

## STANDING COMMITTEE ON PUBLIC ACCOUNTS

September 29, 2004

### MINUTE NO. 12

9:00 a.m. - Room 8

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

#### **Substituting Member**

Mr. McCall for Mr. Borgerson (for consideration of Pensions)

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

Fred Wendel, Provincial Auditor  
Bashar Ahmad, Deputy Principal Auditor  
Judy Ferguson, Deputy Principal Auditor  
Mike Heffernan, Deputy Principal Auditor  
Ed Montgomery, Deputy Principal Auditor  
Phil Creaser, Principal  
Kelly Deis, Principal  
Jane Knox, Principal  
Rodd Jersak, Principal  
Victor Schwab, Principal  
Leslie Wendel, Principal  
Bill Harasymchuk, Manager

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

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

2. Members of the delegation that attended the 25<sup>th</sup> annual conference of the Canadian Council of Public Accounts Committees reported on the business discussed.
3. The committee began consideration of Chapter 3 (Information Technology Security) of the *2002 Fall Report of the Provincial Auditor (Volume 2)*, Chapter 6 (Information Technology Office) of the *2003 Report of the Provincial Auditor (Volume 1)* and Chapter 12 (CommunityNet security) of the *2004 Report of the Provincial Auditor (Volume 1)*. Mr. Creaser of the Office of the Provincial Auditor provided an overview of the chapters.

The following Information Technology Office officials appeared before the committee and answered questions:

#### Witnesses

Don Wincherauk, Chief Information and Services Officer  
Richard Murray, Executive Director, Policy and Planning  
Sheldon Biblow, Senior Technology Advisor  
Jennifer Hogan, Technology and Security Advisor

4. The committee concurred with recommendation 6-1 made at page 120 of Chapter 6 (Information Technology Office) of the *2003 Report of the Provincial Auditor (Volume 1)* that, in coordinating the development of future information systems, the Information Technology Office should communicate to its partners a single cohesive plan that describes:
  - partners' responsibilities and accountability;
  - detailed expectations for development; and
  - detailed benefits that include measurable targets.The committee noted that the Information Technology Office is making progress towards complying with the recommendation.
5. The committee concurred with recommendation 6-2 made at page 121 of Chapter 6 (Information Technology Office) of the *2003 Report of the Provincial Auditor (Volume 1)* that, in coordinating the development of future information systems, the Information Technology Office should work with its partners to establish and maintain a coordination structure for the duration of a project. The coordination structure should include:
  - senior-level oversight with representation and commitment from partners; and
  - a project manager dedicated to the project.The committee noted that the Information Technology Office is making progress towards complying with the recommendation.
6. The committee concurred with recommendation 12-1 made at page 172 of Chapter 12 (CommunityNet security) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Government should clarify which agency is responsible to oversee the security of CommunityNet. The committee noted that the Government is making progress towards complying with the recommendation.
7. The committee concurred with recommendation 12-2 made at page 174 of Chapter 12 (CommunityNet security) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Government should approve and implement security and data classification policies to protect information carried on CommunityNet. The committee noted that the Government is making progress towards complying with the recommendation.
8. The committee concurred with recommendation 12-3 made at page 173 of Chapter 12 (CommunityNet security) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Government should make the agency responsible for overseeing the security of CommunityNet also responsible for monitoring security and ensuring corrective action is taken. The committee noted that the Government is making progress towards complying with the recommendation.
9. The committee recessed from 10:14 a.m. until 10:45 a.m.
10. The committee began consideration of Chapter 19 (Chief Electoral Officer) of the *2004 Report of the Provincial Auditor (Volume 1)*. Ms. Ferguson of the Office of the Provincial Auditor provided an overview of the chapter.

The following Office of the Chief Electoral Office officials appeared before the committee and answered questions:

Witnesses

Jan Baker, Chief Electoral Officer

David Wilkie, Assistant Chief Electoral Officer

11. The committee concurred with recommendation 19-1 made at page 274 of Chapter 19 (Chief Electoral Officer) of the *2003 Report of the Provincial Auditor (Volume 1)* that the Chief Electoral Office should include the following in its future annual reports:
  - Performance measures;
  - The extent to which activities achieved goals; and
  - Overall financial results.
12. The committee did not concur with recommendation 19-2 made at page 276 of Chapter 19 (Chief Electoral Officer) of the *2003 Report of the Provincial Auditor (Volume 1)* that when returns from parties or candidates include contributions from investment or interest income from constituency associations, corporations, or trust funds, the Chief Electoral Office should obtain, if any, the names of each original donor who gave more than \$250 in any year after December 31, 1996 and the amount each gave.
13. The committee began consideration of Chapter 13 (Annual reports assessments - Departments) of the *2003 Report of the Provincial Auditor (Volume 3)* and pages 126-137 of Chapter 9 (Finance) of the *2004 Report of the Provincial Auditor (Volume 1)*. Mr. Montgomery of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

Ron Styles, Deputy Minister

Naomi Mellor, Executive Director, Performance Management Branch

14. The committee considered recommendation 9-2 made at page 127 of Chapter 9 (Finance) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Government should direct all Treasury Board agencies to use an accountability framework that focuses on results. It was moved by Mr. Yates:

That the Government should direct all Treasury Board agencies to use an accountability framework that focuses on results as operational capacity permits.

The question being put, it was agreed to.

15. The committee concurred with recommendation 9-3 made at page 132 of Chapter 9 (Finance) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Government should require departments and Treasury Board agencies to publish their planned targets for major long-term results. The committee noted that the Government is making progress towards complying with the recommendation.
16. The committee recessed from 12:00 noon until 1:00 p.m.
17. The committee began consideration of Part B of Chapter 3 (MIDAS project) of the *2003 Report of the Provincial Auditor (Volume 1)* and Chapter 10 (Finance) of the *2003 Report of the Provincial Auditor (Volume 3)*. Mr. Montgomery of the Office of the Provincial Auditor provided an overview of the chapters.

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

Witnesses

Ron Styles, Deputy Minister

Terry Paton, Provincial Comptroller

Brian Smith, Executive Director, Public Employees Benefits Agency

Reg Ronyk, Director, Financial Systems Branch

18. The committee considered recommendation 3B-1 made at page 75 of Chapter 3 (MIDAS project) of the *2003 Report of the Provincial Auditor (Volume 1)* that the Department of Finance should track and monitor all of the project costs including other departments' costs associated with the MIDAS project. It was moved by Mr. Yates:

That the Department of Finance track and monitor all of the project costs associated with the MIDAS project contained within the Department of Finance.

The question being put, it was agreed to.

19. The committee concurred with recommendation 3B-2 made at page 75 of Chapter 3 (MIDAS project) of the *2003 Report of the Provincial Auditor (Volume 1)* that, for future phases of MIDAS, the Department of Finance should develop a written contingency plan to deal with the possibility that the project, or a particular phase of the project, is over budget, late, or lacks quality; and further that the project steering committee should approve the written contingency plan.
20. The committee considered recommendation 10-1 made at page 243 of Chapter 10 (Finance) of the *2003 Report of the Provincial Auditor (Volume 3)* that the Government should account for loans to Crown corporations in accordance with Canadian generally accepted accounting principles for the public sector. It was moved by Mr. Yates:

That the Standing Committee on Public Accounts agrees with the Provincial Auditor's recommendation and notes that the loans to the Education Infrastructure Financing Corporation have now been written off and that Standing Committee on Public Accounts believes that the Saskatchewan Crop Insurance Programme should continue to operate as it currently does.

The question being put, it was agreed to.

21. The committee considered recommendation 10-2 made at page 246 of Chapter 10 (Finance) of the *2003 Report of the Provincial Auditor (Volume 3)* that the Department of Finance should comply with *The Balanced Budget Act* by ensuring that the accounting policies and practices used to prepare the annual update report are consistent with those that were in place at the start of the four-year plan. It was moved by Mr. Yates:

That the Department of Finance should comply with *The Balanced Budget Act* and that the Standing Committee on Public Accounts believes that the Act has been complied with.

The question being put, it was agreed to.

22. The committee concurred with recommendation 10-3 made at page 248 of Chapter 10 (Finance) of the *2003 Report of the Provincial Auditor (Volume 3)* and that the Public Service Superannuation Board should establish rules and procedures to assess the accuracy of its pension obligation
23. The committee recessed from 2:48 p.m. until 3:05 p.m.
24. The committee began consideration of Chapter 10 (Pensions) of the *2003 Report of the Provincial Auditor (Volume 1)*, and pages 121-125 of Chapter 9 (Finance) and Chapter 18 (Pensions) of the *2004 Report of the Provincial Auditor (Volume 1)*. Mr. Ahmad of the Office of the Provincial Auditor provided an overview of the chapters.

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

Witnesses

Ron Styles, Deputy Minister

Terry Paton, Provincial Comptroller

Brian Smith, Executive Director, Public Employees Benefits Agency

25. The committee concurred with recommendation 10-1 made at page 162 of Chapter 10 (Pensions) of the *2003 Report of the Provincial Auditor (Volume 1)* that the Government's pension plan boards should develop and implement strategic plans that include the goals and objectives of the plan, a summary of the risks faced by the plan and its members, and the key strategies to manage those risks. The committee noted that the Government's pension plan boards are making progress towards complying with the recommendation.
26. The committee concurred with recommendation 10-2 made at page 163 of Chapter 10 (Pensions) of the *2003 Report of the Provincial Auditor (Volume 1)* that the Government's pension plan boards should clearly set out the specific responsibilities of the board including clear delegation of authority, and an education plan for board members and management. The committee noted that the Government's pension plan boards are making progress towards complying with the recommendation.
27. The committee concurred with recommendation 10-3 made at page 163 of Chapter 10 (Pensions) of the *2003 Report of the Provincial Auditor (Volume 1)* that the Government's pension plan boards should define and communicate the financial and operational information that the boards need to oversee the plans. The committee noted that the Government's pension plan boards are making progress towards complying with the recommendation.
28. The committee concurred with recommendation 10-4 made at page 163 of Chapter 10 (Pensions) of the *2003 Report of the Provincial Auditor (Volume 1)* that the Government's pension plan boards should establish an appropriate code of conduct for board members, management and employees of the plans. The committee noted that the Government's pension plan boards are making progress towards complying with the recommendation.
29. The committee concurred with recommendation 10-5 made at page 163 of Chapter 10 (Pensions) of the *2003 Report of the Provincial Auditor (Volume 1)* that the Government's pension plan boards should develop and implement written communication plans. The committee noted that the Government's pension plan boards are making progress towards complying with the recommendation.

30. The committee concurred with recommendation 10-6 made at page 163 of Chapter 10 (Pensions) of the *2003 Report of the Provincial Auditor (Volume 1)* that the Government's pension plan boards should establish policies for periodic governance self assessment. The committee noted that the Government's pension plan boards are making progress towards complying with the recommendation.
31. The committee concurred with recommendation 9-1 made at page 125 of Chapter 9 (Finance) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Department of Finance should establish processes to separately record and track contributions and claims for core and enhanced benefits of the Public Employees Dental Fund. The committee noted that the Department of Finance is making progress towards complying with the recommendation.
32. The committee concurred with recommendation 18-1 made at page 256 of Chapter 18 (Pensions) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Government's pension plans should improve their annual reports by describing their:
- Progress towards key goals and objectives;
  - Future direction and risks; and
  - Strategies to build capacity.
- The committee noted that the Government is making progress towards complying with the recommendation.
33. The committee adjourned at 3:28 p.m. to the call of the chair.

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Margaret A. Woods  
Committee Clerk

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Elwin Hermanson  
Committee Chair