

STANDING COMMITTEE ON PUBLIC ACCOUNTS

May 29, 2003

MINUTE NO. 36

10:00 a.m. - Room 10

1. **PRESENT:** Mr. Krawetz in the Chair and Members Atkinson, Bakken, Gantefer, Goulet, Harper, Iwanchuk, Wakefield, Weekes and Yates.

Substituting Members

Mr. Iwanchuk for Mr. McCall

Mr. Weekes for Mr. Stewart

Mr. Yates for Ms. Junor

Provincial Auditor's Office

Fred Wendel, Provincial Auditor

Brian Atkinson, Assistant Provincial Auditor

Bashar Ahmad, Deputy Provincial Auditor

Rod Grabarczyk, Principal

Rodd Jersak, Principal

Provincial Comptroller's Office

Chris Bayda, Executive Director, Financial Management Branch

Jane Borland, Manager, Financial Management Branch

Erich Finkeldey, Senior Analyst, Financial Management Branch

2. The committee proceeded to consider Chapter 14 (Environment and Resource Management) of the *2002 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 Environment officials appeared before the committee and answered questions:

Witnesses

Lily Stonehouse, Deputy Minister

Dave Phillips, Assistant Deputy Minister, Operations

Bob Ruggles, Assistant Deputy Minister, Programs

Lynn Tulloch, Executive Director, Corporate Services Division

David Tulloch, Senior Manager, Strategic Financial and Performance Management, Fire Management and Forest Protection

Michele Arscott, Senior Financial Consultant, Corporate Development Unit

3. The committee concurred with recommendation 14-1 made at page 344 of Chapter 14 (Environment and Resource Management) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Department of Environment and Resource Management should:
- ensure staff follow the Department's established rules and procedures to control the Department's capital assets; and
 - describe the capacity of each major category of capital assets, the extent to which the use of capital assets achieved planned results, and the strategies used to manage major risks of the key capital assets in its annual report.

4. The committee concurred with recommendation 14-2 made at page 345 of Chapter 14 (Environment and Resource Management) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Department of Environment and Resource Management should prepare a complete written information technology contingency plan based on a risk analysis and test that plan to ensure that it works. The committee noted that the Department of Environment is making progress towards complying with the recommendation.
5. The committee concurred with recommendation 14-3 made at page 347 of Chapter 14 (Environment and Resource Management) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Department of Environment and Resource Management should prepare a report on the operations of its special purpose funds and make that report public.
6. The committee considered recommendation 14-4 made at page 348 of Chapter 14 (Environment and Resource Management) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Department of Environment and Resource Management should record the money received from the General Revenue Fund (GRF) as a liability of the Forest Fire Contingency Fund until the Department incurs costs to fight escaped fires or until it returns the money to the GRF. It was agreed to defer consideration of this recommendation until the Institute of Chartered Accountants has completed their review of the relevant accounting policies.
7. The committee resumed consideration of Chapter 7 (Saskatchewan Liquor and Gaming Authority) of the *1999 Spring Report of the Provincial Auditor, 2000 Fall Report of the Provincial Auditor (Volume 2)*, Chapter 7 (Liquor and Gaming Authority and Saskatchewan Indian Gaming Authority Inc.) of the *2001 Fall Report of the Provincial Auditor (Volume 2)*, and Chapter 6 (Liquor and Gaming Authority) of the *2002 Fall Report of the Provincial Auditor (Volume 2)*.

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

Witnesses

Sandra Morgan, President and Chief Executive Officer
Cheryl Hanson, Vice President, Gaming Operations Division
Barry Lacey, Vice President, Corporate Services Division
Dale Markewich, Vice President, Regulatory Compliance Division
Faye Rafter, Executive Director, Compliance Branch
Lisa Ann Wood, Executive Director, Human Relations Division
Fiona Cribb, Manager, Policy and Legislation Branch
Brian Keith, Executive Assistant to the President and CEO

8. The committee concurred with recommendation 6A-5 made at page 131 of Chapter 6A (Liquor and Gaming Authority) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Liquor and Gaming Authority should prepare a formal training plan for its employees and for co-ordinating work amongst its branches. The committee noted that the Saskatchewan Liquor and Gaming Authority is making progress towards complying with the recommendation.
9. The committee concurred with recommendation 6A-6 made at page 132 of Chapter 6A (Liquor and Gaming Authority) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Liquor and Gaming Authority should ensure inspections / audits are completed as planned or document why the plan was changed. The committee noted that the Saskatchewan Liquor and Gaming Authority is making progress towards complying with the recommendation.

10. The committee concurred with recommendation 6A-7 made at page 132 of Chapter 6A (Liquor and Gaming Authority) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Liquor and Gaming Authority should document procedures for reporting and following up its audits / inspection findings with SIGA. The committee noted that the Saskatchewan Liquor and Gaming Authority is making progress towards complying with the recommendation.
11. The committee concurred with recommendation 6A-8 made at page 132 of Chapter 6A (Liquor and Gaming Authority) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Liquor and Gaming Authority should receive and formally approve SIGA's casino operating policies and procedures on a timely basis. The committee noted that the Saskatchewan Liquor and Gaming Authority is making progress towards complying with the recommendation.
12. The committee considered recommendation 6A-9 made at page 132 of Chapter 6A (Liquor and Gaming Authority) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Liquor and Gaming Authority should receive and approve SIGA's budget on a timely basis and should have procedures for approving changes to the budget. The committee noted that the Saskatchewan Liquor and Gaming Authority is making progress towards complying with the recommendation.
13. The committee concurred with recommendation 6A-10 made at page 133 of Chapter 6A (Liquor and Gaming Authority) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Liquor and Gaming Authority should authorize SIGA to spend money on expenses only necessary to operate casinos. It was agreed to defer consideration of this recommendation until the opposing legal opinions of the Provincial Auditor and the Liquor and Gaming Authority had been clarified.
14. The committee concurred with recommendation 6A-11 made at page 133 of Chapter 6A (Liquor and Gaming Authority) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Liquor and Gaming Authority should establish rules and procedures to ensure timely calculation and payment of GST on its slot machine operations. The committee noted that the Saskatchewan Liquor and Gaming Authority is making progress towards complying with the recommendation.
15. The committee concurred with recommendation 6A-12 made at page 134 of Chapter 6A (Liquor and Gaming Authority) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Liquor and Gaming Authority should strengthen its rules and procedures to ensure gaming operators use only registered gaming suppliers. The committee noted that the Saskatchewan Liquor and Gaming Authority is making progress towards complying with the recommendation.
16. The committee concurred with recommendation 6A-13 made at page 135 of Chapter 6A (Liquor and Gaming Authority) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Liquor and Gaming Authority should establish standards for independent testing laboratories to use when testing slot machines and VLTs; and ensure that the laboratories use those standards to test Liquor and Gaming's slot machines and VLTs. The committee noted that the Saskatchewan Liquor and Gaming Authority is making progress towards complying with the recommendation.

17. The committee concurred with recommendation 6A-14 made at page 136 of Chapter 6A (Liquor and Gaming Authority) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Liquor and Gaming Authority should establish rules and procedures to periodically monitor the actual house advantage for table games. The committee noted that the Saskatchewan Liquor and Gaming Authority is making progress towards complying with the recommendation.
18. The committee concurred with recommendation 6A-15 made at page 138 of Chapter 6A (Liquor and Gaming Authority) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that the Saskatchewan Liquor and Gaming Authority should improve its annual report. The committee noted that the Saskatchewan Liquor and Gaming Authority is making progress towards complying with the recommendation.
19. The committee considered recommendation 6B-1 made at page 145 of Chapter 6B (Saskatchewan Indian Gaming Authority Inc.) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that SIGA should incur only costs necessary to operate its casinos under the Casino Operating Agreement. It was agreed to defer consideration of this recommendation until the Institute of Chartered Accountants has completed their review of the relevant accounting policies.
20. The committee concurred with recommendation 6B-2 made at page 146 of Chapter 6B (Saskatchewan Indian Gaming Authority Inc.) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that SIGA's Board of Directors should document and communicate to its senior management the goals and objectives of SIGA.
21. The committee concurred with recommendation 6B-3 made at page 146 of Chapter 6B (Saskatchewan Indian Gaming Authority Inc.) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that SIGA should prepare a complete business and financial plan for its operations. The committee noted that the SIGA is making progress towards complying with the recommendation.
22. The committee concurred with recommendation 6B-4 made at page 147 of Chapter 6B (Saskatchewan Indian Gaming Authority Inc.) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that SIGA's Board of Directors should define its operational and financial information needs and communicate those needs to management for regular reporting. The committee noted that the SIGA is making progress towards complying with the recommendation.
23. The committee concurred with recommendation 6B-5 made at page 149 of Chapter 6B (Saskatchewan Indian Gaming Authority Inc.) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that SIGA should establish complete written policies for management and staff pay, benefits, development and performance evaluation. The committee noted that the SIGA is making progress towards complying with the recommendation.
24. The committee concurred with recommendation 6B-6 made at page 150 of Chapter 6B (Saskatchewan Indian Gaming Authority Inc.) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that SIGA should establish policies and procedures for its marketing and promotion activities. The committee noted that the SIGA is making progress towards complying with the recommendation.

25. The committee concurred with recommendation 6B-7 made at page 152 of Chapter 6B (Saskatchewan Indian Gaming Authority Inc.) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that SIGA should ensure that the staff comply with the sponsorship policy. The committee noted that the SIGA is making progress towards complying with the recommendation.
26. The committee concurred with recommendation 6B-8 made at page 153 of Chapter 6B (Saskatchewan Indian Gaming Authority Inc.) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that SIGA should establish rules and procedures to ensure all staff comply with its delegation of authority policy. The committee noted that the SIGA is making progress towards complying with the recommendation.
27. The committee concurred with recommendation 6B-9 made at page 154 of Chapter 6B (Saskatchewan Indian Gaming Authority Inc.) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that SIGA should establish accounting policies and procedures to ensure that its books and records reflect its business operations and that there is support for all transactions. The committee noted that the SIGA is making progress towards complying with the recommendation.
28. The committee concurred with recommendation 6B-10 made at page 154 of Chapter 6B (Saskatchewan Indian Gaming Authority Inc.) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that SIGA should properly segregate the duties of its employees. The committee noted that the SIGA is making progress towards complying with the recommendation.
29. The committee concurred with recommendation 6B-11 made at page 156 of Chapter 6B (Saskatchewan Indian Gaming Authority Inc.) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that SIGA should periodically monitor the actual house advantage for table games to ensure games are being played in accordance with approved rules; and establish appropriate rules and procedures to monitor expected and actual revenue of table games and communicate these to casino staff. The committee noted that the SIGA is making progress towards complying with the recommendation.
30. The committee concurred with recommendation 6B-12 made at page 156 of Chapter 6B (Saskatchewan Indian Gaming Authority Inc.) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that SIGA should comply with the terms and conditions of its gaming licence. The committee noted that the SIGA has complied with the recommendation.
31. The committee concurred with recommendation 6B-13 made at page 158 of Chapter 6B (Saskatchewan Indian Gaming Authority Inc.) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* that SIGA should comply with its annual report policy. The committee noted that the SIGA is making progress towards complying with the recommendation.

32. The chair advised that the committee had received an invitation to attend the 24th Annual Conference of the Canadian Council of Public Accounts Committees from the Manitoba Public Accounts Committee. Ms. Atkinson then moved:

That the Standing Committee on Public Accounts authorize the attendance of the Chair, the Vice-Chair, one government member of the committee and one opposition member of the committee at the Twenty-fourth Annual Meeting of the Canadian Council of Public Accounts Committees to be held in Winnipeg, Manitoba, September 14th to 16th, 2003, and further that if the Chair or Vice-Chair cannot attend, they be authorized to designate another committee member to attend in their place.

The question being put, the motion was agreed to.

33. The Committee adjourned at 12:02 p.m. to the call of the chair.

Margaret A. Woods
Committee Clerk

Ken Krawetz
Committee Chair