

STANDING COMMITTEE ON PUBLIC ACCOUNTS

November 24, 1998

MINUTE NO. 40

9:00 a.m. — Room 10

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

Provincial Auditor's Office

Wayne Strelloff, Provincial Auditor
Fred Wendel, Assistant Provincial Auditor
Mike Heffernan, Executive Director
Bob Black, Principal
Ed Montgomery, Executive Director
Andrew Martens, Principal
Phil Creaser, Principal
Corrine Rybchuk, Manager
Bill Harasymchuk, Manager
Wade Kenny, Auditor
Scott Smith, Project Leader

2. The Committee proceeded to consideration of the Year 2000 computer systems issue, with respect to the Crown Investments Corporation (CIC) and its response to a questionnaire of the Chair (*the response being tabled document PAC 41/23*). Corporate officials (Mr. Wright, Ms. Beatch and Mr. Shaw – see list below) provided an overview of how CIC is approaching the Year 2000 issue and the general state of preparedness by Crown corporations.
3. The Committee proceeded to consider Chapter 4 (Crown Investments Corporation) of the *Fall 1997 Report of the Provincial Auditor (Volume 2)* and Chapter 8 (Crown Investments Corporation) of the *Spring 1998 Report of the Provincial Auditor*. Mr. Montgomery of the Office of the Provincial Auditor provided an overview of the chapters.

The following Crown Investments Corporation officials appeared before the Committee and answered questions:

Witnesses

Mr. John Wright, President & CEO
Patti Beatch, Vice-President of Investments
Mike Shaw, Vice-President, Crown Corporations Division
Sheldon Schwartz, Vice-President, Finance
Blair Swystun, Executive Director of Finance
John Amundson, Corporate Controller
Ted Boyle, Executive Director of Communications

4. The Committee concurred with the recommendation made at paragraph 8.11, that CIC should prepare a manual of policies and procedures for Crown corporations. The Committee noted that CIC is now in compliance with the recommendation.

5. The Committee concurred with the recommendation made at paragraph 8.20, that CIC should ensure subsidiaries of Crown corporations get the same approvals and provide the same level of public disclosure of their transactions that is required of Crown corporations. The Committee noted that CIC is making progress towards compliance with this recommendation.
6. In consideration of the recommendation made at paragraph 8.30, that CIC should continue to improve its annual report and the annual reports of its subsidiaries by including full comparisons of planned results to actual results, the Committee noted that it had dealt with this issue in the context of its review of the Fall 1996 Report of the Provincial Auditor on February 18th, 1998. The Committee reiterated its position that the Assembly should refer this matter to the Standing Committee on Crown Corporations.
7. In consideration of the recommendation made at paragraph 8.37, that CIC and its subsidiaries should provide a list of payees who receive public money, the Committee noted that it had dealt with this issue in the context of its review of the Fall 1996 Report of the Provincial Auditor on February 18th, 1998. The Committee reiterated its position that the Assembly should refer this matter to the Standing Committee on Crown Corporations.
8. The Committee concurred with the recommendation made at paragraph 4.35, that CIC should give the Assembly a copy of the share purchase agreement related to Biostar Inc. The Committee noted that CIC has complied with this recommendation.
9. The Committee proceeded to consider Chapter 7 (Department of Energy and Mines) of the *Fall 1997 Report of the Provincial Auditor (Volume 2)*. The Provincial Auditor provided an overview of the chapters and responded to questions.
10. The Committee recessed at 10:36 a.m. to 1:30 p.m.
11. The Committee proceeded to consider Chapter 24 (Department of Health) of the *Fall 1997 Report of the Provincial Auditor (Volume 2)*. 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

Con Hnatiuk, Deputy Minister
Steve Pillar, Associate Deputy Minister
Carol Klassen, Acting Assistant Deputy Minister
Rod Wiley, Executive Director, Finance & Management Services Branch
Barry Lacey, Director, Integrated Financial Services Unit

12. Consideration of Chapter 24 (Department of Health) of the *Fall 1997 Report of the Provincial Auditor (Volume 2)* was adjourned until Thursday November 26th, 1998.
13. The Committee recessed at 3:00 p.m. until 3:25 p.m.

14. The Committee resumed consideration of Chapter 14 (Department of Agriculture and Food) of the *Fall 1997 Report of the Provincial Auditor (Volume 2)* and Chapter 12 (Department of Agriculture and Food) of the *Spring 1998 Report of the Provincial Auditor*.

The following Department of Agriculture and Food officials appeared before the Committee and answered questions:

Witnesses

Terrance Scott, Deputy Minister

Jack Zepp, Director, Administrative Services Branch

Ken Petruic, Manager, Financial Services, Administrative Services Branch

Laurier Donais, Senior Manager, Financial Systems, Administrative Services Branch

Roy White, Institutional Development Specialist

Greg Haase, Director, Lands Branch

15. The Committee concurred with the recommendation made at paragraph 14.14, that the Department should formally define and document its internal reporting needs. The Committee noted that the Department has complied with this recommendation.
16. The Committee concurred with the recommendation made at paragraphs 14.19 and 14.20, that the Department should establish rules and procedures to review surface lease rates every three years and ensure the loss of acreage component of lease rates is correct. The Committee noted that the Department has complied with these recommendations.
17. The Committee concurred with the recommendation made at paragraph 14.25, that the Department should have adequate rules and procedures to estimate its bad debts. The Committee noted progress towards compliance with this recommendation.
18. The Committee concurred with the recommendation made at paragraph 14.32, that the Department should improve its rules and procedures for checking the credit worthiness of lease applicants and collecting the amounts owed by lessees. The Committee noted that the Department has complied with this recommendation.
19. The Committee concurred with the recommendations made at paragraphs 14.40 and 14.41, concerning the need for the Agri-food Innovation Fund and the Beef Development Board to identify what financial reports are needed to monitor their respective activities and secondly, procedures for preparing accurate and timely reports for each of the boards of directors. The Committee noted that the Beef Development Board has complied with the recommendation and that the Agri-food Innovation Fund has made progress towards compliance.
20. The Committee concurred with the recommendation made at paragraph 14.45, that the Department should work with boards of directors to ensure complete budgets are prepared and approved before the fiscal year begins. The Committee noted that the Department has complied with this recommendation.
21. The Committee concurred with the recommendation made at paragraphs 14.50 and 14.51, that the Department should prepare complete accounting policies and procedures manuals for all the organizations it administers and also that the Department and boards of directors should approve the policies and procedures as they are completed. The Committee noted progress towards compliance with these recommendations.

22. The Committee concurred with the recommendation made at paragraph 14.57, that the Department should establish rules and procedures for preparing accurate financial statements for all organizations it administers. The Committee noted that the Department has complied with this recommendation.
23. The Committee concurred with the recommendation made at paragraph 14.60, that the Department should require its agencies to provide their annual reports to the Assembly by the date required by law. The Committee noted that the Department has complied with this recommendation.
24. The Committee concurred with the recommendations made at paragraphs 14.92 and 14.93, that the directors of SPI Marketing Group (SPI) should approve a budget and business plan for SPI as a whole and a budget and business plan for its subsidiaries and Trust Fund, and finally, monitor performance against targets and indicators set out in the consolidated budget and business plan. The Committee noted that SPI has complied with these recommendations.
25. The Committee concurred with the recommendation made at paragraph 14.101, that the directors of SPI should document their governance policies. The Committee noted that steps have been taken to comply with this recommendation.
26. The Committee concurred with the recommendation made at paragraph 14.109, that the Prairie Agricultural Machinery Institute (PAMI) should improve its internal financial reports. The Committee noted that the Department has complied with this recommendation.
27. The Committee concurred with the recommendation made at paragraph 14.113, that PAMI should complete its written contingency plan for its computer systems and test the plan. The Committee noted that PAMI has taken steps to comply with this recommendation.
28. The Committee concurred with the recommendations made at paragraphs 12.08 and 12.09, that the Department should work with the advisory committees of the Cattle Marketing Deductions Fund and the Horned Cattle Fund, to establish what financial reports are needed to monitor the operations of these funds, and to establish procedures for preparing accurate and timely reports. The Committee noted that the Department has complied with these recommendations.
29. The Committee concurred with the recommendation made at paragraphs 12.10 and 12.11, that the Department should prepare complete accounting policies and procedures for all the organizations it administers, and that the advisory committees of the organizations should approve the policies and procedures as they are completed. The Committee noted that steps have been taken to comply with these recommendations.
30. The Committee concurred with the recommendations made at paragraphs 12.20, 12.21, 12.22, 12.23 and 12.24, concerning the reporting requirements for agencies created under *The Agri-Food Act* and under the supervision of the Agricultural and Food Products Development and Marketing Council. The Committee noted that progress has been made by the Council in order to comply with the recommendations.

31. The Committee concurred with the recommendation made at paragraph 12.33, that the Saskatchewan Canola Development Commission should strengthen its service agreements with consultants. The Committee noted that the Commission has taken steps to comply with this recommendation.
32. The Committee concurred with the recommendation made at paragraph 12.38, that the Saskatchewan Canola Development Commission should obtain Lieutenant Governor in Council approval before creating subsidiaries. The Committee noted that the Commission has taken steps to comply with this recommendation.
33. It was moved by Mr. Gantefoer:

That this committee do now adjourn.

The question being put, the motion was agreed to.
34. The Committee adjourned at 4:46 p.m. until Wednesday November 25th, 1998 at 9:00 a.m.