

STANDING COMMITTEE ON PUBLIC ACCOUNTS

January 18, 2005

MINUTE NO. 14

9:00 a.m. - Room 8

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

Provincial Auditor's Office

Fred Wendel, Provincial Auditor
Brian Atkinson, Assistant Provincial Auditor
Bashar Ahmad, Deputy Provincial Auditor
Judy Ferguson, Deputy Provincial Auditor
Ed Montgomery, Deputy Provincial Auditor
Angèle Borys, Principal – Support Services
Rod Grabarczyk, Principal
Rodd Jersak, Principal
Jane Knox, Principal
Andrew Martens, Principal
Kim Lowe, Manager
Sandra Walker, Manager – Administration
Heather Tomlin, Data Systems Administrator

Provincial Comptroller's Office

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

2. The committee proceeded to consider Chapter 11 (Government Relations and Aboriginal Affairs) 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 Department of Government Relations and Department of First Nations and Metis Relations officials appeared before the committee and answered questions:

Witnesses

Harvey Brooks, Deputy Minister, Government Relations
Wanda Lamberti, Executive Director, Finance and Management Services, Government Relations
John Edwards, A/Assistant Deputy Minister, Municipal Relations, Government Relations
Randy Braaten, Director, Northern Municipal Services, Government Relations
Tony Bunz, Manager, Northern Municipal Services, Government Relations
Marj Abel, Director, Finance and Administration, Government Relations

Nora Sanders, Deputy Minister, First Nations and Metis Relations
Donavon Young, Assistant Deputy Minister, First Nations and Metis Relations

3. The committee concurred with recommendation 11-2 made at page 159 of Chapter 11 (Government Relations and Aboriginal Affairs) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Department Government Relations and Aboriginal Affairs should prepare a strategic plan for Northern Revenue Sharing Trust Account setting out its goals, objectives and priorities. The committee noted that the Department of Government Relations is making progress towards complying with the recommendation.

4. The committee concurred with recommendation 11-3 made at page 159 of Chapter 11 (Government Relations and Aboriginal Affairs) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Department Government Relations and Aboriginal Affairs should approve an annual business and financial plan for Northern Revenue Sharing Trust Account before the beginning of its fiscal year. The committee noted that the Department of Government Relations is making progress towards complying with the recommendation.
5. The committee concurred with recommendation 11-5 made at page 160 of Chapter 11 (Government Relations and Aboriginal Affairs) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Department Government Relations and Aboriginal Affairs should establish a development program to ensure that Northern Revenue Sharing Trust Account's staff have the required competencies. The committee noted that the Department of Government Relations is making progress towards complying with the recommendation.
6. The committee concurred with recommendation 11-6 made at page 161 of Chapter 11 (Government Relations and Aboriginal Affairs) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Department Government Relations and Aboriginal Affairs should document its agreement with the Department of Environment to administer lease and land sales for Northern Revenue Sharing Trust Account. The committee noted that the Department of Government Relations is making progress towards complying with the recommendation.
5. The committee recessed from 10:30 a.m. until 10:45 a.m.
6. The committee proceeded to consider Chapter 6 (Finance) of the *2004 Report of the Provincial Auditor (Volume 3)*. 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

Terry Paton, Provincial Comptroller, Provincial Comptroller's Division

Brian Smith, Executive Director, Public Employees Benefits Agency

7. The committee concurred with recommendation 6-1 made at page 192 of Chapter 6 (Finance) of the *2004 Report of the Provincial Auditor (Volume 3)* that the Department of Finance should reconcile its recorded bank balance to the bank's records promptly. The committee noted that the Department of Finance has complied with the recommendation.
8. The committee concurred with recommendation 6-2 made at page 194 of Chapter 6 (Finance) of the *2004 Report of the Provincial Auditor (Volume 3)* that the Public Employees Benefit Agency should return the surpluses to the employers, or have the plans designated as benefit programs by Cabinet as required by *The Financial Administration Act, 1993*. The committee noted that the Public Employees Benefit Agency has complied with the recommendation by returning the surpluses to the employers.
9. The committee concurred with recommendation 6-3 made at page 196 of Chapter 6 (Finance) of the *2004 Report of the Provincial Auditor (Volume 3)* that the Public Employees Pension Board should monitor regularly the Saskatchewan Pension Annuity Fund's cash flow. The committee noted that the Public Employees Pension Board is making progress towards complying with the recommendation.

- 10 The committee concurred with recommendation 6-4 made at page 196 of Chapter 6 (Finance) of the *2004 Report of the Provincial Auditor (Volume 3)* that the Public Employees Pension Board should use the borrowing authorized under *The Financial Administration Act, 1993* for the needs of the Saskatchewan Pension Annuity Fund. The committee noted that the Public Employees Pension Board is making progress towards complying with the recommendation.
11. The committee recessed from 11:45 a.m. until 1:00 p.m.
12. The committee proceeded to consider Chapter 3 (Learning) of the *2004 Report of the Provincial Auditor (Volume 3)*. Ms. Ferguson of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

Bonnie Durnford, Deputy Minister
Wayne McElree, Assistant Deputy Minister
Edith Nagy, Executive Director, Strategic Partnerships & Aboriginal Education Branch
Brady Salloum, Executive Director, Student Financial Assistance Branch
Jane Thurgood Sagal, Executive Director, Curriculum and Instruction Branch
Nelson Wagner, Executive Director, Facilities Branch
Don Sangster, Executive Director, School Finance
Trina Fallows, Director, Corporate Services
Glenda Eden, Manager, Financial Planning, Corporate Services

13. The committee proceeded to consider Chapter 9 (Environment) of the *2004 Report of the Provincial Auditor (Volume 3)*. Mr. Ahmad 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
Alan Parkinson, Associate Deputy Minister, Compliance, Fire and Forest Division
Dave Phillips, Assistant Deputy Minister, Resource and Environmental Stewardship Division
Bob Ruggles, Assistant Deputy Minister, Planning and Risk Analysis Division
Michele Arscott, Manager, Financial Management, Finance and Administration, Corporate Services Division

14. The following documents were tabled:

PAC 12/25 – Department of Justice: Correspondence from Doug Moen, Deputy Minister of Justice to Elwin Hermanson, Chair, re: Financial irregularities within the Departments of Environment and Community Resources and Employment under investigation by the RCMP, dated January 17, 2005.

PAC 13/25 – Department of Environment: Response to question raised at the December 1, 2004 meeting of the committee, re: aerial fire suppression fleet renewal plan and use of Single Engine Air Tankers (SEAT), dated January 17, 2005.

PAC 14/25 – Department of Environment: Response to question raised at the December 1, 2004 meeting of the committee, re: reports identified during review of chapter 10 of the *2004 Report of the Provincial Auditor (volume 1)*, dated January 17, 2005.

15. Ms. Stonehouse made a statement on the recently reported incidents of financial irregularities within the Department of Environment. A discussion ensued and it was moved by Mr. Hagel:

That the Provincial Auditor prepare a report with recommendations for the Standing Committee on Public Accounts on the reported incidents of financial irregularity within the Department of Environment immediately upon the completion of the RCMP investigation into the incidents.

The question being put, the motion was agreed to.

16. The committee concurred with recommendation 9-1 made at page 231 of Chapter 9 (Environment) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Department of Environment should establish processes to collect money due from others. The committee noted that the Department of Environment is making progress towards complying with the recommendation.
17. The committee concurred with recommendation 9-2 made at page 232 of Chapter 9 (Environment) of the *2004 Report of the Provincial Auditor (Volume 1)* that the Department of Environment should follow its rules and procedures to reconcile its recorded bank balances to the bank's records promptly. The committee noted that the Department of Environment is making progress towards complying with the recommendation.
18. The committee recessed from 2:45 p.m. until 3:06 p.m.
19. The following document was tabled:

PAC 15/25 – Department of Government Relations: Response to question raised at the January 18, 2005 meeting of the committee, re: AEDP Partnerships to Date, dated January 18, 2005.

20. The committee proceeded to consider Chapter 12 (Labour) of the *2004 Report of the Provincial Auditor (Volume 3)*. Ms. Knox of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

John Boyd, Executive Director, Planning and Policy Division
Margaret Halifax, Director, Office of the Worker's Advocate

21. The committee proceeded to consider the Business and Financial Plan of the Office of the Provincial Auditor for the year ended March 31, 2006. Mr. Wendel provided an overview of the plan and answered questions.

22. It was moved by Mr. Borgerson:

That the 2005-2006 Estimates of the Office of the Provincial Auditor (Vote 28, subvote PA01 – Provincial Auditor) be approved, as submitted, in the amount of \$5,446,000.

The question being put, the motion was agreed to.

23. It was moved by Mr. Borgerson:

That the 2005-2006 Estimates of the Office of the Provincial Auditor (Vote 28, subvote PA02 – Unforeseen Expenses) be approved, as submitted, in the amount of \$356,000.

The question being put, the motion was agreed to.

24. It was moved by Mr. Borgerson:

That the Estimates as approved be forwarded to the Speaker as Chair of the Board of Internal Economy, pursuant to section 10.1(4) of *The Provincial Auditor Act*.

The question being put, the motion was agreed to.

25. The committee adjourned at 4:15 p.m. to the call of the chair.

Margaret A. Woods
Committee Clerk

Elwin Hermanson
Committee Chair