

STANDING COMMITTEE ON PUBLIC ACCOUNTS

October 7, 1998

MINUTE NO. 37

9:00 a.m. — Room 10

1. **PRESENT:** Ms. Draude in the Chair and Members, Gantefoer, Goohsen, Jess, Koenker, Osika, Shillington, Stanger, Thomson and Whitmore.

Provincial Auditor's Office

Wayne Strelloff, Provincial Auditor
Fred Wendel, Assistant Provincial Auditor
Mobashar Ahmad, Executive Director
Judy Ferguson, Executive Director
Phil Creaser, Principal
Bob Black, Principal
Corrine Maier, Manager
Karen Shorten, Administrative Assistant
Jolene Beblow, Project Leader

Provincial Comptroller's Office

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

2. The Committee proceeded to consider Chapter 5 (Saskatchewan Opportunities Corporation) of the *Spring 1998 Report of the Provincial Auditor*. Mr. Creaser of the Office of the Provincial Auditor provided an overview of the chapter.

The following Saskatchewan Opportunities Corporation (SOCO) officials appeared before the Committee and answered questions:

Witnesses

Zach Douglas, President & CEO
Glenda Bruce, Director, Finance & Administration
Dale Johnson, Communications Officer

3. The Committee concurred with the recommendation made at paragraph 5.10, concerning improvements to SOCO's financial control systems. The Committee noted that SOCO has complied with the recommendation.
4. In consideration of the recommendation made at paragraph 5.18, concerning the question of including a comparison of planned results to actual results in the SOCO annual report, it was moved by Mr. Whitmore:

That the Public Accounts Committee notes that this is a matter of policy and recommends that the Legislative Assembly ask the Standing Committee on Crown Corporations that SOCO should ensure its annual report include a comparison of planned factual results.

The question being put, the motion was agreed to.

5. In consideration of the recommendation made at paragraph 5.21, that SOCO should publish a list of persons who receive money from them, it was moved by Mr. Whitmore:

That the Public Accounts Committee notes that this is a matter of policy and recommends that the Legislative Assembly request the Crown Corporation Committee to examine whether SOCO should publish a complete list of persons who received money from them and the amounts the persons received.

The question being put, the motion was agreed to.

6. With respect to the Provincial Auditor's recommendation made at paragraph 5.21, and the Committee's own recommendation that the subject matter be referred to the Standing Committee on Crown Corporations, it was further moved by Mr. Koenker:

That the Chair of the Public Accounts Committee meet with the Chair of the Crown Corporations Committee with respect to Auditor's Recommendation paragraph 21, page 47, to determine the disposition by the Crown Corporation Committee.

The question being put, the motion was agreed to.

7. The Committee recessed at 10:05 a.m. until 10:36 a.m.
8. The Committee proceeded to consider Chapter 8 (Saskatchewan Government Insurance) of the *Fall 1997 Report of the Provincial Auditor (Volume 2)* and Chapter 7 (Saskatchewan Government Insurance) of the *Spring 1998 Report of the Provincial Auditor*. Mr. Ahmad of the Office of the Provincial Auditor provided an overview of the chapters.

The following Saskatchewan Government Insurance (SGI) officials appeared before the Committee and answered questions:

Witnesses

Larry Fogg, President

Earl Cameron, Vice President, Claims

John Dobie, Vice President, Finance and Administration

Jamie Wilson – KPMG, appointed auditors

9. The Committee concurred with the recommendations made at paragraphs 7.14, concerning the need for SGI to follow rules to ensure all its recorded bank balances are reconciled in a timely fashion. The Committee noted that SGI has complied with the recommendation.
10. The Committee concurred with the recommendations made at paragraphs 7.24, that SGI should obtain Cabinet approval before its subsidiary purchases shares in another corporation. The Committee noted that SGI has complied with the recommendation and this is now corporate policy.

11. With respect to the Provincial Auditor's recommendation made at paragraph 7.29, that SGI and its subsidiaries include a comparison of planned performance to actual results in their annual reports, it was moved by Mr. Whitmore :

That the Public Accounts Committee note that this is a matter of policy and recommends that the Legislative Assembly request the Crown Corporation Committee to examine whether SGI, the Sask. Auto Fund and SGI Canada Insurance Service Ltd. should include a comparison of planned performance to actual results in their annual reports.

The question being put, the motion was agreed to.

12. With respect to the Provincial Auditor's recommendation made at paragraph 7.35, that SGI and its subsidiaries should in some way provide the Assembly with a list of persons who receive money, it was moved by Mr. Whitmore :

The Public Accounts Committee notes that this is a matter of policy and recommend that the Legislative Assembly request the Crown Corporation Committee to examine whether SGI, Sask. Auto Fund and SGI Canada Insurance Service Ltd. should publish a list of persons who received money from them and amounts the person received.

The question being put, the motion was agreed to.

13. The Committee concurred with the recommendations made at paragraphs 8.20, 8.21, 8.22, and 8.23, that SGI should improve its fraud management practices. The Committee noted that SGI has complied with these recommendations.
14. The Committee recessed at 11:55 a.m. until 1:30 p.m.
15. The Committee proceeded to consider Chapter 15 (Department of Highways and Transportation) of the *Fall 1997 Report of the Provincial Auditor (Volume 2)*. Mr. Black of the Office of the Provincial Auditor provided an overview of the chapter.

The following officials appeared before the Committee and answered questions:

Witnesses

Brian King, Deputy Minister

Barry Martin, Assistant Deputy Minister, Operations

Lynn Tulloch, Executive Director, Corporate Information Services

Gary Diebel, Director, Financial Services

16. The Committee concurred with the recommendation made at paragraph 15.24, that the Department of Highways and Transportation should clearly document systems and practices necessary to prepare sound internal financial reports. The Committee noted that the department has complied with this recommendation.
17. The Committee concurred with the recommendation made at paragraph 15.31, that the Department of Highways and Transportation should document the results of its assessment of the risk of loss or damage to its inventory and equipment. The Committee noted that the department has complied with this recommendation.

18. The Committee concurred with the recommendation made at paragraph 15.43, that the Department of Highways and Transportation should continue to develop a financial system that meets management's information needs efficiently with respect to the Highways Revolving Fund. The Committee noted that the department has complied with this recommendation.
19. The Committee concurred with the recommendation made at paragraph 15.51, that the Department of Highways and Transportation should establish adequate rules and procedures for preparing complete and accurate interim financial reports for the Highways Revolving Fund. The Committee noted that the department is making progress towards compliance with this recommendation.
20. The Committee recessed at 3:00 p.m. until 3:15 p.m.
21. The Committee proceeded to consider Chapter 6 (Saskatchewan Telecommunications Holding Corporation) of the *Spring 1998 Report of the Provincial Auditor*. Ms. Ferguson of the Office of the Provincial Auditor provided an overview of the chapter.

The following Saskatchewan Telecommunications Holding Corporation (Holdco) officials appeared before the Committee and answered questions:

Witnesses

Donald R. Ching, President & CEO

Randy Stephanson, Chief Financial Officer

John Meldrum, Vice President, Corporate Counsel & Regulatory Affairs

Sean Caragata, General Manager, Corporate Affairs

22. In consideration of the recommendation made at paragraph 6.19, that Holdco should obtain an Order in Council before it or its subsidiaries sets up, buys shares of or invests in companies, it was moved by Mr. Whitmore:

That the Public Accounts Committee notes that this is a matter of policy and recommends to the Legislative Assembly that the Crown Corporations Committee examine whether Holdco should obtain an Order in Council before it or its subsidiaries, set up, buy shares of, or invest in companies.

The question being put, the motion was agreed to.

23. In consideration of the recommendation made at paragraph 6.30, that Holdco should continue to improve its annual report to clearly report on the achievement of its plans, it was moved by Mr. Whitmore:

That the Public Accounts Committee notes that this is a matter of policy and recommends that the Legislative Assembly ask the Crown Corporations Committee to examine whether Holdco should continue to improve its annual report to clearly report on the achievement of its plan.

The question being put, the motion was agreed to.

24. In consideration of the recommendation made at paragraphs 6.36 and 6.37, concerning the amount of financial information provided by the subsidiaries of Holdco to the Assembly, it was moved by Mr. Whitmore:

That the Public Accounts Committee notes that Auditor's recommendations .36 and .37 are a matter of policy and recommend that the Legislative Assembly ask the Crown Corporation Committee to examine whether Holdco should provide audited financial statements of its active subsidiaries and for its other subsidiaries, and whether Holdco should provide the Assembly with either audited financial statements or information on the condition and the results of operations of each.

The question being put, the motion was agreed to.

25. In consideration of the recommendation made at paragraph 6.40, concerning the disclosure of who received money from Holdco and its subsidiaries, it was moved by Mr. Whitmore:

That the Public Accounts Committee notes that this is a matter of policy and recommends that the Legislative Assembly request the Crown Corporations Committee to examine whether Holdco and its subsidiaries should publish a list of persons who received money from them and amounts the persons received.

The question being put, the motion was agreed to.

26. The Committee adjourned at 5:23 p.m. until Thursday, October 8th, 1998, at 9:00 a.m.