

STANDING COMMITTEE ON PUBLIC ACCOUNTS

June 29, 2004

MINUTE NO. 9

1:15 p.m. - Room 8

1. **PRESENT:** Mr. Hermanson in the Chair and Members Borgerson, Hagel, Hart, Trew and Yates.

Provincial Auditor's Office

Fred Wendel, Provincial Auditor
Bashar Ahmad, Deputy Provincial Auditor
Kelly Deis, Principal
Rod Grabarczyk, Principal
Rodd Jersak, Principal

Provincial Comptroller's Office

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

2. The committee began consideration of Chapter 4 (Energy and Mines) of the *2003 Report of the Provincial Auditor (Volume 1)*. Mr. Ahmad of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

Denise Haas, Executive Director, Investment and Corporate Resources
Hal Sanders, Executive Director, Revenue and Funding Services

3. The committee concurred with recommendation 4-1 made at page 96 of Chapter 4 (Energy and Mines) of the *2003 Report of the Provincial Auditor (Volume 1)* that the Department of Industry and Resources should prepare an overall audit plan that ensures the accurate assessment and collection of all royalties and taxes due to the Department. The committee noted that the Department of Industry and Resources has complied with the recommendation.
4. The committee concurred with recommendation 4-2 made at page 97 of Chapter 4 (Energy and Mines) of the *2003 Report of the Provincial Auditor (Volume 1)* that the Department of Industry and Resources should develop and implement a formal training / learning plan for its auditors. The committee noted that the Department of Industry and Resources is making progress towards complying with the recommendation.
5. The committee concurred with recommendation 4-3 made at page 98 of Chapter 4 (Energy and Mines) of the *2003 Report of the Provincial Auditor (Volume 1)* that the Department of Industry and Resources should improve its supervisory practices to ensure that audits are approved and carried out as planned. The committee noted that the Department of Industry and Resources is making progress towards complying with the recommendation.
6. The committee resumed consideration of Chapter 6 (Liquor and Gaming Authority) of the *2002 Fall Report of the Provincial Auditor (Volume 2)* and began consideration of Chapter 5 (Liquor and Gaming Authority) of the *2003 Report of the Provincial Auditor (Volume 3)*. Mr. Ahmad of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

Sandra Morgan, President and Chief Executive Officer
Barry Lacey, Vice President, Corporate Services Division
Dale Markewich, Vice President, Regulatory Compliance Division
Paul Weber, Vice President, Retail Operations Division
Jim Engel, Executive Director, Policy and Planning Division
Faye Rafter, Executive Director, Compliance Branch, Regulatory Compliance
Lisa Ann Wood, Executive Director, Human Relations Division
Jolene Beblow, Director, Casino & Electronic Gaming, Gaming Operations
Brian Keith, Executive Assistant to the President

7. The following document was tabled:

PAC 5/25 – Saskatchewan Liquor and Gaming Authority: Legal opinion from Scharfstein Gibbings Walen & Fisher LLP, Barristers and Solicitors, dated August 15, 2003, re: SIGA payments to FSIN and SIGL.

PAC 6/25 – Provincial Auditor: Legal opinions from Merchant Law Group, Barristers and Solicitors, dated November 20, 2002; October 15, 2003; and June 23, 2004; re: SIGA payments to FSIN and SIGL.

PAC 7/25 – Saskatchewan Liquor and Gaming Authority: Legal opinion from the Honourable T.C. Wakeling, dated March 1, 2004, re: Provincial Auditor's Report on SIGA payments to FSIN and SIGL.

8. The committee reconsidered 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 Liquor and Gaming Authority should authorize SIGA to spend money on expenses only necessary to operate casinos. It was moved by Mr. Yates:

That the Standing Committee on Public Accounts should accept the legal opinions of Robert J. Gibbings of Scharfstein Gibbings Walen & Fisher LLP and the Honourable T.C. Wakeling that the payments made were within the authority of the 1995 Gaming Framework Agreement.

The question being put, it was agreed to.

9. The committee reconsidered 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 moved by Mr. Yates:

That the Standing Committee on Public Accounts should accept the legal opinions of Robert J. Gibbings of Scharfstein Gibbings Walen & Fisher LLP and the Honourable T.C. Wakeling that the payments made were within the authority of the 1995 Gaming Framework Agreement.

The question being put, it was agreed to.

10. The committee concurred with recommendation 5A-1 made at page 135 of Chapter 5A (Liquor and Gaming Authority) of the *2003 Report of the Provincial Auditor (Volume 3)* that the Liquor and Gaming Authority should recover money for SIGA's expenses that do not comply with approved spending policies. The committee noted that the Liquor and Gaming Authority is making progress towards complying with the recommendation.
11. The committee concurred with recommendation 5A-2 made at page 138 of Chapter 5A (Liquor and Gaming Authority) of the *2003 Report of the Provincial Auditor (Volume 3)* that the Liquor and Gaming Authority should follow its rules and procedures to reconcile promptly its recorded bank balances to the bank's records. The committee noted that the Liquor and Gaming Authority is making progress towards complying with the recommendation.
12. The committee concurred with recommendation 5B-1 made at page 149 of Chapter 5B (Saskatchewan Indian Gaming Authority Inc.) of the *2003 Report of the Provincial Auditor (Volume 3)* that SIGA should amend its agreement with the internal auditor to allow the Provincial Auditor full access to the internal auditor's files and records. The committee noted that the Saskatchewan Indian Gaming Authority Inc. is making progress towards complying with the recommendation.
13. The committee concurred with recommendation 5B-2 made at page 153 of Chapter 5B (Saskatchewan Indian Gaming Authority Inc.) of the *2003 Report of the Provincial Auditor (Volume 3)* that SIGA should:
 - complete and implement its human resource plan;
 - ensure its casinos consistently follow established human resource policies;
 - prepare and provide to SIGA's Board more information about how SIGA is managing its staff retention risks; and
 - prepare and provide to SIGA's Board more information about the effectiveness of SIGA's training activities.The committee noted that the Saskatchewan Indian Gaming Authority Inc. is making progress towards complying with the recommendation.
14. The committee recessed from 3:35 p.m. until 3:40 p.m.
15. The committee began consideration of Chapter 16 (Workers' Compensation Board) of the *2004 Report of the Provincial Auditor (Volume 1)*. Mr. Ahmad of the Office of the Provincial Auditor provided an overview of the chapter.

The following Workers' Compensation Board officials appeared before the committee and answered questions:

Witnesses

John Solomon, Chairman

Peter Federko, Chief Executive Officer

Karen O'Brien, Auditor, Deloitte and Touche, External Auditor for the Workers' Compensation Board

16. The committee concurred with recommendation 16-1 made at page 233 of Chapter 16 (Workers' Compensation Board) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Workers' Compensation Board should receive injury reports from employers promptly. The committee noted that the Workers' Compensation Board is making progress towards complying with the recommendation.

17. The committee concurred with recommendation 16-2 made at page 233 of Chapter 16 (Workers' Compensation Board) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Workers' Compensation Board should identify claims where recovery may be possible from other parties and effectively pursue such recoveries. The committee noted that the Workers' Compensation Board is making progress towards complying with the recommendation.
18. The committee concurred with recommendation 16-3 made at page 233 of Chapter 16 (Workers' Compensation Board) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Workers' Compensation Board should ensure its actuaries receive and use accurate data to calculate the expected benefits owing to injured workers. The committee noted that the Workers' Compensation Board is making progress towards complying with the recommendation.
19. The committee concurred with recommendation 16-4 made at page 234 of Chapter 16 (Workers' Compensation Board) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Workers' Compensation Board should follow its processes to calculate the expected costs or savings for all policy changes. The committee noted that the Workers' Compensation Board is making progress towards complying with the recommendation.
20. The committee concurred with recommendation 16-5 made at page 235 of Chapter 16 (Workers' Compensation Board) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Workers' Compensation Board should set out guidelines for documenting its quality control work. The committee noted that the Workers' Compensation Board is making progress towards complying with the recommendation.
21. The committee concurred with recommendation 16-6 made at page 236 of Chapter 16 (Workers' Compensation Board) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Workers' Compensation Board should monitor the quality of administration of the long-term claims assigned to case management teams. The committee noted that the Workers' Compensation Board is making progress towards complying with the recommendation.
22. The committee concurred with recommendation 16-7 made at page 237 of Chapter 16 (Workers' Compensation Board) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Workers' Compensation Board should formally define its reporting needs to oversee the administration of claims. The committee noted that the Workers' Compensation Board is making progress towards complying with the recommendation.
23. The committee concurred with recommendation 16-8 made at page 237 of Chapter 16 (Workers' Compensation Board) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Workers' Compensation Board should receive and approve an adequate work plan for the internal auditor. The committee noted that the Workers' Compensation Board is making progress towards complying with the recommendation.
24. The committee adjourned at 4:53 p.m. until 9:00 a.m. on Wednesday, June 30, 2004.

Margaret A. Woods
Committee Clerk

Elwin Hermanson
Committee Chair