

STANDING COMMITTEE ON PUBLIC ACCOUNTS

June 6, 2001

MINUTE NO. 15

9:00 a.m. - Room 10

1. **PRESENT:** Mr. Krawetz in the Chair and Members Allchurch*, Bakken*, Bjornerud*, Gantefer, Harper, Higgins, Jones, Junor, Kwiatkowski, Thomson*.

Substituting Members

Mr. Allchurch for Mr. Gantefer (for consideration of Social Services and Municipal Affairs, Culture and Housing)

Mr. Allchurch for Mr. Wakefield (for consideration of Health)

Ms. Bakken for Mr. Stewart

Mr. Bjornerud for Mr. Wakefield (for consideration of Social Services and Municipal Affairs, Culture and Housing)

Mr. Thomson for Mr. Wartman

Other Members

Mr. Prebble

Provincial Auditor's Office

Fred Wendel, Acting Provincial Auditor

Brian Atkinson, Acting Assistant Provincial Auditor

Judy Ferguson, Executive Director

Michael Heffernan, Executive Director

Rodd Jersak, Principal

Bill Harasymchuk, Manager

Jeff Kress, Manager

Rena Strecker, Manager

Provincial Comptroller's Office

Terry Paton, Provincial Comptroller

Chris Bayda, Executive Director, Financial Management Branch

2. The Committee proceeded to consider Chapter 1E (Department of Health: Resource Allocation Among Districts Based on Health Needs) of the *Fall 1999 Report of the Provincial Auditor (Volume 2)* and Chapter 2E (Follow-up of health district practices to assess health needs and allocate resources based on health needs) of the *Fall 2000 Report of the Provincial Auditor (Volume 3)*. Mr. Heffernan of the Office of the Provincial Auditor provided an overview of the chapters.

The following Department of Health officials appeared before the Committee and answered questions:

Witnesses

Steven Pillar, Associate Deputy Minister

Rod Wiley, Executive Director, Finance & Management Services Branch

Bert Linklater, Executive Director, District Management Services Branch

Leslie Parker, Director, Capital Management Team, District Management Services Branch

3. The Committee considered recommendation 1E-1 made at page 112 of Chapter 1E (Department of Health: Resource Allocation Among Districts Based on Health Needs) of the *Fall 1999 Report of the Provincial Auditor (Volume 2)*. It was moved by Mr. Gantefoer:

The Committee recommends that the Department continue to develop, as one component of resource allocation, processes that involve stakeholders and experts to identify and communicate priority health needs for the province, and health status objectives for the long term (e.g. 10 years or more) for the highest provincial health needs.

The question being put, the motion was agreed to.

4. The Committee concurred with recommendation 1E-2 made at page 112 of Chapter 1E (Department of Health: Resource Allocation Among Districts Based on Health Needs) of the *Fall 1999 Report of the Provincial Auditor (Volume 2)* that the Department should monitor and report the impact of resource allocation on the achievement of provincial objectives for service delivery and for health status. The Committee noted that the Department is making progress towards complying with the recommendation.
5. The Committee proceeded to consider Chapter 2B (Accountability for capital construction) of the *Fall 2000 Report of the Provincial Auditor (Volume 3)*. Mr. Heffernan of the Office of the Provincial Auditor provided an overview of the chapter.
6. The Committee concurred with recommendation 2B-1 made at page 111 of Chapter 2B (Accountability for capital construction) of the *Fall 2000 Report of the Provincial Auditor (Volume 3)*, that the Department should establish and communicate a plan to manage risks for capital construction projects and further, that the Department's plan to manage risks should clarify the accountability of the Department and health districts to: identify, assess, and monitor risks; and act to reduce risks. The Committee noted that the Department is making progress towards complying with the recommendation.
7. The Committee proceeded to consider Chapter 11 (Health) of the *Spring 2000 Report of the Provincial Auditor*. Mr. Kress of the Office of the Provincial Auditor provided an overview of the chapter.
8. The Committee noted that the last four recommendations in this chapter had been considered and dealt with in an earlier Committee report. Only the eight new recommendations would be considered at the current meeting.
9. The Committee concurred with recommendation 11-1 made at page 157 of Chapter 11 (Health) of the *Spring 2000 Report of the Provincial Auditor* that the board members should receive adequate training to understand and carry out their responsibilities. The Committee noted that the Department is making progress towards complying with the recommendation.
10. The Committee concurred with recommendation 11-2 made at page 157 of Chapter 11 (Health) of the *Spring 2000 Report of the Provincial Auditor* that the Board should approve and adopt a code of conduct for the Hospital. The Committee noted that the Department is making progress towards complying with the recommendation.

11. The Committee concurred with recommendation 11-3 made at page 158 of Chapter 11 (Health) of the *Spring 2000 Report of the Provincial Auditor* that the Board should establish and approve an appropriate conflict-of-interest policy. The Committee noted that the Department is making progress towards complying with the recommendation.
12. The Committee concurred with recommendation 11-4 made at page 158 of Chapter 11 (Health) of the *Spring 2000 Report of the Provincial Auditor* that the Board should approve a strategic plan. The Committee noted that the Department is making progress towards complying with the recommendation.
13. The Committee concurred with recommendation 11-5 made at page 158 of Chapter 11 (Health) of the *Spring 2000 Report of the Provincial Auditor* that the Board should approve an operating budget. The Committee noted that the Department is making progress towards complying with the recommendation.
14. The Committee concurred with recommendation 11-6 made at page 160 of Chapter 11 (Health) of the *Spring 2000 Report of the Provincial Auditor* that the Hospital should establish adequate written rules and procedures to ensure goods and services purchased are authorized and appropriate, that they are received and used for the operation and management of the Hospital, and that the prices paid are fair and just. The Committee noted that the Department is making progress towards complying with the recommendation.
15. The Committee concurred with recommendation 11-7 made at page 161 of Chapter 11 (Health) of the *Spring 2000 Report of the Provincial Auditor* that the Hospital should improve its control over the Hospital's inventory by securing vulnerable assets. The Committee noted that the Department is making progress towards complying with the recommendation.
16. The Committee concurred with recommendation 11-8 made at page 161 of Chapter 11 (Health) of the *Spring 2000 Report of the Provincial Auditor* that the Hospital should establish procedures to ensure it recovers from the Federal Government the costs of drugs provided to status Indians. The Committee noted that the Department is making progress towards complying with the recommendation.
17. The Committee recessed from 10:40 a.m. until 10:55 a.m.
18. The Committee proceeded to consider Chapter 6 (Social Services) of the *Fall 2000 Report of the Provincial Auditor (Volume 3)*. Ms. Strecker of the Office of the Provincial Auditor provided an overview of the chapter.

The following Department of Social Services officials appeared before the Committee and answered questions:

Witnesses

Bonnie Durnford, Deputy Minister

Bob Wihlidal, Acting Assistant Deputy Minister

Phil Walsh, Executive Director, Income Support

Darcy Smyncniuk, Acting Executive Director, Financial Management Division

19. The Committee concurred with recommendation 6-1 made at page 220 of Chapter 6 (Social Services) of the *Fall 2000 Report of the Provincial Auditor (Volume 3)* that the Department should issue timely internal audit reports.

20. The Committee concurred with recommendation 6-2 made at page 221 of Chapter 6 (Social Services) of the *Fall 2000 Report of the Provincial Auditor (Volume 3)* that the Department should conduct adequate annual reviews to verify that only eligible recipients receive assistance and that they receive the correct amount of assistance.
21. The Committee concurred with recommendation 6-3 made at page 222 of Chapter 6 (Social Services) of the *Fall 2000 Report of the Provincial Auditor (Volume 3)* that the Department's internal audit function should review the payments made from the new Family and Youth Automated Payment System to ensure payments are made in accordance with the law and the Department's policies.
22. The Committee concurred with recommendation 6-4 made at page 224 of Chapter 6 (Social Services) of the *Fall 2000 Report of the Provincial Auditor (Volume 3)* that the Department should continue to strengthen its policies and procedures for developing and implementing new Information Technology.
23. The Committee noted that the remaining recommendations in this chapter had been considered and dealt with in an earlier Committee report.
24. The Committee proceeded to consider pages 185-189 of Chapter 6A (Financial Management Systems) of the *Fall 1999 Report of the Provincial Auditor (Volume 2)* and Chapter 9 (Municipal Affairs, Culture and Housing) of the *Spring 2000 Report of the Provincial Auditor*. Mr. Harasymchuk of the Office of the Provincial Auditor provided an overview of the chapter.

The following Department of Municipal Affairs, Culture and Housing officials appeared before the Committee and answered questions:

Witnesses

Brij Mathur, Acting Deputy Minister

Peter Hoffmann, Assistant Deputy Minister, Housing and President, Saskatchewan Housing Corporation

John Edwards, Acting Assistant Deputy Minister, Municipal and Community Services

Russ Krywulak, Executive Director, Grants Administration and Provincial-Municipal Relations

Larry Chaykowski, Executive Director, Finance, Administration and Facilities

Bonnie Donison, Ministerial Assistant

Trevor Powell, Provincial Archivist, Saskatchewan Archives Board

25. The Committee concurred with recommendation 6A-1 made at page 186 of Chapter 6A (Financial Management Systems) of the *Fall 1999 Report of the Provincial Auditor (Volume 2)* that the Directors of the Saskatchewan Archives Board should review interim financial reports quarterly; and that the Directors should also approve the annual budget before the year begins. The Committee noted that the Department is making progress towards complying with the recommendation.
26. The Committee concurred with recommendation 6A-2 made at page 187 of Chapter 6A (Financial Management Systems) of the *Fall 1999 Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Archives Board should prepare, test, and approve a written contingency plan. The Committee noted that the Department is making progress towards complying with the recommendation.

27. The Committee again concurred with recommendation 6A-3 made at page 188 of Chapter 6A (Financial Management Systems) of the *Fall 1999 Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Archives Board should have written contracts with the University of Saskatchewan and Saskatchewan Property Management Corporation. The Committee noted that the Department has complied with the recommendation in regards to the Saskatchewan Property Management Corporation and that it is making progress towards complying in regards to the University of Saskatchewan.
28. The Committee concurred with recommendation 6A-4 made at page 189 of Chapter 6A (Financial Management Systems) of the *Fall 1999 Report of the Provincial Auditor (Volume 2)* that the Department of Municipal Affairs, Culture and Housing should continue to improve its annual report.
29. The Committee next considered recommendation 9-1 made at page 143 of Chapter 9 (Municipal Affairs, Culture and Housing) of the *Spring 2000 Report of the Provincial Auditor*, that the Saskatchewan Housing Corporation should provide the Legislative Assembly with the financial statements of the 14 public housing authorities and the eight housing territories. A discussion ensued and the following document was tabled:

PAC 16/24 – Department of Municipal Affairs, Culture and Housing: Lloydminster Housing Authority Audited Financial Statements, December 31, 1999.

It was agreed that a decision on this recommendation would be postponed until the next meeting of the Committee to allow Members the opportunity to review the document.
30. The Committee discussed the arrangements for hosting the 22nd Annual Conference of Canadian Council of Public Accounts Committees, to be held in Regina from September 16th to 18th, 2001.
31. The Committee adjourned at 12:05 p.m. to the call of the Chair.

Margaret A. Woods
Committee Clerk

Ken Krawetz
Committee Chair