

## STANDING COMMITTEE ON PUBLIC ACCOUNTS

October 26, 2005

### MINUTE NO. 25

8:30 a.m. - Room 8

1. **PRESENT:** Mr. Hermanson in the Chair and Members Borgerson, Cheveldayoff, Chisholm\*, McCall\*, Morin\*, Trew and Yates.

#### **Substituting Member:**

Mr. Chisholm for Mr. Krawetz

Mr. McCall for Mr. Hagel

Ms. Morin for Mr. Borgerson (for consideration of the Workers' Compensation Board)

#### **Other Members:**

Ms. Draude, Mr. Gantefer, Mr. Hart and Mr. McMorris

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

Fred Wendel, Provincial Auditor

Bashar Ahmad, Deputy Provincial Auditor

Judy Ferguson, Deputy Provincial Auditor

Mike Heffernan, Deputy Provincial Auditor

Rod Grabarczyk, Principal

Jane Knox, Principal

Victor Schwab, Principal

Rosemary Volk, Principal

Bill Harasymchuk, Manager

Kim Lowe, Manager

Regan Sommerfeld, Manager

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

Chris Bayda, Executive Director, Financial Management Branch

Larry Boys, Manager

2. The following document was tabled:

**PAC 26/25 – Department of Justice:** Response to questions raised at the June 21, 2005 meeting of the committee, re: Saskatchewan pension plans investment in Saskatchewan, dated June 28, 2005.

3. The committee proceeded to consider Chapter 9 (Learning – Accountability of school boards) of the *2005 Report of the Provincial Auditor (Volume 1)*. Ms. Ferguson of the Office of the Provincial Auditor provided an overview of the chapter.

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

#### Witnesses

Bonnie Durnford, Deputy Minister

Larry Steeves, Associate Deputy Minister

Armand Martin, Executive Director, Languages, Culture & Community Branch

Nelson Wagner, Executive Director, Facilities Branch

Trina Fallows, A/Executive Director, Corporate Services Branch

Witnesses (continued)

Naomi Mellor, Executive Director, School Finance Branch

Gerry Craswell, Director, Science and Technology Unit, Curriculum and Instruction Branch

Rick Johnson, Director, Assessment for Learning, Capacity Building and Accountability Branch

Diane Neill, Assistant Registrar, Provincial Examinations, Students and Teacher Services Branch

4. The committee recessed from 10:09 a.m. until 10:17 a.m.
5. The committee proceeded to consider Chapter 8 (Government Relations and Aboriginal Affairs) of the *2005 Report of the Provincial Auditor (Volume 1)*. Ms. Ferguson of the Office of the Provincial Auditor provided an overview of the chapter.

The following Department of First Nations and Métis Relations and Department of Government Relations officials appeared before the committee and answered questions:

Witnesses

Department of First Nations and Métis Relations officials:

Nora Sanders, Deputy Minister

Susan Carani, Director, Lands and Resources Branch

Laurier Donais, Director, Finance, Accountability and Corporate Services Branch

Rob Spelliscy, Director, Gaming, Trusts and Grants Branch

Jennifer Brass, Executive Assistant to the Deputy Minister

Department of Government Relations:

Harvey Brooks, Deputy Minister and Deputy Provincial Secretary

Maryellen Carlson, Assistant Deputy Minister, Municipal Relations Branch

Wanda Lamberti, Executive Director, Central Management Services Branch

Randy Braaten, Director, Northern Municipal Services, Municipal Relations Branch

Tony Bunz, Manager, Financial Services, Northern Municipal Services, Municipal Relations Branch

6. The committee concurred with recommendation 8-1 made at page 111 of Chapter 8 (Government Relations and Aboriginal Affairs) of the *2005 Report of the Provincial Auditor (Volume 1)* that the Department of First Nations and Métis Relations should follow all of its processes to ensure the First Nations Trust properly protects public money and spends it as required by law. The committee noted that the Department of First Nations and Métis Relations is making progress towards complying with the recommendation.
7. The committee concurred with recommendation 8-2 made at page 117 of Chapter 8 (Government Relations and Aboriginal Affairs) of the *2005 Report of the Provincial Auditor (Volume 1)* that the Department of Government Relations should promptly notify suppliers of officials authorized to buy goods using its charge accounts. The committee noted that the Department of Government Relations has complied with the recommendation.
8. The committee concurred with recommendation 8-3 made at page 117 of Chapter 8 (Government Relations and Aboriginal Affairs) of the *2005 Report of the Provincial Auditor (Volume 1)* that the Department of Government Relations should clearly communicate its information technology security policies to staff responsible for the Northern Revenue Sharing Trust Account and ensure compliance. The committee noted that the Department of Government Relations is making progress towards complying with the recommendation.

9. The Committee proceeded to consider its draft report. A final version of the report which includes the results of today's meeting will be reviewed in November and subsequently tabled in the Assembly.
10. The committee next considered its representation at the CCAF – FCVI Inc. 25<sup>th</sup> Anniversary National Conference. It was moved by Mr. Borgerson:

That the Standing Committee on Public Accounts authorizes the attendance of the Chair and the Deputy Chair at the CCAF – FCVI Inc. 25<sup>th</sup> Anniversary National Conference held in Ottawa, Ontario October 17<sup>th</sup> and 18<sup>th</sup>, 2005.

The question being put and a discussion arising, it was agreed to.

11. The committee recessed from 11:45 a.m. until 1:00 p.m.
12. The committee proceeded to consider Chapter 2 (Health) of the *2004 Report of the Provincial Auditor (Volume 3)* and Chapter 4 (Health) of the *2005 Report of the Provincial Auditor (Volume 1)*. Mr. Heffernan 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

John Wright, Deputy Minister

Duncan Fisher, Assistant Deputy Minister

Lawrence Krahn, Assistant Deputy Minister

Ted Warawa, Executive Director, Finance and Administration Branch

Rod Wiley, Executive Director, Regional Policy Branch

Garth Herbert, Financial Management Consultant / Internal Audit, Finance and Administration Branch

Gina Clark, Intern

13. The committee concurred with recommendation 2C-1 made at page 61 of Chapter 2C (Regional Health Authorities) of the *2004 Report of the Provincial Auditor (Volume 3)* that the Mamawetan Churchill River Regional Health Authority should follow its processes for controlling its bank account and for making payments to vendors.
14. The committee concurred with recommendation 2C-2 made at page 63 of Chapter 2C (Regional Health Authorities) of the *2004 Report of the Provincial Auditor (Volume 3)* that the Cypress, Kelsey Trail, Mamawetan Churchill River and Saskatoon Regional Health Authorities should establish information technology policies and procedures that are based on a threat and risk analysis.
15. The committee concurred with recommendation 2C-3 made at page 63 of Chapter 2C (Regional Health Authorities) of the *2004 Report of the Provincial Auditor (Volume 3)* that the Keewatin Yatthé Regional Health Authority should follow its established information technology policies and procedures.
16. The committee concurred with recommendation 2C-4 made at page 64 of Chapter 2C (Regional Health Authorities) of the *2004 Report of the Provincial Auditor (Volume 3)* that the Sun Country Regional Health Authority should strengthen its agreements with its affiliates to ensure they achieve the Authority's objectives.

17. The committee concurred with recommendation 2E-1 made at page 90 of Chapter 2E (Métis Addictions Council of Saskatchewan Inc.) of the *2004 Report of the Provincial Auditor (Volume 3)* that Board of Directors of the Métis Addictions Council of Saskatchewan Inc. should clearly define the scope of its authority and responsibilities. The committee noted that the Métis Addictions Council of Saskatchewan Inc. has complied with the recommendation.
18. The committee concurred with recommendation 2E-2 made at page 90 of Chapter 2E (Métis Addictions Council of Saskatchewan Inc.) of the *2004 Report of the Provincial Auditor (Volume 3)* that Board of Directors of the Métis Addictions Council of Saskatchewan Inc. should define the authority and responsibilities of, and performance standards for, senior management. The committee noted that the Métis Addictions Council of Saskatchewan Inc. has complied with the recommendation.
19. The committee concurred with recommendation 2E-3 made at page 90 of Chapter 2E (Métis Addictions Council of Saskatchewan Inc.) of the *2004 Report of the Provincial Auditor (Volume 3)* that Board of Directors of the Métis Addictions Council of Saskatchewan Inc. should establish a long-term strategic plan and annual business and financial plans for the Métis Addictions Council of Saskatchewan Inc. The committee noted that the Métis Addictions Council of Saskatchewan Inc. is making progress towards complying with the recommendation.
20. The committee concurred with recommendation 2E-4 made at page 90 of Chapter 2E (Métis Addictions Council of Saskatchewan Inc.) of the *2004 Report of the Provincial Auditor (Volume 3)* that Board of Directors of the Métis Addictions Council of Saskatchewan Inc. should approve a code of conduct and conflict-of-interest policies for board members and staff, and monitor compliance. The committee noted that the Métis Addictions Council of Saskatchewan Inc. has complied with the recommendation.
21. The committee concurred with recommendation 2E-5 made at page 90 of Chapter 2E (Métis Addictions Council of Saskatchewan Inc.) of the *2004 Report of the Provincial Auditor (Volume 3)* that Board of Directors of the Métis Addictions Council of Saskatchewan Inc. should provide governance training for its members. The committee noted that the Métis Addictions Council of Saskatchewan Inc. has complied with the recommendation.
22. The committee concurred with recommendation 2E-6 made at page 90 of Chapter 2E (Métis Addictions Council of Saskatchewan Inc.) of the *2004 Report of the Provincial Auditor (Volume 3)* that Board of Directors of the Métis Addictions Council of Saskatchewan Inc. should periodically assess its own performance. The committee noted that the Métis Addictions Council of Saskatchewan Inc. has complied with the recommendation.
23. The committee concurred with recommendation 2E-7 made at page 90 of Chapter 2E (Métis Addictions Council of Saskatchewan Inc.) of the *2004 Report of the Provincial Auditor (Volume 3)* that Board of Directors of the Métis Addictions Council of Saskatchewan Inc. should establish and approve the rules and procedures to safeguard public money. These rules and procedures should be designed to:
  - Ensure the board receives timely and reliable financial and operational reports for monitoring and decision-making;
  - Ensure adequate segregation of duties so that no individual board member or staff can both initiate and authorize a transaction;
  - Ensure goods and services purchased are:
    - Authorized and appropriate;
    - Received and used for proper business purposes;
    - Physically secured; and

- Based on fair and just prices; and
- Reduce the risk of errors, fraud, breakdowns in control and unauthorized transactions.

The committee noted that the Métis Addictions Council of Saskatchewan Inc. has complied with the recommendation.

24. The committee concurred with recommendation 2E-8 made at page 91 of Chapter 2E (Métis Addictions Council of Saskatchewan Inc.) of the *2004 Report of the Provincial Auditor (Volume 3)* that Board of Directors of the Métis Addictions Council of Saskatchewan Inc. should ensure all signing officers are bonded (i.e., insured against theft or fraud).
25. The committee concurred with recommendation 2E-9 made at page 98 of Chapter 2E (Métis Addictions Council of Saskatchewan Inc.) of the *2004 Report of the Provincial Auditor (Volume 3)* that Department of Health should work with the Métis Addictions Council of Saskatchewan Inc (MACSI) to determine the amount that the former executive committee members of the board of directors owe MACSI and try to recover the money.
26. The committee concurred with recommendation 2E-10 made at page 102 of Chapter 2E (Métis Addictions Council of Saskatchewan Inc.) of the *2004 Report of the Provincial Auditor (Volume 3)* that Department of Health should strengthen its processes to keep informed about any significant problems at community-based organizations (CBOs). The processes should include:
- Doing a risk assessment on all CBOs to determine the nature and extent of processes needed to monitor each CBO's performance;
  - Identifying objectives and performance measures for each CBO;
  - Reviewing each CBO's performance reports routinely;
  - Carrying out regular on-site assessments of high risk CBOs; and
  - Attending board of director's meetings of high risk CBOs.
- The committee noted that the Métis Addictions Council of Saskatchewan Inc. is making progress towards complying with the recommendation.
27. The committee concurred with recommendation 2E-11 made at page 103 of Chapter 2E (Métis Addictions Council of Saskatchewan Inc.) of the *2004 Report of the Provincial Auditor (Volume 3)* that Department of Health should finalize the service agreements with community based organizations (CBOs) before the Department's fiscal year begins (i.e., April 1). The committee noted that the Department of Health has complied with the recommendation.
28. The committee concurred with recommendation 2E-12 made at page 104 of Chapter 2E (Métis Addictions Council of Saskatchewan Inc.) of the *2004 Report of the Provincial Auditor (Volume 3)* that Department of Health should improve its processes to remedy any significant problems at community based organizations (CBOs). These processes should include procedures to:
- Clearly define the problem;
  - Provide options for corrective action;
  - Promptly inform the CBOs, in writing, of the problem and corrective action required;
  - Give the CBOs a deadline for fixing the problems; and
  - Set predetermined remedies if the CBO does not fix the problem promptly.
- The committee noted that the Department of Health is making progress towards complying with the recommendation.

29. The committee concurred with recommendation 2E-13 made at page 105 of Chapter 2E (Métis Addictions Council of Saskatchewan Inc.) of the *2004 Report of the Provincial Auditor (Volume 3)* that Department of Health should ensure the Métis Addictions Council of Saskatchewan Inc (MACSI) implements recommendations 1-8 of this report.
30. The committee concurred with recommendation 4-1 made at page 52 of Chapter 4 (Health) of the *2005 Report of the Provincial Auditor (Volume 1)* that the Department of Health should develop a plan to monitor and evaluate drug use in the population. The committee noted that the Department of Health has complied with the recommendation.
31. The committee concurred with recommendation 4-2 made at page 52 of Chapter 4 (Health) of the *2005 Report of the Provincial Auditor (Volume 1)* that the Department of Health should set, evaluate, and report on performance measures for the Saskatchewan Prescription Drug Plan. The committee noted that the Department of Health is making progress towards complying with the recommendation.
32. Mr. Borgerson, Mr. Trew and Mr. Hermanson reported on their attendance at the 26<sup>th</sup> annual conference of the Canadian Council of Public Accounts Committees held earlier this year in Ontario.
33. The committee recessed from 3:36 p.m. until 3:48 p.m.
34. The committee proceeded to consider Chapter 11 (Workers' Compensation Board) of the *2005 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, Chair

Peter Federko, Chief Executive Officer

35. The committee concurred with recommendation 11-1 made at page 154 of Chapter 11 (Workers' Compensation Board) of the *2005 Report of the Provincial Auditor (Volume 1)* that the Workers' Compensation Board should establish policies and procedures to ensure that all of its investments comply with the law and its investment objectives. The committee noted that the Workers' Compensation Board has complied with the recommendation.
36. The committee concurred with recommendation 11-2 made at page 155 of Chapter 11 (Workers' Compensation Board) of the *2005 Report of the Provincial Auditor (Volume 1)* that the Workers' Compensation Board and the employees reporting directly to the President file employment contracts with the Clerk of the Executive Council as required by *The Crown Employment Contracts Act*. The committee noted that the Workers' Compensation Board is making progress towards complying with the recommendation.

37. The committee concurred with recommendation 11-3 made at page 160 of Chapter 11 (Workers' Compensation Board) of the *2005 Report of the Provincial Auditor (Volume 1)* that the Workers' Compensation Board Superannuation Plan should establish policies and procedures to ensure that all investments held by the Plan comply with the law and its investment objectives. The committee noted that the Workers' Compensation Board Superannuation Plan is making progress towards complying with the recommendation.
38. The committee adjourned at 4:40 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