

STANDING COMMITTEE ON PUBLIC ACCOUNTS
May 1, 1986

MINUTE NO. 5
May 1, 1986 at 7:30 a.m.

1. PRESENT: Mr. Shillington in the Chair, and Members Engel, Glauser, Katzman, Muller and Young

Provincial Auditor's Office

W. Lutz, Provincial Auditor
W. Wendel, Assistant Provincial Auditor
B. Atkinson, Deputy Provincial Auditor

Comptroller's Office

G. Kraus, Comptroller
G. Benson, Deputy Provincial Comptroller

2. The Committee resumed consideration of the Provincial Auditor's Report and the following sections were flagged:

2.13 Department of Agriculture

- (1a) Supply Agency Revolving Fund had not established adequate management control systems to permit the preparation of accurate financial statements.
- (2a) Absence of procedures to ensure the accurate determination of the cost of mapping services.
- (2b) Inadequate procedures to ensure an effective check on printing and photo reproduction revenue.

2.14 Department of Tourism and Small Business

- (1) Northern Forest Operations Ltd. (NorFor), Saskatchewan Forest Products Corporation

Treasury Board policies contravened by the processing of Revolving Fund receipts and payments through NorFor's bank account rather than through the Consolidated Fund.
- (3) Forestry Division of the Northern Saskatchewan Economic Development Revolving Fund.
- (3a) There was no adequate system of reporting financial operating results.
- (3b) There was no formal method of communicating delegation of authority and responsibility and there was inadequate supervision of office staff.
- (3c) There was no comparison made of logs cut with lumber sawn, planed and sold
- (3d) There was an inadequate segregation of duties over disbursements.
- (3ei) There was no check to ensure that customers were billed for all shipments
- (3eii) There was no checking of sales prices to determine whether the correct price was charged.
- (3eiii) Charges by Saskatchewan Forest Products Corporation for mill payrolls and other expenses were not reviewed by Department employees.

2.17 Municipal Employees Superannuation Commission

- (1) Not implemented appropriate systems nor maintained appropriate accounting records for The Municipal Employees Superannuation Fund to determine the financial position and results of its annuity underwriting activities and the results of paying allowances under the new plan.

2.23 Saskatchewan Forest Products Corporation

- (1) Policy and procedure manuals were incomplete.
 - (2) Rules and procedures applied were not adequate to prevent or detect unauthorized dam being entered into the accounting records of the Corporation.
3. The Committee resumed the adjourned debate on section 2.17 of the Provincial Auditor's Report respecting Municipal Employees Superannuation Commission

Witnesses

Mr. Jon Jonsson, Assistant Deputy Minister, Saskatchewan Rural Development

Mr. Larry W. Aebig, Executive Secretary, Municipal Employees' Superannuation Commission

4. Municipal Employees' Superannuation Commission: Hearing completed.
5. The following documents were Tabled in the Committee:

RESEARCH DOCUMENTS

E11/86 — Sample financial statement format for the Municipal Employees' Superannuation Commission.

E12/86 — Three year trend of government financial statement sequences respecting the forwarding, approval signature of same.

E13/86 — Inconsistencies in the display of the person years in the 1986-87 estimates for agencies of govern and servants of the legislature whose funds for administration are supplied by the Consolidated Fund.

E14/86 — Government pension plan matrix respecting retiring allowances.

6. The Committee resumed its review of the Provincial Auditor's Report and flagged the following Sections:

2.27 Saskatchewan Research Council

- (2b) The Council incurred debt beyond its authority.

7. The Committee adjourned at 11: 10 a.m. until Thursday, May 8, 1986 at 9:00 a.m. in Room 10.

Agenda:

Department of Finance.

Sections Contained in The Provincial Auditor's Report
for the year ended March 31, 1985
Flagged for the Committee's Future Consideration

Section	Topic
1.01	CIC subsidiary companies disclosure of financial statements to the Legislative Assembly and related matters
1.2	Cost to discharge the Legislative Assembly's audit requirements and Provincial Auditor's Position Paper (E10/86)
2.1	Agricultural Credit Corporation of Saskatchewan — Comptroller to report to Committee
2.2	Same as for 1.01
2.3	Department of Advanced Education and Manpower
(1)	Organizations incurring liabilities
(4)	Inventory values misstated
(6)	Surplus funds to be returned to the fund set-up therein
	(Miscellaneous) Advice and instruction Community Colleges receive respecting legislative control over spending and the use of independent auditors
2.4	Department of Agriculture
(1)	Management control systems — Agricultural Supplies Revolving Fund; Conservation and Development Revolving Fund
(2)	Differences between perpetual inventory records and annual physical inventory — Agricultural Supplies Revolving Fund
(4)	Periodic financial reports — Conservation and Development Revolving Fund
(5)	Management not establishing a system to accurately determine marketing levies — Saskatchewan Agricultural Returns Stabilization Fund
(6)	Conservation and Development Revolving Fund operating loss — conflict with Treasury Board guidelines
(7)	Financial statements prepared using an inappropriate accounting principle for the transfer of assets between crown agencies — Conservation and Development Revolving Fund
2.5	Department of Cooperation and Cooperative Development
	Payments not properly vouchered
2.7	Department of Finance
	(Miscellaneous) Provincial Auditor's Position Paper (E10/86)
(2)	CICA Standards for general purpose summary financial statements
(3a)	Investments could be made which is in contravention of restrictions respecting allowable investments
(3b)	Borrowings may be made by crown agencies without the approval of the Minister of Finance
(4)	SaskPen Properties Ltd. — pension fund purchasing property
(5a)	SaskPen joint ventures
(5b)	SaskPen policies regarding joint ventures agreements

- (5c) SaskPen joint ventures — safeguarding of public money, public money fully accounted for, expenditures properly supported and authorized
- (5d) SaskPen's general ledger not balanced monthly
- (6a) SaskPen Properties Ltd. — encumbering the Government of Saskatchewan
- (6b) SaskPen Properties Ltd. — joint venture financial statements deadline
- (6c) SaskPen Properties Ltd. — shareholders registered improperly
- (7) Saskatchewan Heritage Fund application to Canada Deposit Insurance Corporation not made in Pioneer Trust

2.8 **Department of Health**

- (1a) Home Care Program — ministerial approval of policy manual
- (1b) Certain program criteria not specified in the Manual
- (2) Saskatchewan Hospital Services Plan — overpayments
- (3) Imprest bank accounts overdrawn
- (4) Frank Eliason Centre; Parkland Regional Centre; Saskatoon Sanatorium — improper charge
- (5) Saskatchewan Cancer Foundation — no means of ensuring that amounts paid to MCIC are only for authorized services
- (6) Saskatchewan Hospitalization Fund — Management control re: segregation of duties
- (7) Saskatchewan Hospitalization Fund — failure to obtain interest (raise with Department of Finance)
- (8) Wascana Rehabilitation Centre Board — honorariums

2.9 **Indian and Native Affairs Secretariat**

Inadequate system to ensure that there is documented evidence that the conditions attached to the grants by the Orders-in-Council have been adequately discharged by grant recipients

2.10 **Department of Justice**

- (1a) Land Titles — non compliance with prescribed procedures for the collection recording and deposit of money for services provided
- Inmate Trust Account — that money could be misappropriated, essential records not maintained
- (1b) Royal Canadian Mounted Police Services — verifying of annual statement of expenditures and revenue
- (3) Provincial Correctional Centres; Pine Grove Correctional Centre — payments charged to 1984-85 appropriation

2.11 **Department of Revenue and Financial Services**

- (8) Members of the Legislative Assembly Superannuation Fund — 60% rule contained in section 26.1 of the Act

2.12 **Department of Social Services**

- (1a) Failure to obtain annual declarations
- (1b) Inadequate collection procedures to recover overpayments

- (1c) Target error rate of 4% for overpayment recovery
- (1d) Failure to follow-up on recipient files
- (1e) Significant overpayments
- (2) Cases of overpayments referred to police

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2.27 Saskatchewan Research Council

- (2b) The Council incurred debt beyond its authority.

PROGRESS

The following departments, boards, commissions, agencies, or crown corporations have been selected for committee scrutiny, pursuant to issues raised in the 1985 Provincial Auditor's Report, the Public Accounts of the Province of Saskatchewan and the respective agency's annual reports for the year under review. The anticipated hearing section is subject to change.

HEARINGS CONCLUDED

Municipal Employees' Superannuation Commission

ANTICIPATED HEARINGS

Department of Advanced Education and Manpower
Department of Agriculture
Department of Cooperation and Cooperative Development
Department of Finance
Department of Health
Department of Justice
Department of Revenue and Financial Services
Department of Social Services
Department of Tourism and Small Business
Indian and Native Affairs Secretariat
Saskatchewan Computer Utility Corporation
Saskatchewan Forest Products Corporation
Saskatchewan Research Council