

## STANDING COMMITTEE ON PUBLIC ACCOUNTS

November 5, 2002

### MINUTE NO. 33

9:00 a.m. - Room 10

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

#### **Substituting Members**

Ms. Draude for Mr. Stewart

#### **Provincial Auditor's Office**

Fred Wendel, Provincial Auditor  
Brian Atkinson, Assistant Provincial Auditor  
Mobashar Ahmad, Deputy Provincial Auditor  
Judy Ferguson, Deputy Principal Auditor  
Andrew Martens, Principal  
Rod Grabarczyk, Principal  
Rodd Jersak, Principal  
Jane Knox, Principal  
Glen Nyhus, Principal  
Rosemarie Volk, Principal  
Leslie Wendel, Principal  
Carolyn Kirchner, Manager  
Regan Sommerfeld, Manager

#### **Provincial Comptroller's Office**

Terry Paton, Provincial Comptroller  
Chris Bayda, Executive Director, Financial Management Branch

2. The committee proceeded to consider Chapter 7 (Saskatchewan Gaming Corporation) of the *2002 Spring Report of the Provincial Auditor*. Mr. Ahmad of the Office of the Provincial Auditor provided an overview of the chapter.

The following Saskatchewan Gaming Corporation officials appeared before the committee and answered questions:

#### Witnesses

Joe van Koeverden, President and Chief Executive Officer  
Twyla Meredith, Vice President, Finance and Administration  
Wendy Hutchinson, Controller  
Bill Davies, Director, Executive Services  
Tara Kucher, Director, Internal Audit

3. The committee concurred with recommendation 7-1 made at page 67 of Chapter 7 (Saskatchewan Gaming Corporation) of the *2002 Spring Report of the Provincial Auditor* that the Saskatchewan Gaming Corporation should establish a conflict of interest policy for the Board of Directors; a code of conduct for the entire organization including the Board of Directors; and rules and procedures to monitor compliance with its conflict of interest and code of conduct policies. The committee noted that the Saskatchewan Gaming Corporation has complied with the recommendation.

4. The committee concurred with recommendation 7-2 made at page 70 of Chapter 7 (Saskatchewan Gaming Corporation) of the *2002 Spring Report of the Provincial Auditor* that the Saskatchewan Gaming Corporation should work with the Saskatchewan Liquor and Gaming Authority to establish standards for the testing of slot machines by independent gaming laboratories; and ensure that the laboratories that test slot machines for the Saskatchewan Gaming Authority use those standards. The committee noted that the Saskatchewan Gaming Corporation is making progress towards complying with the recommendation.
5. The committee concurred with recommendation 7-3 made at page 71 of Chapter 7 (Saskatchewan Gaming Corporation) of the *2002 Spring Report of the Provincial Auditor* that the Saskatchewan Gaming Corporation should periodically monitor the actual house advantage for table games, or alternatively, it should discuss with the Saskatchewan Liquor and Gaming Authority other means to monitor table games. The committee noted that the Saskatchewan Gaming Corporation is making progress towards complying with the recommendation.
6. The committee concurred with recommendation 7-4 made at page 74 of Chapter 7 (Saskatchewan Gaming Corporation) of the *2002 Spring Report of the Provincial Auditor* that the Saskatchewan Gaming Corporation should establish rules and procedures to ensure only authorized employees receive tips from the gaming public (patrons). The committee noted that the Saskatchewan Gaming Corporation has complied with the recommendation.
7. The committee recessed from 9:40 a.m. until 10:15 a.m.
8. The committee proceeded to consider Chapter 13 (Board of Internal Economy) of the *1999 Fall Report of the Provincial Auditor (Volume 2)*, Chapter 17 (Board of Internal Economy) of the *2000 Fall Report of the Provincial Auditor (Volume 3)*, and Chapter 17 (Board of Internal Economy) of the *2001 Fall Report of the Provincial Auditor (Volume 2)*. Ms. Volk of the Office of the Provincial Auditor provided an overview of the chapter.

The following document was tabled:

**PAC 29/24 – Office of the Speaker:** Correspondence from the Hon. Myron Kowalsky, Speaker to Fred Wendel, Provincial Auditor, dated March 7, 2002.

9. In considering these chapters, it was moved by Mr. Ganteferer that:

The Standing Committee on Public Accounts recommends to the Assembly that those chapters of the Provincial Auditor's Reports dealing with the Board of Internal Economy be referred to the Board for its review and consideration.

The question being put, the motion was agreed to.

10. The committee proceeded to consider Chapter 11 (Health) of the *2002 Spring Report of the Provincial Auditor*. Ms. Volk of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

Glenda Yeates, Deputy Minister  
Dan Florizone, Assistant Deputy Minister  
Lawrence Krahn, Assistant Deputy Minister  
Duane Mombourquette, Acting Executive Director, Policy and Planning Branch

11. The committee recessed from 11:00 a.m. until 1:00 p.m.
12. The committee proceeded to consider pages 219-221 of Chapter 7 (Agriculture and Food) of the *1999 Fall Report of the Provincial Auditor (Volume 2)*, Chapter 6 (Agriculture and Food) of the *2001 Spring Report of the Provincial Auditor*, and Chapter 11 (Agriculture and Food) of the *2001 Fall Report of the Provincial Auditor (Volume 2)*. Mr. Grabarczyk of the Office of the Provincial Auditor provided an overview of the chapter.

The following Department of Agriculture, Food and Rural Revitalization officials appeared before the committee and answered questions:

Witnesses

Gord Nystuen, Deputy Minister  
Maryellen Carlson, Assistant Deputy Minister  
Louise Greenberg, Assistant Deputy Minister  
Karen Aulie, Acting Director, Administrative Services Branch  
Doug Matthies, General Manager, Saskatchewan Crop Insurance Corporation  
David Boehm, Director, Financial Programs  
Laurier Donais, Senior Manager, Administrative Services Branch  
Ken Petruic, Manager, Financial Services, Administrative Services Branch

13. The committee considered recommendation 7-2 made at page 220 of Chapter 7 (Agriculture and Food) of the *1999 Fall 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. The committee was advised that the Provincial Auditor based his recommendation on a legal opinion he had received while the department indicated that it had proceeded on the basis of its own legal opinion which felt that an order in council was not required for the transfer to take place. As the transfer had already taken place and a retroactive order in council could not be obtained, the issue had become moot. The committee then agreed to consider the matter closed.
14. In regards to recommendations 6-1 made at page 126 and 6-2 made at page 129 of Chapter 6 (Agriculture and Food) of the *2001 Spring Report of the Provincial Auditor* and previously considered on November 1, 2001, the committee was advised that CICA was still reviewing the related accounting issues. Accordingly, it was agreed to continue postponing a decision on these recommendations until the CICA review had been completed.

15. The committee concurred with recommendation 11-1 made at page 289 of Chapter 11 (Agriculture and Food) of the *2001 Fall Report of the Provincial Auditor (Volume 2)* that the Department of Agriculture and Food should prepare an appropriate annual report for the Saskatchewan Agricultural Stabilization Fund. The committee noted that the Department of Agriculture and Food has complied with the recommendation.
16. The committee concurred with recommendation 11-2 made at page 289 of Chapter 11 (Agriculture and Food) of the *2001 Fall Report of the Provincial Auditor (Volume 2)* that the Department of Agriculture and Food should provide the Saskatchewan Agricultural Stabilization Fund's annual report, including audited financial statements, to the Legislative Assembly by the date required by law. The committee noted that the Department of Agriculture and Food has complied with the recommendation.
17. The committee concurred with recommendation 11-3 made at page 292 of Chapter 11 (Agriculture and Food) of the *2001 Fall Report of the Provincial Auditor (Volume 2)* that the Department of Agriculture and Food should develop procedures to ensure that its staff are aware of all authorized revenue it is responsible for collecting. The committee noted that the Department of Agriculture and Food has complied with the recommendation.
18. The committee concurred with recommendation 11-4 made at page 293 of Chapter 11 (Agriculture and Food) of the *2001 Fall Report of the Provincial Auditor (Volume 2)* that the Department of Agriculture and Food should prepare accurate quarterly and annual financial statements and submit them to Treasury Board in accordance with the requirements of the Financial Administration Manual. The committee noted that the Department of Agriculture and Food has complied with the recommendation.
19. The committee concurred with recommendation 11-5 made at page 294 of Chapter 11 (Agriculture and Food) of the *2001 Fall Report of the Provincial Auditor (Volume 2)* that the Prairie Agricultural Machinery Institute should adequately segregate the duties of employees who control the bank account. The committee noted that the Prairie Agricultural Machinery Institute has complied with the recommendation.
20. The committee concurred with recommendation 11-6 made at page 295 of Chapter 11 (Agriculture and Food) of the *2001 Fall Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Crop Insurance Corporation should give its annual report to the Legislative Assembly by the date required by law. The committee noted that the Saskatchewan Crop Insurance Corporation has complied with the recommendation.
21. The committee proceeded to consider Chapter 8 (Intergovernmental and Aboriginal Affairs) of the *2001 Fall Report of the Provincial Auditor (Volume 2)*. Ms. Ferguson and Ms. Knox of the Office of the Provincial Auditor provided an overview of the chapter.

The following Department of Government Relations and Aboriginal Affairs officials appeared before the committee and answered questions:

Witnesses

Brent Cotter, Deputy Minister

Wanda Lamberti, Executive Director, Finance and Management Services

Mary Tkach, Director, Métis and Off-Reserve Strategy and Urban Initiatives

Sheila Harmatiuk, Executive Assistant and Senior Policy Advisor

22. The committee concurred with recommendation 8A-1 made at page 200 of Chapter 8A (Intergovernmental and Aboriginal Affairs) of the *2001 Fall Report of the Provincial Auditor (Volume 2)* that the Department of Intergovernmental and Aboriginal Affairs should supervise the Trustees of the First Nations Fund to ensure the Trustees spend public money with due care and in accordance with the provincial legislation. The committee noted that the Department of Government Relations and Aboriginal Affairs is making progress towards complying with the recommendation.
23. The committee concurred with recommendation 8A-2 made at page 207 of Chapter 8A (Intergovernmental and Aboriginal Affairs) of the *2001 Fall Report of the Provincial Auditor (Volume 2)* that the Trustees should establish rules and procedures to ensure that the First Nations only use the money received from the Trustees for the purposes described in *The Saskatchewan Gaming Corporation Act*. The committee noted that the Department of Government Relations and Aboriginal Affairs is making progress towards complying with the recommendation.
24. The committee concurred with recommendation 8A-3 made at page 210 of Chapter 8A (Intergovernmental and Aboriginal Affairs) of the *2001 Fall Report of the Provincial Auditor (Volume 2)* that the Trustees should establish rules and procedures to ensure that the recipient organizations only use the money received from the Trustees for the purposes described in *The Saskatchewan Gaming Corporation Act* and the Framework Agreement. The committee noted that the Department of Government Relations and Aboriginal Affairs is making progress towards complying with the recommendation.
25. The committee concurred with recommendation 8A-4 made at page 211 of Chapter 8A (Intergovernmental and Aboriginal Affairs) of the *2001 Fall Report of the Provincial Auditor (Volume 2)* that the Trustees should ensure that all payments comply with the law. The committee noted that the Department of Government Relations and Aboriginal Affairs is making progress towards complying with the recommendation.
26. The committee concurred with recommendation 8A-5 made at page 212 of Chapter 8A (Intergovernmental and Aboriginal Affairs) of the *2001 Fall Report of the Provincial Auditor (Volume 2)* that the Trustees should prepare an annual report that includes:
- The Fund's audited financial statements;
  - The Fund's goals and objectives;
  - The Fund's planned and actual performance;
  - The Fund's risks and how the Trustees are managing those risks; and
  - A list of persons and organizations who have received money from the Fund and the amounts each person and organization received.
- The committee noted that the Department of Government Relations and Aboriginal Affairs is making progress towards complying with the recommendation.
27. The committee concurred with recommendation 8B-1 made at page 220 of Chapter 8B (Coordinating action across government) of the *2001 Fall Report of the Provincial Auditor (Volume 2)* that the Department of Intergovernmental and Aboriginal Affairs should establish processes to obtain regular written reports from the participating departments on actions they take toward achieving the goals set out in *A Framework for Cooperation*. The committee noted that the Department of Government Relations and Aboriginal Affairs is making progress towards complying with the recommendation.

28. The committee proceeded to consider Chapter 13 (Municipal Affairs and Housing) of the *2002 Spring Report of the Provincial Auditor*. Ms. Ferguson of the Office of the Provincial Auditor provided an overview of the chapter.

The following officials appeared before the committee and answered questions:

Witnesses

Brent Cotter, Deputy Minister, Government Relations and Aboriginal Affairs  
Russ Krywulak, Executive Director, Grants Administration and Provincial-Municipal Relations,  
Government Relations and Aboriginal Affairs  
Wanda Lamberti, Executive Director, Finance and Management Services, Government Relations  
and Aboriginal Affairs  
Sheila Harmatiuk, Executive Assistant and Senior Policy Advisor, Government Relations and  
Aboriginal Affairs  
Bonnie Durnford, Deputy Minister, Social Services  
Darrell Jones, Assistant Deputy Minister, (SHC), Social Services  
Don Allen, Executive Director, Financial Management Division, Social Services  
Trina Fallows, Acting Director, Housing Financial Operations, Social Services  
Trevor Powell, Provincial Archivist, Saskatchewan Archives Board  
Joylene Campbell, Provincial Librarian, Learning  
Lily Stonehouse, Assistant Deputy Minister, Learning

29. The committee concurred with recommendation 13-1 made at page 138 of Chapter 13 (Municipal Affairs and Housing) of the *2002 Spring Report of the Provincial Auditor* that the Saskatchewan Housing Corporation should provide the Legislative Assembly with a schedule showing the following information: the assets, liabilities, revenues, and expenditures of the housing authorities and territories included in the Corporation's consolidated financial statements; and that the schedule should indicate that the audited financial statements are available upon request. The committee noted that the Department of Social Services has complied with the recommendation.
30. The committee adjourned at 2:55 p.m. to the call of the Chair.

---

Margaret A. Woods  
Committee Clerk

---

Ken Krawetz  
Committee Chair