

STANDING COMMITTEE ON PUBLIC ACCOUNTS

November 1, 2001

MINUTE NO. 19

9:30 a.m. - Room 10

1. **PRESENT:** Mr. Krawetz in the Chair and Members Atkinson*, Gantefoer, Goulet*, Harper, Jones, Kwiatkowski, McCall*, Stewart, Wakefield.

Substituting Members

Ms. Atkinson for Ms. Higgins

Mr. Goulet for Ms. Junor

Mr. McCall for Mr. Wartman

Other Members

Ms. Draude, Mr. Hart

Provincial Auditor's Office

Fred Wendel, Acting Provincial Auditor

Brian Atkinson, Acting Assistant Provincial Auditor

Judy Ferguson, Executive Director

Kelly Deis, Principal

Rod Grabarczyk, Principal

Rodd Jersak, Principal

Andrew Martens, Principal

Mark Anderson, Manager

Bill Harasymchuk, Manager

Angie Hungle, Auditor

Michelle DeCorby, Auditor

Provincial Comptroller's Office

Terry Paton, Provincial Comptroller

Chris Bayda, Executive Director, Financial Management Branch

Larry Boys, Manager, Financial Management Branch

Elaine Wood, Senior Analyst, Financial Management Branch

2. The Committee proceeded to consider Chapter 4 (Education) of the *Spring 2001 Report of the Provincial Auditor*. Ms. Ferguson and Mr. Anderson of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

Craig Dotson, Deputy Minister

John McLaughlin, Executive Director, Teachers' Superannuation Commission

Jane Thurgood Sagal, Director, Curriculum and Instruction

Frances Best, Director, Finance and Administration

3. The Committee concurred with recommendation 4A-1 made at page 92 of Chapter 4 (Education) of the *Spring 2001 Report of the Provincial Auditor* that the Department should improve its inventory valuation practices.

4. The Committee concurred with recommendation 4A-2 made at page 93 of Chapter 4 (Education) of the *Spring 2001 Report of the Provincial Auditor* that the Teachers' Superannuation Commission should establish written rules and procedures for managing its significant projects including:
 - Tendering and awarding of contracts;
 - Describing the proposed project deliverables and the scheduling for those deliverables;
 - Defining the responsibilities of the project contractor(s) and management; and
 - Having written agreements setting out agreed-upon terms of the project.The Committee noted that the Department is making progress towards complying with the recommendation.
5. The Committee concurred with recommendation 4A-3 made at page 94 of Chapter 4 (Education) of the *Spring 2001 Report of the Provincial Auditor* that the Teachers' Superannuation Commission should ensure it provides its annual report to the Assembly by the date required by law.
6. The Committee recessed from 10:15 a.m. until 10:30 a.m.
7. The Committee concurred with recommendation 4B-1 made at page 102 of Chapter 4 (Education – Maintaining a relevant core curriculum) of the *Spring 2001 Report of the Provincial Auditor* that the Department should improve how it documents its use of information about resources in its curriculum maintenance processes.
8. The Committee proceeded to consider Chapter 5 (Post-Secondary Education and Skills Training) of the *Spring 2001 Report of the Provincial Auditor*. Mr. Jersak of the Office of the Provincial Auditor provided an overview of the chapter.

The following Department of Post-Secondary Education and Skills Training officials appeared before the Committee and answered questions:

Witnesses

Neil Yeates, Deputy Minister

Lily Stonehouse, Assistant Deputy Minister

Mae Boa, Executive Director, Finance and Operations Branch

9. The Committee concurred with recommendation 5-1 made at page 117 of Chapter 5 (Post-Secondary Education and Skills Training) of the *Spring 2001 Report of the Provincial Auditor* that the management at Carlton Trail Regional College should prepare written rules and procedures to ensure:
 - The College properly authorizes and records transactions; and
 - Its senior management reviews and approves key reconciliations of accounting records.The Committee noted that the Department is making progress towards complying with the recommendation.
10. The Committee concurred with recommendation 5-2 made at page 118 of Chapter 5 (Post-Secondary Education and Skills Training) of the *Spring 2001 Report of the Provincial Auditor* that the Carlton Trail Regional College should use generally accepted accounting principles to prepare its financial reports throughout the year. The Committee noted that the Department is making progress towards complying with the recommendation.

11. The Committee concurred with recommendation 5-3 made at page 118 of Chapter 5 (Post-Secondary Education and Skills Training) of the *Spring 2001 Report of the Provincial Auditor* that the Carlton Trail Regional College should submit its budget to the Minister of Post-Secondary Education and Skills Training by the date required by law. The Committee noted that the Department is making progress towards complying with the recommendation.
12. The Committee recessed from 11:30 a.m. until 1:30 p.m.
13. The Committee proceeded to consider Chapter 4 (Saskatchewan Crop Insurance Corporation) of the *Spring 1999 Report of the Provincial Auditor*. Mr. Grabarczyk of the Office of the Provincial Auditor provided an overview of this chapter.

The following Department of Agriculture and Saskatchewan Crop Insurance Corporation officials appeared before the Committee and answered questions:

Witnesses

Gord Nystuen, Deputy Minister
Jack Zepp, Director, Administrative Services Branch
Doug Matthies, General Manager, Saskatchewan Crop Insurance Corporation
Laurier Donais, Senior Manager, Administrative Services Branch
Ken Petruic, Manager, Financial Services, Administrative Services Branch

14. The Committee concurred with recommendation 4-1 made at page 70 of Chapter 4 (Saskatchewan Crop Insurance Corporation) of the *Spring 1999 Report of the Provincial Auditor* that SCIC's audit division should report directly to the Board or a committee of the Board on the adequacy of rules and procedures that management uses to adjust claims; that the Board should review and approve the audit division's work plan and resources; and further that the Board needs to receive regular reports on the examination and investigations carried out by the audit division including the work done on the adequacy of the SCIC's rules and procedures to adjust claims. The Committee noted that the Department is making progress towards complying with the recommendation.
15. The Committee concurred with recommendation 4-2 made at page 70 of Chapter 4 (Saskatchewan Crop Insurance Corporation) of the *Spring 1999 Report of the Provincial Auditor* that SCIC's management needs to provide better information to the Board on operating divisions' plans and performance reports on how divisions are doing compared to what they planned. The Committee noted that the Department is making progress towards complying with the recommendation.
16. The Committee concurred with recommendation 4-3 made at page 72 of Chapter 4 (Saskatchewan Crop Insurance Corporation) of the *Spring 1999 Report of the Provincial Auditor* that SCIC's should improve the guidance it gives to the claim adjusters to enable them to identify suspicious claims; and further that SCIC should also establish written rules and procedures for investigating suspicious claims. The Committee noted that the Department is making progress towards complying with the recommendation.
17. The Committee concurred with recommendation 4-4 made at page 73 of Chapter 4 (Saskatchewan Crop Insurance Corporation) of the *Spring 1999 Report of the Provincial Auditor* that SCIC's should ensure that adjusters leave clear evidence of work they have done to adjust or to verify claims. The Committee noted that the Department is making progress towards complying with the recommendation.

18. The Committee concurred with recommendation 4-5 made at page 75 of Chapter 4 (Saskatchewan Crop Insurance Corporation) of the *Spring 1999 Report of the Provincial Auditor* that SCIC's should ensure that auditors leave clear evidence of the work they have done to adjust or to verify claims. The Committee noted that the Department is making progress towards complying with the recommendation.
19. The Committee proceeded to consider pages 219-220 of Chapter 7 (Agriculture and Food) of the *Fall 1999 Report of the Provincial Auditor (Volume 2)* and Chapter 6 (Agriculture and Food) of the *Spring 2001 Report of the Provincial Auditor*. Mr. Martens of the Office of the Provincial Auditor provided an overview of these chapters.

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

Witnesses

Gord Nystuen, Deputy Minister
Jack Zepp, Director, Administrative Services Branch
Laurier Donais, Senior Manager, Administrative Services Branch
Ken Petruic, Manager, Financial Services, Administrative Services Branch

Auditors

Stuart Pollon, Senior Manager, Assurance and Business Advisory Services, KPMG LLP
Jamie Wilson, Assurance and Business Advisory Services, KPMG LLP

20. The Committee next considered recommendation 7-2 made at page 220 of Chapter 7 (Agriculture and Food) of the *Fall 1999 Report of the Provincial Auditor (Volume 2)* that Sask Pork should obtain Lieutenant Governor in Council approval to transfer Sask Pork's assets to hog producers for no compensation. It was agreed that a decision on this recommendation would be postponed until Members have had an opportunity to review the legal opinion that the Department had received.
21. The Committee next considered recommendations 6-1 made at page 126 and 6-2 made at page 129 of Chapter 6 (Agriculture and Food) of the *Spring 2001 Report of the Provincial Auditor*. The Committee agreed to postpone decisions on these recommendations until the Institute of Chartered Accountants had concluded its review of the relevant accounting policies.
22. The Committee adjourned at 3:00 p.m. until 9:00 a.m. on Friday, November 2, 2001.

Margaret A. Woods
Committee Clerk

Ken Krawetz
Committee Chair