

# STANDING COMMITTEE ON PUBLIC ACCOUNTS

June 25, 2007

## MINUTE NO. 51

10:00 a.m. - Room 8

1. **PRESENT:** Mr. Hermanson in the Chair and Members Cheveldayoff, Chisholm, Crofford, Iwanchuk, Prebble\* and Trew.

### **Substituting Member**

Mr. Prebble for Hon. Mr. Borgerson

### **Other Members**

Mr. D'Autremont, Mr. Toth

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

Fred Wendel, Provincial Auditor

Bashar Ahmad, Deputy Provincial Auditor

Judy Ferguson, Deputy Provincial Auditor

Mike Heffernan, Deputy Provincial Auditor

Kelly Deis, Principal

Charlene Drotar, Principal

Jane Knox, Principal

Kim Lowe, Principal

Carolyn O'Quinn, Principal

Victor Schwab, Principal

Regan Sommerfeld, Principal

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

Terry Paton, Provincial Comptroller

Chris Bayda, Executive Director, Financial Management Branch

2. The following document was tabled:

**Addendum to PAC 58/25 Department of First Nations and Métis Relations:** Update to response to question raised at the April 17, 2007 meeting of the committee, re: Clarence Campeau Development Fund revised payee list for the year ended December 31, 2006, dated June 11, 2007.

3. The committee proceeded to consider Chapter 14 (Saskatchewan Gaming Corporation) of the *2005 Report of the Provincial Auditor (Volume 3)* and Chapter 9 (Saskatchewan Gaming Corporation) of the *2006 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 Gaming Corporation officials appeared before the committee and answered questions:

### Witnesses

Marty Klyne, President and Chief Executive Officer

Twyla Meredith, Senior Vice President, Finance and Business Development

Bill Davies, Vice President, Corporate Affairs

Wendy Hutchison, Controller

4. The committee concurred with recommendation 9-1 made at page 275 of Chapter 9 (Saskatchewan Gaming Corporation) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Gaming Corporation should comply with approved policies relating to employees' performance evaluations, code of conduct, and marketing promotions. The committee noted that the Saskatchewan Gaming Corporation is making progress towards complying with the recommendation.
5. The committee concurred with recommendation 9-2 made at page 276 of Chapter 9 (Saskatchewan Gaming Corporation) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Gaming Corporation should improve its human resource plan by prioritizing its key human resource risks, analyzing human resource gaps, and setting out plans to address human resource gaps. The committee noted that the Saskatchewan Gaming Corporation is making progress towards complying with the recommendation.
6. The committee concurred with recommendation 9-3 made at page 277 of Chapter 9 (Saskatchewan Gaming Corporation) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Gaming Corporation should promptly establish and communicate revised rules and procedures when it makes changes to its systems. The committee noted that the Saskatchewan Gaming Corporation is making progress towards complying with the recommendation.
7. The committee concurred with recommendation 9-4 made at page 279 of Chapter 9 (Saskatchewan Gaming Corporation) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Gaming Corporation should provide complete and accurate reports on the project's progress to senior management and the Board of Directors. The committee noted that the Saskatchewan Gaming Corporation is making progress towards complying with the recommendation.
8. The committee concurred with recommendation 9-5 made at page 279 of Chapter 9 (Saskatchewan Gaming Corporation) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Gaming Corporation should establish a process to monitor and track how well it achieved the benefits it set out for the project. The committee noted that the Saskatchewan Gaming Corporation is making progress towards complying with the recommendation.
9. The committee concurred with recommendation 9-6 made at page 280 of Chapter 9 (Saskatchewan Gaming Corporation) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Gaming Corporation should establish a process to document the results of testing of new systems and to track and document the follow up of all risks before systems become operational. The committee noted that the Saskatchewan Gaming Corporation is making progress towards complying with the recommendation.
10. The committee proceeded to consider Chapter 5 (First Nations and Métis Relations) of the *2007 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 officials appeared before the committee and answered questions:

Witnesses

Richard Gladue, Deputy Minister

John Reid, Acting Assistant Deputy Minister

Trisha Delormier-Hill, Executive Director, Lands and Resources

Witnesses continued

Seonaid MacPherson, Executive Director, Strategic Initiatives  
Doreen Bradshaw, Director, Aboriginal Employment Development Program  
Laurier Donais, Director, Finance, Accountability and Corporate Services  
Kerry Gray, Director, Gaming, Trusts and Grants  
Jennifer Brass, Executive Assistant to the Deputy Minister

11. The committee recessed from 11:57 a.m. until 1:00 p.m.
12. The committee proceeded to consider Chapter 3 (Corrections and Public Safety) of the *2007 Report of the Provincial Auditor (Volume 1)*. Ms. Lowe of the Office of the Provincial Auditor provided an overview of the chapter.

The following Department of Corrections and Public Safety officials appeared before the committee and answered questions:

Witnesses

Maureen Lloyd, Assistant Deputy Minister, Adult Corrections  
Mae Boa, Executive Director, Management Services  
Duane McKay, Director, Public Safety and Sask911  
Mieka Torgimson, Coordinator, Provincial Disaster Assistance Program

13. The committee concurred with recommendation 3-1 made at page 40 of Chapter 3 (Corrections and Public Safety) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Department of Corrections and Public Safety should follow its policies and procedures to promptly reconcile its recorded bank balances to the bank's records. The committee noted that the Department of Corrections and Public Safety is making progress towards complying with the recommendation.
14. The committee concurred with recommendation 3-2 made at page 40 of Chapter 3 (Corrections and Public Safety) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Department of Corrections and Public Safety should segregate the duties of staff so that one staff member cannot record payments in its accounting records to suppliers, access blank cheques, and prepare bank reconciliations. The committee noted that the Department of Corrections and Public Safety is making progress towards complying with the recommendation.
15. The committee concurred with recommendation 3-3 made at page 40 of Chapter 3 (Corrections and Public Safety) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Department of Corrections and Public Safety should secure and monitor access to its information technology systems and data. The committee noted that the Department of Corrections and Public Safety is making progress towards complying with the recommendation.
16. The committee concurred with recommendation 3-4 made at page 41 of Chapter 3 (Corrections and Public Safety) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Department of Corrections and Public Safety should complete, approve, and test its business continuity plan. The committee noted that the Department of Corrections and Public Safety is making progress towards complying with the recommendation.

17. The committee concurred with recommendation 3-5 made at page 42 of Chapter 3 (Corrections and Public Safety) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Department of Corrections and Public Safety's human resource plan should
- Quantify its human resource needs;
  - Provide details on the human resource gap; and
  - Provide measurable indicators and targets for all strategies.
- The committee noted that the Department of Corrections and Public Safety is making progress towards complying with the recommendation.

18. The committee recessed from 1:49 p.m. until 2:04 p.m.

19. The committee proceeded to consider Chapter 21 (Industry and Resources) of the *2006 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 Industry and Resources officials appeared before the committee and answered questions:

Witnesses

Glen Veikle, Acting Deputy Minister

Hal Sanders, Executive Director, Corporate and Financial Services

20. The committee concurred with recommendation 21-1 made at page 415 of Chapter 21 (Industry and Resources) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Department of Industry and Resources should improve its human resource plan by documenting its future human resource needs (number, type, and location of employees and required competencies) to meet the Department's goals and objectives. The committee noted that the Department of Industry and Resources is making progress towards complying with the recommendation.
21. The committee concurred with recommendation 21-2 made at page 415 of Chapter 21 (Industry and Resources) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Department of Industry and Resources should improve its human resource plan by documenting what resources it requires and when to meet its human resource needs. The committee noted that the Department of Industry and Resources is making progress towards complying with the recommendation.
22. The committee concurred with recommendation 21-3 made at page 415 of Chapter 21 (Industry and Resources) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Department of Industry and Resources should improve its human resource plan by assigning responsibility to staff to implement planned strategies to meet its human resource needs. The committee noted that the Department of Industry and Resources is making progress towards complying with the recommendation.
23. The committee recessed from 2:38 p.m. until 3:00 p.m.

24. The committee proceeded to consider Chapter 2 (Health) of the *2006 Report of the Provincial Auditor (Volume 3)* and Chapter 6 (Health) of the *2007 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

Dr. Louise Greenberg, Associate Deputy Minister

Ted Warawa, Executive Director, Finance and Administration Branch

Rod Wiley, Executive Director, Regional Policy Branch

Kevin Wilson, Executive Director, Drug Plan and Extended Benefits Branch

Ron Knaus, A/Executive Director, Workforce Planning Branch

Dr. Ross Findlater, Chief Medical Health Officer, Population Health Branch

25. The committee concurred with recommendation 2A-1 made at page 43 of Chapter 2A (Health) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Department of Health should assess the cost/benefit of on-site audits of doctors' clinics to verify that it pays appropriate amounts for medical services provided by doctors.
26. The committee concurred with recommendation 2A-2 made at page 43 of Chapter 2A (Health) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Department of Health should implement a process to verify that residents received the prescription drugs the pharmacists claimed for payment.
27. The committee concurred with recommendation 2A-3 made at page 44 of Chapter 2A (Health) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Department of Health should establish adequate processes to collect and pay all revenue earned by the Provincial Laboratory into the General Revenue Fund.
28. The committee concurred with recommendation 2A-4 made at page 44 of Chapter 2A (Health) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Department of Health and Regional Health Authorities should recover the overpayments resulting from the reconsideration of joint job evaluations.
29. The committee concurred with recommendation 2A-5 made at page 46 of Chapter 2A (Health) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Department of Health should revise its human resource plan to:
- Quantify its human resource needs
  - Provide details on the human resource gap between actual and required resources
  - Provide details on the action plans to implement the major strategies
  - Provide measurable indicators and targets for all strategies.
- The committee noted that the Department of Health is making progress towards complying with the recommendation.
30. The committee concurred with recommendation 2A-6 made at page 50 of Chapter 2A (Health) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Cancer Foundation should make a service agreement with the Saskatchewan Association of Health Organizations covering all services provided. The committee noted that the Saskatchewan Cancer Foundation is making progress towards complying with the recommendation.

31. The committee concurred with recommendation 2C-1 made at page 81 of Chapter 2C (Regional Health Authorities) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Boards of Directors of the Prince Albert Parkland, Sunrise, Five Hills, and Sun Country Regional Health Authorities should assess whether they need an internal auditor.
32. The committee concurred with recommendation 2C-2 made at page 82 of Chapter 2C (Regional Health Authorities) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Sun Country Regional Health Authority should ensure its equipment is safeguarded.
33. The committee concurred with recommendation 2C-3 made at page 83 of Chapter 2C (Regional Health Authorities) of the *2006 Report of the Provincial Auditor (Volume 3)* that each of the Regional Health Authorities should make service agreements with the Saskatchewan Association of Health Organizations covering services provided.
34. The committee concurred with recommendation 2C-4 made at page 84 of Chapter 2C (Regional Health Authorities) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Saskatoon Regional Health Authority should obtain audited internal control and legislative compliance reports from all of its affiliated organizations as required by its operating agreements.
35. The committee concurred with recommendation 2C-5 made at page 85 of Chapter 2C (Regional Health Authorities) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Keewatin Yatthé, Prince Albert Parkland, and Sun Country Regional Health Authorities should prepare information technology disaster recovery plans.
36. The committee concurred with recommendation 2C-6 made at page 85 of Chapter 2C (Regional Health Authorities) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Heartland, Keewatin Yatthé, and Prince Albert Parkland Regional Health Authorities should establish information technology policies and procedures that are based on a threat and risk analysis.
37. The committee concurred with recommendation 2D-1 made at page 93 of Chapter 2D (Immunization coverage) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Prince Albert Parkland Regional Health Authority should work with First Nations and Federal health agencies to maximize access to immunization for children in the region. The committee noted that the Prince Albert Parkland Regional Health Authority is making progress towards complying with the recommendation.
38. The committee concurred with recommendation 2D-2 made at page 93 of Chapter 2D (Immunization coverage) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Prince Albert Parkland Regional Health Authority should set target immunization coverage rates for children in the region and develop plans to achieve those targets. The committee noted that the Prince Albert Parkland Regional Health Authority is making progress towards complying with the recommendation.
39. The committee concurred with recommendation 2D-3 made at page 93 of Chapter 2D (Immunization coverage) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Prince Albert Parkland Regional Health Authority should regularly report to its board an analysis of the causes of its low immunization coverage rate.

40. The committee concurred with recommendation 2D-4 made at page 93 of Chapter 2D (Immunization coverage) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Department of Health should adjust its immunization performance measure so that it calculates the measure it has defined. The committee noted that the Department of Health is making progress towards complying with the recommendation.
41. The committee concurred with recommendation 2E-1 made at page 106 of Chapter 2D (Saskatchewan Association of Health Organizations) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Association of Health Organizations (SAHO) should monitor the security controls of its Internet Personnel Front End service provider to protect SAHO's systems and data. The committee noted that the Saskatchewan Association of Health Organizations is making progress towards complying with the recommendation.
42. The committee concurred with recommendation 2E-2 made at page 107 of Chapter 2D (Saskatchewan Association of Health Organizations) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Association of Health Organizations (SAHO) should monitor the security controls of its external network service provider to protect SAHO's systems and data. The committee noted that the Saskatchewan Association of Health Organizations is making progress towards complying with the recommendation.
43. The committee concurred with recommendation 2E-3 made at page 108 of Chapter 2D (Saskatchewan Association of Health Organizations) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Association of Health Organizations should only allow authorized users access to its systems and data, follow established password standards, and protect its systems from known security risks. The committee noted that the Saskatchewan Association of Health Organizations is making progress towards complying with the recommendation.
44. The committee concurred with recommendation 2E-4 made at page 110 of Chapter 2D (Saskatchewan Association of Health Organizations) of the *2006 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Association of Health Organizations should appropriately test and document payroll system changes. The committee noted that the Saskatchewan Association of Health Organizations is making progress towards complying with the recommendation.
45. The committee concurred with recommendation 6-1 made at page 67 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Association of Health Organizations should immediately record receipts and restrict cheques for deposit only to its bank account. The committee noted that the Saskatchewan Association of Health Organizations has complied with the recommendation.
46. The committee concurred with recommendation 6-2 made at page 68 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Association of Health Organizations should segregate the duties of employees handling receipts and recording entries into the accounting system.. The committee noted that the Saskatchewan Association of Health Organizations has complied with the recommendation.
47. The committee concurred with recommendation 6-3 made at page 68 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Association of Health Organizations should independently review and approve all bank reconciliations. The committee noted that the Saskatchewan Association of Health Organizations has complied with the recommendation.

48. The committee concurred with recommendation 6-4 made at page 68 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Association of Health Organizations should independently review and approve all journal entries. The committee noted that the Saskatchewan Association of Health Organizations has complied with the recommendation.
49. The committee concurred with recommendation 6-5 made at page 69 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Association of Health Organizations should follow its policy that payments be reviewed and approved by two authorized employees. The committee noted that the Saskatchewan Association of Health Organizations has complied with the recommendation.
50. The committee concurred with recommendation 6-6 made at page 69 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Association of Health Organizations should segregate the duties of employees that approve changes to eligible suppliers, record payments to suppliers, and approve payments to suppliers. The committee noted that the Saskatchewan Association of Health Organizations is making progress towards complying with the recommendation.
51. The committee concurred with recommendation 6-7 made at page 70 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Association of Health Organizations should segregate the duties of employees that record new disability income claims from those who approve these claims for payment. The committee noted that the Saskatchewan Association of Health Organizations is making progress towards complying with the recommendation.
52. The committee concurred with recommendation 6-8 made at page 71 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Association of Health Organizations should determine, each month, that all contributions owed are collected for the benefit plans it administers. The committee noted that the Saskatchewan Association of Health Organizations has complied with the recommendation.
53. The committee concurred with recommendation 6-9 made at page 71 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Association of Health Organizations should regularly update its accounting records for its administered benefit plans.
54. The committee concurred with recommendation 6-10 made at page 72 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Association of Health Organizations should use interim financial reports to monitor its administered benefits plans.
55. The committee concurred with recommendation 6-11 made at page 72 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Association of Health Organizations should have investment policies for its dental, extended health, and group life insurance plans. The committee noted that the Saskatchewan Association of Health Organizations is making progress towards complying with the recommendation.
56. The committee concurred with recommendation 6-12 made at page 80 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Five Hills Health Region should routinely provide its managers with opportunities to learn about outcome-oriented management (i.e., about selecting useful targets, analyzing results in the short, medium, and long term, and using performance information).



57. The committee concurred with recommendation 6-13 made at page 85 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Five Hills Health Region should prepare, at least annually, written progress reports for its strategic priorities that include analysis of results (i.e. activities and outcomes). Analysis should compare actual results to baselines and planned targets, include forecasts, and explain why the results vary from the plan.
58. The committee concurred with recommendation 6-14 made at page 86 of Chapter 6 (Health) of the *2007 Report of the Provincial Auditor (Volume 1)* that the Five Hills Health Region should support its decisions to align resources to expected outcomes using reports that analyze progress toward planned priorities.
59. The committee adjourned at 5:00 p.m. until 9:00 a.m. on Tuesday, June 26<sup>th</sup>.

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Margaret A. Woods  
Committee Clerk

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Elwin Hermanson  
Committee Chair