

STANDING COMMITTEE ON PUBLIC ACCOUNTS
December 12th, 1996

MINUTE NO. 20
9:30 a.m. — Room 10

1. **PRESENT:** Mr. Gantefoer in the Chair and Members Aldridge, Flavel, Haverstock, Koenker, Pringle, Sonntag, Stanger, Thomson and Toth.

Provincial Auditor's Office

Wayne Strelloff, Provincial Auditor

Fred Wendel, Assistant Provincial Auditor

Robert Black, Director-Value for Money

Ray Bohn, Director (*for Department of Justice*)

Loyd Orrange (*for Department of Justice*)

Bashar Ahmad, General Director (*for Department of Municipal Government*)

Bill Harasymchuk, Manager (*for Department of Municipal Government*)

Joshua Pion, Auditor (*for Department of Municipal Government*)

Provincial Comptroller's Office

Terry Paton, Provincial Comptroller

Chris Bayda, Director, Financial Management Branch

Jim Fallows, Manager

Chris Martin, Senior Analyst

2. The Committee proceeded to consider Chapter 11 (Department of Justice) of the *Spring 1996 Report of the Provincial Auditor* and other matters related to the year under review. Mr. Bohn of the Provincial Auditor's Office provided an overview of the chapter and officials of the Department of Justice responded to questions put by Members.

The following Department of Justice officials appeared before the Committee:

Witnesses

W. Brent Cotter, Q.C., Deputy Minister of Justice and Deputy Attorney General

Keith Laxdal, Associate Deputy Minister, Finance and Administration

Ron Hewitt, Q.C., Assistant Deputy Minister, Registry Services

Dick Till, Executive Director, Corrections

Elizabeth Smith, Director, Administrative Services

Stella LaRocque, Assistant Director, Administrative Services

Standing Committee on Public Accounts, December 12, 1996 – continued

3. The Committee concurred with the recommendation made at paragraph 11.12, concerning the establishment of written policies and procedures for financial reports, and noted that the Department has complied.
4. The Committee concurred with the recommendation made at paragraph 11.13, concerning the use of accrual accounting principles for internal financial reports, and noted that progress is being made by the Department to comply.
5. The Committee concurred with the recommendation made at paragraph 11.19, concerning the segregation of duties of employees using the Department's fine collection computer system, and noted that progress is being made by the Department to comply.
6. The Committee concurred with the recommendation made at paragraph 11.25, concerning the establishment of a financial agreement with the Government of Canada for firearms control, and noted that the Department has complied.
7. The Committee concurred with the recommendation made at paragraph 11.32, concerning adherence to the government's Financial Administration Manual (FAM), and noted that the Department has complied through the use of exemptions.
8. The Committee concurred with the recommendation made at paragraph 11.37, concerning adherence to FAM when the Department changes or starts new financial systems, and noted that the Department has complied.
9. The Committee concurred with the recommendation made at paragraph 11.46, concerning approval required to extend credit to customers for a period exceeding 30 days for Correctional Facilities Industries Revolving Fund projects, and noted that the Department has complied.
10. The Committee concurred with the recommendation made at paragraph 11.52, concerning the necessity to keep inventory records for projects conducted through the Correctional Facilities Industries Revolving Fund, and noted that the Department has complied.
11. The Committee concurred with the recommendation made at paragraph 11.57, concerning the establishment of rules and procedures to monitor the costs of large contracts made under the Correctional Facilities Industries Revolving Fund, and noted that the Department has complied.

Standing Committee on Public Accounts, December 12, 1996 – continued

12. The Committee recessed at 11:17 a.m. until 1:30 p.m.
13. The Committee proceeded to consider Chapter 20 (Department of Municipal Government) of the *Spring 1996 Report of the Provincial Auditor*. Mr. Ahmad of the Provincial Auditor's Office provided an overview of the chapter and officials of the Department of Municipal Government responded to questions put by Members.

The following Department of Municipal Government officials appeared before the Committee:

Witnesses

Ken Pontikes, Deputy Minister
Ron Styles, Associate Deputy Minister, Housing Division
Ken Alecxe, Associate Deputy Minister, Culture and Recreation Division
Ron Davis, Assistant Deputy Minister, Municipal Services Division
Larry Chaykowski, Director, Finance and Administration
Dean Clark, Director, Heritage Branch
Bill Werry, Executive Director, Sport, Recreation and Lotteries Branch
Ronald Holgerson, Director, Arts, Cultural Industries and Multiculturalism Branch

14. The Committee concurred with the recommendation made at paragraph 20.11, concerning the Department's lottery licence agreement with Sask Sport. The Committee noted that the Department has taken steps to ensure that the next agreement complies with the Auditor's recommendation.
15. The Committee concurred with the recommendation made at paragraph 20.16, concerning the management of the Municipal Infrastructure Program, and noted that the Department has complied.
16. The Committee concurred with the recommendation made at paragraph 20.21, concerning the adoption of Canadian Institute of Chartered Accountants standards by local governments for financial statements, and noted that progress is being made by the Department to comply.
17. The Committee concurred with the recommendation made at paragraph 20.29, concerning authorized rates of payment to municipalities by the Municipal Potash Tax Sharing Administration Board, and noted compliance.

Standing Committee on Public Accounts, December 12, 1996 – continued

18. The Committee concurred with the recommendation made at paragraph 20.37, concerning adherence to Northern Revenue Sharing Grant Regulations for payments made by the Northern Revenue Sharing Trust Account, and noted that the Department has complied.
19. The Committee concurred with the recommendation made at paragraphs 20.49, that the Board of Directors should review and approve the Saskatchewan Archives Board (SAB) budget by the start of the fiscal year, and noted compliance.
20. The Committee concurred with the recommendation made at paragraphs 20.50, that the budget of the Saskatchewan Archives Board should be prepared using accrual accounting, and noted compliance.
21. The Committee concurred with the recommendation made at paragraph 20.55, concerning timely preparation of interim financial reports by the Saskatchewan Archives Board, and noted compliance.
22. The Committee concurred with the recommendation made at paragraph 20.56, concerning use of interim financial reports by the Saskatchewan Archives Board to monitor operations, and noted compliance.
23. The Committee concurred with the recommendation made at paragraph 20.63, that the SAB should have written contracts with the University of Saskatchewan and Saskatchewan Property Management Corporation for office space and administrative and accounting services. The Committee noted that written agreements are being drafted so that the SAB will be in compliance with the recommendation.
24. The Committee concurred with the recommendations made at paragraphs 20.69, that the SAB should keep records of all its equipment. It was noted that the SAB has complied with the recommendation.
25. The Committee concurred with the recommendations made at paragraphs 20.70, that the SAB should periodically count its equipment and compare the count with its records. It was noted that the SAB has complied with the recommendation.

Standing Committee on Public Accounts, December 12, 1996 – continued

26. The Committee concurred with the recommendation made at paragraph 20.73, concerning clarification of the Saskatchewan Archives Board GST tax status, and noted that the SAB has complied.
27. The Committee concurred with the recommendation made at paragraph 20.76, concerning the listing and tabling of Saskatchewan Archives Board payees. The Committee noted that the list is expected to be included in the next SAB annual report.
28. The Committee concurred with the recommendation made at paragraph 20.83, concerning the listing and tabling of Saskatchewan Arts Board payees. The Committee noted that the list is expected to be included in the next Saskatchewan Arts Board annual report.
29. The Committee concurred with the recommendation made at paragraph 20.92, that the Saskatchewan Centre of the Arts management should follow established rules and procedures to ensure the accuracy of payments. The Committee noted that the Saskatchewan Centre of the Arts has complied with the recommendation.
30. The Committee concurred with the recommendations made at paragraphs 20.97 and 20.98, concerning authority for out of province activity by the Saskatchewan Centre of the Arts. The Committee noted that the Saskatchewan Centre of the Arts has decided not to operate outside the province.
31. The Committee concurred with the recommendation made at paragraph 20.109, that the Saskatchewan Heritage Foundation (SHF) management should prepare a financial plan. The Committee noted that the SHF has complied with the recommendations.
32. The Committee concurred with the recommendation made at paragraphs 20.110, that the SHF Board should approve a financial plan before the beginning of each fiscal year. The Committee noted that the SHF has complied with the recommendation.
33. The Committee concurred with the recommendations made at paragraph 20.111, that the SHF should require management to prepare internal financial reports that compare actual results with the approved financial plan. The Committee noted that the SHF has complied with the recommendation.

Standing Committee on Public Accounts, December 12, 1996 – continued

34. The Committee concurred with the recommendation made at paragraph 20.115, concerning Board approval of SHF written policies and procedures, and noted compliance.
35. The Committee concurred with the recommendation made at paragraph 20.118, concerning compliance with agreements for payments made to grantees by SHF. The Committee noted that it is the intention of the SHF to comply with the recommendation.
36. The Committee concurred with the recommendation made at paragraph 20.122, concerning proper authority for SHF to open bank accounts, and noted compliance.
37. The Committee concurred with the recommendation made at paragraph 20.130, concerning the content of financial statements for the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation, and noted that progress is being made to comply.
38. The Committee concurred with the recommendation made at paragraph 20.134, concerning Treasury Board approval for the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation financial statements, and noted compliance.
39. The Committee concurred with the recommendation made at paragraph 20.141, concerning the currency and approval of accounting policies and procedures for the Western Development Museum (WDM), and noted that progress is being made to comply.
40. The Committee concurred with the recommendation made at paragraph 20.146, concerning the preparation and approval of written policies and procedures for WDM internal financial reports, and noted compliance.
41. The Committee recessed at 2:25 p.m. until 3:15 p.m.
42. The Committee proceeded to consider the response of the Government of Saskatchewan to the *First Report of the Standing Committee on Public Accounts*, which was tabled as follows:

PAC 13/23 - Government of Saskatchewan Response to the First Report of the Standing Committee on Public Accounts (dated October 17th, 1996; received and distributed to Committee members on October 30th, 1996).

Standing Committee on Public Accounts, December 12, 1996 – continued

43. In consideration to the response of the Government of Saskatchewan to Recommendation No.1 of the *First Report of the Standing Committee on Public Accounts*, it was moved by Mr. Sonntag:

That the Committee rejects the Auditor's recommendation that the government publish a government wide annual report.

A debate arising and the question being put, the motion was agreed to.

44. In consideration of the response of the Government of Saskatchewan to Recommendation No.2 of the *First Report of the Standing Committee on Public Accounts*, it was moved by Ms Haverstock:

That the Office of the Provincial Auditor, the Crown Investments Corporation and the Department of Finance continue to undertake the issue of implications related to the achievement of the goal of a multi-year financial plan for the government as a whole, and submit a joint report to the Public Accounts Committee and seek advice of the Institute of Chartered Accountants of Saskatchewan and the Provincial Audit Committee.

A debate arising and the question being put, the motion was negatived. It was then moved by Mr. Sonntag:

That it is premature for the government to consider moving towards multi-year, government-wide planning information until such time as there have been standards and consistency developed for reporting of this information.

The question being put, the motion was agreed to.

45. In consideration of the response of the Government of Saskatchewan to Recommendation No.3 of the *First Report of the Standing Committee on Public Accounts*, the Committee agreed to note the Minister's response and progress made towards complying with the recommendation.
46. The Committee adjourned consideration of the response of the Government of Saskatchewan to the *First Report of the Standing Committee on Public Accounts*.

Standing Committee on Public Accounts, December 12, 1996 – continued

47. Mr. Gantefer advised the Committee that he had postponed his decision to resign from the position of Chair until after the scheduled January 6th, 1997 meeting.

48. It was moved by Mr. Flavel:

That this committee do now adjourn.

The question being put, the motion was agreed to.

49. The Committee adjourned at 4:27 p.m. until 9:30 a.m. on Friday, December 13th, 1996.

Gregory A. Putz
Committee Clerk

Rod Gantefer
Committee Chair