

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**  
**Wednesday, June 17, 2015**

**MINUTE NO. 35**  
**10:00 a.m. – Māmawapiwin Room (Room 8)**

1. **Present:** Danielle Chartier in the Chair and Members Larry Doke, Glen Hart, Russ Marchuk, Warren Michelson, Rob Norris, Randy Weekes and Trent Wotherspoon.

**Provincial Auditor's Office**

Judy Ferguson, Provincial Auditor  
Kelly Deis, Deputy Provincial Auditor  
Mark Anderson, Executive Director  
Tara Clement, Principal  
Kim Lowe, Principal  
Carolyn O'Quinn, Principal  
Rosemary Volk, Principal

**Provincial Comptroller's Office**

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

**Government Relations**

Justin Moen, Financial Manager, Federal Cost Recovery Unit

2. The following document was tabled:

**PAC 48/27 – Standing Committee on Public Accounts:** Letter of resignation from Deputy Chair, Paul Merriman effective May 21, 2015, dated May 21, 2015.

3. The Chair presided over the election of a Deputy Chair. Mr. Doke was nominated for the position. There being no further nominations, it was moved by Mr. Norris:

That Mr. Larry Doke be elected to preside as Deputy Chair of the Standing Committee on Public Accounts.

The question being put, it was agreed to.

4. The Chair advised the committee that pursuant to Rule 142(2), the following report was deemed referred to the committee:

*2015 Report of the Provincial Auditor (Volume 1)* (June 3, 2015)

5. The committee considered Chapter 27 (Control over Offender Information and Release Dates) of the *2012 Report of the Provincial Auditor (Volume 2)* and Chapter 52 (Monitoring Provincial Policing Services Delivered by the RCMP Follow Up) of the *2012 Report of the Provincial Auditor (Volume 2)* and Chapter 18 (Rehabilitation of Young Offenders) of the *2013 Report of the Provincial Auditor (Volume 1)* and Chapter 27 (Justice – Absenteeism Follow Up) of the *2013 Report of the Provincial Auditor (Volume 1)* and Chapter 13 (Justice) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 50 (Justice - Monitoring Provincial Policing Services Delivered by the RCMP) of the

*2014 Report of the Provincial Auditor (Volume 2)*. Ms. Ferguson and Mr. Deis of the Office of the Provincial Auditor provided an overview of the chapters.

The following Justice officials appeared before the committee:

Witnesses

Dale McFee, Deputy Minister, Corrections and Policing  
Dennis Cooley, Associate Deputy Minister, Custody, Supervision and Rehabilitation Services  
Ron Anderson, Assistant Deputy Minister, Community Safety Outcomes and Corporate Supports  
Dale Larsen, Assistant Deputy Minister, Policing and Community Safety Services  
Monica Field, Executive Director, Strategic Systems and Innovation  
Brian Rector, Executive Director, Research and Evidence Based Excellence  
Heather Scriver, Executive Director, Custody Services, Custody, Supervision and Rehabilitation Services  
Dave Tulloch, Executive Director, Corporate Services  
Drew Wilby, Executive Director, Corporate Affairs  
Kim Leibel, Acting Director, Audit Services  
Rick Davis, Director, Operational Support, Custody, Supervision and Rehabilitation Services  
Raequel Giles, Director, Continuous Improvement and Executive Operations  
Jason Broda, Deputy Director, Operational Support, Supervision and Rehabilitation Services

6. The committee concurred with recommendation 27-1 made at page 200 of Chapter 27 (Control over Offender Information and Release Dates) of the *2012 Report of the Provincial Auditor (Volume 2)* that the Ministry of Justice use an approved risk-based plan for auditing offender files and Corrections Management Information System data. The committee noted that the Ministry of Justice has complied with the recommendation.
7. The committee concurred with recommendation 27-2 made at page 200 of Chapter 27 (Control over Offender Information and Release Dates) of the *2012 Report of the Provincial Auditor (Volume 2)* that the Ministry of Justice implement processes to require verification of Corrections Management Information System data entry. The committee noted that the Ministry of Justice has complied with the recommendation.
8. The committee concurred with recommendation 27-3 made at page 200 of Chapter 27 (Control over Offender Information and Release Dates) of the *2012 Report of the Provincial Auditor (Volume 2)* that the Ministry of Justice ensure all required confidentiality agreements for Corrections Management Information System users are completed and signed. The committee noted that the Ministry of Justice is making progress towards compliance with the recommendation.
9. The committee concurred with recommendation 27-4 made at page 201 of Chapter 27 (Control over Offender Information and Release Dates) of the *2012 Report of the Provincial Auditor (Volume 2)* that the Ministry of Justice follow its policy to ensure that unneeded Corrections Management Information System user access is removed on a timely basis. The committee noted that the Ministry of Justice has complied with the recommendation.
10. The committee concurred with recommendation 27-5 made at page 201 of Chapter 27 (Control over Offender Information and Release Dates) of the *2012 Report of the Provincial Auditor (Volume 2)* that the Ministry of Justice determine and monitor encryption, patching, and logging requirements for the Corrections Management Information System based on a threat and risk assessment. The committee noted that the Ministry of Justice is making progress towards compliance with the recommendation.

11. The committee concurred with recommendation 27-6 made at page 202 of Chapter 27 (Control over Offender Information and Release Dates) of the *2012 Report of the Provincial Auditor (Volume 2)* that the Ministry of Justice provide senior management with routine reports that completely describe the risk of incorrect offender release dates, how that risk is managed, and all inappropriate offender releases. The committee noted that the Ministry of Justice has complied with the recommendation.
12. The committee concluded consideration of Chapter 52 (Monitoring Provincial Policing Services Delivered by the RCMP Follow Up) of the *2012 Report of the Provincial Auditor (Volume 2)*.
13. The committee concluded consideration of Chapter 50 (Justice - Monitoring Provincial Policing Services Delivered by the RCMP) of the *2014 Report of the Provincial Auditor (Volume 2)*.
14. It was moved by Mr. Doke:

That the committee adjourn consideration of Chapter 18 (Rehabilitation of Young Offenders) of the *2013 Report of the Provincial Auditor (Volume 1)*.

The question being put, it was agreed to.

15. The committee concluded consideration of Chapter 27 (Justice - Absenteeism Follow Up) of the *2013 Report of the Provincial Auditor (Volume 1)*.
16. The committee concluded consideration of Chapter 13 (Justice) of the *2014 Report of the Provincial Auditor (Volume 2)*.
17. The committee recessed from 11:22 a.m. until 11:29 a.m.
18. The committee considered Chapter 3 (Central Services) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 30 (Central Services – Processes to use Consultants) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 5 (Central Services – Data Centre Security) of the *2015 Report of the Provincial Auditor (Volume 1)*. Ms. Ferguson and Mr. Anderson of the Office of the Provincial Auditor provided an overview of the chapters.

The following Central Services officials appeared before the committee:

Witnesses

Richard Murray, Acting Deputy Minister  
Bonnie Schmidt, Acting Chief Information Officer, Information Technology Division  
Greg Lusk, Executive Director, Commercial Services  
Troy Smith, Executive Director, Financial Services  
Crystal Zorn, Director, IT Security

19. The committee concluded consideration of Chapter 3 (Central Services) of the *2014 Report of the Provincial Auditor (Volume 2)*.
20. The committee concurred with recommendation 30-1 made at page 166 of Chapter 30 (Central Services – Processes to use Consultants) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of Central Services establish a policy that guides when to use an employee as opposed to

hiring a consultant. The committee noted that the Ministry of Central Services has complied with the recommendation.

21. The committee concurred with recommendation 30-2 made at page 168 of Chapter 30 (Central Services – Processes to use Consultants) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of Central Services identify and document, prior to beginning the process of engaging a consultant, the reasons why a consultant is required. The committee noted that the Ministry of Central Services has complied with the recommendation.
22. The committee concurred with recommendation 30-3 made at page 169 of Chapter 30 (Central Services – Processes to use Consultants) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of Central Services improve its agreements with consultants to include:
  - Services to be provided, in sufficient detail to permit evaluation of consultant performance
  - Provisions for monitoring and evaluation
  - Dispute resolution.

The committee noted that the Ministry of Central Services has complied with the recommendation.

23. The committee concurred with recommendation 30-4 made at page 169 of Chapter 30 (Central Services – Processes to use Consultants) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of Central Services document, prior to extending an agreement with a consultant, the reasons for the need to extend the agreement. The committee noted that the Ministry of Central Services has complied with the recommendation.
24. The committee concurred with recommendation 30-5 made at page 170 of Chapter 30 (Central Services – Processes to use Consultants) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of Central Services establish a policy that guides when and how to conduct a final evaluation of a consultant's performance. The committee noted that the Ministry of Central Services has complied with the recommendation.
25. The committee concluded consideration of Chapter 5 (Central Services – Data Centre Security) of the *2015 Report of the Provincial Auditor (Volume 1)*.
26. The committee recessed from 12:47 p.m. until 1:18 p.m.
27. The committee considered Chapter 9 (Finance) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 47 (Finance – Quality of Annual Reports) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 30 (Internal Audit of Ministries) of the *2012 Report of the Provincial Auditor (Volume 2)* and Chapter 46 (Finance – Internal Audit in Ministries) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 25 (Public Employees Benefits Agency – Information Technology Security) of the *2014 Report of the Provincial Auditor (Volume 1)* and Chapter 1 (Municipal Employees' Pension Plan) of the *2014 Report of the Provincial Auditor (Volume 1)* and Chapter 1 (Municipal Employees' Pension Plan) of the *2015 Report of the Provincial Auditor (Volume 1)* and the *2013 Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan*. Ms. Ferguson and Ms. O'Quinn of the Office of the Provincial Auditor provided an overview of the chapters.

The following Finance officials appeared before the committee:

Witnesses

Clare Isman, Deputy Minister

Terry Paton, Provincial Comptroller

Denise Macza, Associate Deputy Minister, Treasury and Debt Management

Karen Allen, Assistant Deputy Minister, Corporate Services

Brent Hebert, Assistant Deputy Minister, Revenue

Joanne Brockman, Executive Director, Economic and Fiscal Policy Branch

Ann Mackrill, Executive Director, Public Employees Benefit Agency

28. The committee concluded consideration of Chapter 9 (Finance) of the *2014 Report of the Provincial Auditor (Volume 2)*.
29. The committee concluded consideration of Chapter 47 (Finance – Quality of Annual Reports) of the *2014 Report of the Provincial Auditor (Volume 2)*.
30. The committee concurred with recommendation 30-1 made at page 231 of Chapter 30 (Internal Audit of Ministries) of the *2012 Report of the Provincial Auditor (Volume 2)* that the Ministry of Finance evaluate various organizational models for internal audit. The committee noted that the Ministry of Finance is making progress towards compliance with the recommendation.
31. The committee concurred with recommendation 30-2 made at page 232 of Chapter 30 (Internal Audit of Ministries) of the *2012 Report of the Provincial Auditor (Volume 2)* that the Ministry of Finance implement a standard internal audit charter that aligns with Institute of Internal Auditors Standards. The committee noted that the Ministry of Finance has complied with the recommendation.
32. The committee concurred with recommendation 30-3 made at page 234 of Chapter 30 (Internal Audit of Ministries) of the *2012 Report of the Provincial Auditor (Volume 2)* that the Ministry of Finance work with ministries to implement appropriate internal audit reporting structures to support effective internal audit. The committee noted that the Ministry of Finance is making progress towards compliance with the recommendation.
33. The committee concurred with recommendation 30-4 made at page 234 of Chapter 30 (Internal Audit of Ministries) of the *2012 Report of the Provincial Auditor (Volume 2)* that the Ministry of Finance work with ministries to ensure that internal auditors have appropriate competencies. The committee noted that the Ministry of Finance is making progress towards compliance with the recommendation.
34. The committee concurred with recommendation 30-5 made at page 235 of Chapter 30 (Internal Audit of Ministries) of the *2012 Report of the Provincial Auditor (Volume 2)* that the Ministry of Finance and ministries collaborate on methodology and tools to support risk-based internal audit planning. The committee noted that the Ministry of Finance is making progress towards compliance with the recommendation.
35. The committee concurred with recommendation 30-6 made at page 236 of Chapter 30 (Internal Audit of Ministries) of the *2012 Report of the Provincial Auditor (Volume 2)* that the Ministry of Finance work with ministries to develop risk-based internal audit plans. The committee noted that the Ministry of Finance is making progress towards compliance with the recommendation.
36. The committee concurred with recommendation 30-7 made at page 236 of Chapter 30 (Internal Audit of Ministries) of the *2012 Report of the Provincial Auditor (Volume 2)* that the Ministry of Finance

implement effective quality assurance programs for internal audit. The committee noted that the Ministry of Finance is making progress towards compliance with the recommendation.

37. The committee concluded consideration of Chapter 46 (Finance – Internal Audit in Ministries) of the *2014 Report of the Provincial Auditor (Volume 2)*.
38. The committee concluded consideration of Chapter 25 (Public Employees Benefits Agency – Information Technology Security) of the *2014 Report of the Provincial Auditor (Volume 1)*.
39. The committee concluded consideration of Chapter 1 (Municipal Employees' Pension Plan) of the *2014 Report of the Provincial Auditor (Volume 1)*.
40. The committee concluded consideration of Chapter 1 (Municipal Employees' Pension Plan) of the *2015 Report of the Provincial Auditor (Volume 1)*.
41. The committee concurred with recommendation 1 made at page 15 of the *2013 Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan* that the Government of Saskatchewan provide information on planned revenues and expenses in its Summary Budget using the same accounting policies and format as used for the Summary Financial Statements. The committee noted that the Government of Saskatchewan has complied with the recommendation.
42. The committee concurred with recommendation 2 made at page 16 of the *2013 Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan* that the Government of Saskatchewan seek changes to legislation that would require it to provide the Legislative Assembly with a Summary Budget (i.e., budget reflecting the activities of the entire Government) and consider providing a multi-year Summary Budget. The committee noted that the Government of Saskatchewan has complied with the recommendation.
43. The committee concurred with recommendation 3 made at page 16 of the *2013 Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan* that the Government of Saskatchewan seek changes to legislation that would discontinue the preparation and publication of a budget for the General Revenue Fund. (The preparation and publication of the Estimates would continue.) The committee noted that the Government of Saskatchewan has complied with the recommendation.
44. The committee concurred with recommendation 4 made at page 21 of the *2013 Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan* that that if balanced budget legislation is desired, the Government of Saskatchewan seek changes to current legislation to use the Summary Budget as the basis for balanced budgeting.
45. The committee concurred with recommendation 5 made at page 23 of the *2013 Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan* that the Government of Saskatchewan seek changes to *The Growth and Financial Security Act* to eliminate the use of “rainy day” funds for balancing budgets in conjunction with its elimination of the budget for the General Revenue Fund. The committee noted that the Government of Saskatchewan has complied with the recommendation.
46. The committee concurred with recommendation 6 made at page 26 of the *2013 Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan*

that the Government of Saskatchewan seek changes to *The Growth and Financial Security Act* to publish a debt management plan that includes all of the debt of the Government. The committee noted that the Government of Saskatchewan has complied with the recommendation.

47. The committee concurred with recommendation 7 made at page 26 of the *2013 Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan* that the Government of Saskatchewan seek changes to *The Growth and Financial Security Act* to eliminate the existence of the Debt Retirement Fund. The committee noted that the Government of Saskatchewan has complied with the recommendation.
48. The committee concurred with recommendation 8 made at page 27 of the *2013 Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan* that the Government of Saskatchewan seek changes to *The Growth and Financial Security Act* to eliminate interim reporting on the General Revenue Fund budget and to require quarterly public reporting on the Summary Budget. The committee noted that the Government of Saskatchewan has complied with the recommendation.
49. The committee concurred with recommendation 9 made at page 28 of the *2013 Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan* that the Government of Saskatchewan seek changes to current legislation to require the auditing and publication of only the Summary Financial Statements for the Government of the Province of Saskatchewan. The committee noted that the Government of Saskatchewan has complied with the recommendation.
50. The committee concurred with recommendation 10 made at page 32 of the *2013 Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan* that the Government of Saskatchewan seek changes to *The Financial Administration Act, 1993* to require the use of Canadian public sector standards established by the Canadian Public Sector Accounting Board in the preparation of the Summary Financial Statements.
51. The committee concurred with recommendation 11 made at page 34 of the *2013 Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan* that the Government of Saskatchewan expand the financial statement discussion and analysis about the Summary Financial Statements included in the Public Accounts – Volume 1 to include more detailed analysis of differences between budget and actual as well as reasons for trends in key financial statement items and indicators. The committee noted that the Government of Saskatchewan has complied with the recommendation.
52. The committee recessed from 2:16 p.m. until 2:25 p.m.
53. The committee considered Chapter 10 (Identification and Management of Contaminated Sites) of the *2013 Report of the Provincial Auditor (Volume 1)* and Chapter 45 (Finance and Environment – Contaminated Sites) of the *2014 Report of the Provincial Auditor (Volume 2)*. Ms. Ferguson and Ms. Clement of the Office of the Provincial Auditor provided an overview of the chapter.

The following officials appeared before the committee:

Witnesses

Ministry of Environment

Cam Swan, Deputy Minister

Kevin Murphy, Assistant Deputy Minister, Resource Management and Compliance Division

Erika Ritchie, Assistant Deputy Minister, Environmental Protection and Audit Division  
Lori Uhersky, Assistant Deputy Minister, Environmental Support Division  
Wes Kotyk, Executive Director, Environmental Protection  
Thon Phommavong, Executive Director, Result Based Regulation and Code Management  
Laurel Welsh, Executive Director, Finance and Administration  
Bob Wynes, Executive Director, Forest Service  
Cheryl Jansen, Director, Finance and Administration

Ministry of Finance

Clare Isman, Deputy Minister of Finance  
Terry Paton, Provincial Comptroller  
Denise Macza, Associate Deputy Minister, Treasury and Debt Management  
Karen Allen, Assistant Deputy Minister, Corporate Services  
Brent Hebert, Assistant Deputy Minister, Revenue  
Joanne Brockman, Executive Director, Economic and Fiscal Policy Branch  
Ann Mackrill, Executive Director, Public Employees Benefit Agency

54. The committee concurred with recommendation 10-1 made at page 98 of Chapter 10 (Identification and Management of Contaminated Sites) of the *2013 Report of the Provincial Auditor (Volume 1)* that the Ministry of Finance set out guidance in the Financial Administration Manual for recording liabilities of contaminated sites to enable complete reporting in the Government's 2014-15 Budget and Summary Financial Statements. The committee noted that the Ministry of Finance has complied with the recommendation.
55. The committee concurred with recommendation 10-2 made at page 107 of Chapter 10 (Identification and Management of Contaminated Sites) of the *2013 Report of the Provincial Auditor (Volume 1)* that the Ministry of Environment take steps to make government agencies fully aware of their responsibilities under the proposed *The Environmental Management and Protection Act, 2010* and the related Environmental Code. The committee noted that the Ministry of Environment has complied with the recommendation.
56. The committee concurred with recommendation 10-3 made at page 108 of Chapter 10 (Identification and Management of Contaminated Sites) of the *2013 Report of the Provincial Auditor (Volume 1)* that the Treasury Board require government agencies, when requesting funds for cleanup activities, to use the National Classification System endorsed by the Canadian Council of Ministers of Environment to prioritize cleanup activities where the provincial government is responsible for cleaning up contaminated sites. The committee noted that the Ministry of Finance has complied with the recommendation.
57. The committee concurred with recommendation 10-4 made at page 108 of Chapter 10 (Identification and Management of Contaminated Sites) of the *2013 Report of the Provincial Auditor (Volume 1)* that the Ministry of Finance set out its information requirements for accounting for costs (budget and actual) associated with the cleanup of contaminated sites. The committee noted that the Ministry of Finance has complied with the recommendation.
58. The committee concluded consideration of Chapter 45 (Finance and Environment — Contaminated Sites) of the *2014 Report of the Provincial Auditor (Volume 2)*.
59. The committee considered Chapter 8 (Environment) of the *2014 Report of the Provincial Auditor (Volume 2)* and Chapter 21 (Environment — Regulating Reforestation) of the *2014 Report of the Provincial Auditor (Volume 1)*. Ms. Ferguson and Ms. Clement of the Office of the Provincial Auditor provided an overview of the chapter.



The following Environment officials appeared before the committee:

Witnesses

Cam Swan, Deputy Minister

Kevin Murphy, Assistant Deputy Minister, Resource Management and Compliance Division

Erika Ritchie, Assistant Deputy Minister, Environmental Protection and Audit Division

Lori Uhersky, Assistant Deputy Minister, Environmental Support Division

Wes Kotyk, Executive Director, Environmental Protection

Thon Phommavong, Executive Director, Result Based Regulation and Code Management

Laurel Welsh, Executive Director, Finance and Administration

Bob Wynes, Executive Director, Forest Service

Cheryl Jansen, Director, Finance and Administration

60. The committee concurred with recommendation 8-1 made at page 55 of Chapter 8 (Environment) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of Environment follow its established procedures and remove unneeded user access to systems and data promptly. The committee noted that the Ministry of Environment has complied with the recommendation.
61. The committee concurred with recommendation 8-2 made at page 57 of Chapter 8 (Environment) of the *2014 Report of the Provincial Auditor (Volume 2)* that the Ministry of Environment follow its established policies for recording the cost of inventory items in its inventory records. The committee noted that the Ministry of Environment has complied with the recommendation.
62. The committee concluded consideration of Chapter 21 (Environment – Regulating Reforestation) of the *2014 Report of the Provincial Auditor (Volume 1)*.
63. It was moved by Mr. Norris:

That this committee do now adjourn.

The question being put, it was agreed to.
64. The committee adjourned at 3:02 p.m. until June 18, 2015 at 9:30 a.m.

---

Rob Park  
Committee Clerk

---

Danielle Chartier  
Committee Chair