next Tuesday there will not be a meeting because the auditor is in Vancouver and doing good. What we will do is have a notice sent around for the next Tuesday after that.

What we need to do is have what the agenda will be. And is it fine with the committee if Mr. Cline and myself review the material, where we start, and how we look into that? Is that . . . And then we will give notice early enough that the discussion will take place on items (a), (b), and (c). Is that reasonable?

Okay, I've entertained a motion to adjourn. Slow down, Mr. Sonntag.

Just one moment here. I forgot, I neglected one thing. And if the tape is on . . . if not, fine. I want to thank Mr. Strelloff for his attendance here and his overview and how he made the presentation. It was a logical, rational, sensitive way of doing it, and I appreciate that. The committee adjourned at 10:40 a.m.