

STANDING COMMITTEE ON PUBLIC ACCOUNTS

January 6th, 1999

MINUTE NO. 45

9:00 a.m. — Room 10

1. **PRESENT:** Ms. Draude in the Chair and Members, Gantefer, Hillson, Jess, Koenker, Shillington, Stanger and Whitmore.

Provincial Auditor's Office

Wayne Strelloff, Provincial Auditor
Fred Wendel, Assistant Provincial Auditor
Mobashar Ahmad, Executive Director
Bob Black, Principal
Andrew Martens, Principal
Phil Creaser, Principal
Rod Grabarczyk, Principal
Angèle Borys, Principal
Victor Schwab, Manager
Rodd Jersak, Manager

Provincial Comptroller's Office

Terry Paton, Provincial Comptroller
Chris Bayda, Director, Financial Management Branch
Cindy Ogilvie, Senior Analyst, Financial Management Branch
Cindy Raedeke, Senior Analyst, Financial Management Branch
Jeannette Lowe, Senior Analyst, Financial Management Branch
Jane Borland, Manager, Financial Management Branch
Jim Fallows, Manager, Financial Management Branch

2. The Committee proceeded to consider of Chapter 9 (Liquor and Gaming Authority) of the *Fall 1998 Report of the Provincial Auditor (Volume 2)*. Mr. Grabarczyk of the Office of the Provincial Auditor provided an overview of the chapters.

The following Liquor and Gaming Authority officials appeared before the Committee and answered questions:

Witnesses

Dave Innes, President and CEO
Kathy Langlois, Vice-President, Corporate Services
Paul Weber, Vice-President, Operations
Wes Mazer, Manager, Financial Services Branch

3. The Committee concurred with recommendation 9-1, that the Board should formally define and document its internal reporting needs, regularly review financial and operational reports from management and document its review. It was noted that the Board has made progress towards compliance with this recommendation.

4. The Committee concurred with recommendation 9-2, that the Authority should continue to update its computer and information systems written contingency plan and test the plan. It was noted that the Authority continues to make progress towards compliance with this recommendation.
5. The Committee concurred with recommendation 9-3, that the Authority should fully document its rules and procedures for its computer systems operations and ensure staff understand those rules and procedures. It was noted that the Authority continues to make progress towards compliance with this recommendation.
6. The Committee recessed at 10:15 a.m. until 10:40 a.m.
7. The Committee proceeded to consider Chapter 10 (Department of Municipal Affairs, Culture and Housing) of the *Fall 1998 Report of the Provincial Auditor (Volume 2)*. Mr. Ahmad of the Office of the Provincial Auditor provided an overview of the chapter.

The following Department of Municipal Affairs, Culture and Housing officials appeared before the Committee and answered questions:

Witnesses

Ken Pontikes, Deputy Minister
Brij Mathur, Associate Deputy Minister, Municipal and Community Services
Marj Abel, Acting Director, Finance and Administration
Maureen Woods, Provincial Librarian
Garth Pugh, Manager, Saskatchewan Heritage Foundation
Bill Hutchinson, Chairman, Saskatchewan Heritage Foundation
Keith Martel, Administrator, First Nations Fund
Gord Stewart, KPMG Chartered Accountants
Jamie Wilson, KPMG Chartered Accountants

8. The Committee concurred with recommendation 10-1, that the Saskatchewan Heritage Foundation should establish rules and procedures to monitor the progress of projects and to ensure that recipients of financial support comply with prescribed terms and conditions. It was noted that the Authority has made considerable progress towards compliance with this recommendation.
9. In consideration of recommendation 10-2, concerning the inability of the Auditor's office to discharge its duty with respect to the First Nations Fund, the Committee noted there had been no progress towards resolution of this issue since it was last discussed by the Committee on October 6th, 1998 (*PAC Minute No. 36*). It was moved by Mr. Whitmore:

That the Public Accounts Committee recommend that Legislation be amended to clarify the responsibility of trustees of the First Nations fund and to have the fund audited in accordance with the requirements of the Provincial Auditor.

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

10. The Committee recessed at 12:55 p.m. until 1:30 p.m.

11. The Committee proceeded to consider Chapter 11 (Department of Highways and Transportation) of the *Fall 1998 Report of the Provincial Auditor (Volume 2)*. Mr. Black of the Office of the Provincial Auditor provided an overview of the chapter.

The following Department of Highways and Transportation officials appeared before the Committee and answered questions:

Witnesses

Brian King, Deputy Minister
Barry Martin, Assistant Deputy Minister, Operations
Gary Diebel, Financial Manager

12. In consideration of recommendation 11-1, 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 reiterated its decision of October 7th, 1998 (*PAC Minute No. 37*), when this matter was previously brought to its attention. The Committee noted that in the interim, the Department has continued to make progress towards compliance with this recommendation.
13. In consideration of recommendation 11-2, 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 reiterated its decision of October 7th, 1998 (*PAC Minute No. 37*), when this matter was previously brought to its attention. The Committee noted that in the interim, the Department has continued to make progress towards compliance with this recommendation.
14. The Committee recessed at 2:40 p.m. until 3:00 p.m.
15. The Committee proceeded to consider Chapter 18 (Department of Finance) of the *Fall 1998 Report of the Provincial Auditor (Volume 2)*. Mr. Martens of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

W. Davern Jones, Deputy Minister
Brian Smith, Executive Director, Public Employee Benefits Agency
Bill Van Sickle, Executive Director of Administration
Kathy Morgan, Accountant, Public Employees Benefits Agency
Terry Paton, Provincial Comptroller
Chris Bayda, Executive Director, Financial Management Branch, Comptroller's Office
Kathy Rintoul, Senior Analyst, Financial Management Branch, Comptroller's Office
Jane Borland, Manager, Financial Management Branch, Comptroller's Office

16. In consideration of recommendation 18-1, that the Department include the General Revenue Fund's total pension costs for the year in the Estimates, it was moved by Mr. Shillington:

Resolved that the committee note that the information referred to in the 1st recommendation of Chapter 18 of the 1998 Fall Report, Volume 2 of the Provincial Auditor is available in this Government summary financial statements and does not concur in this recommendation.

A debate arising, and the question being put, the motion was agreed to on the following recorded vote: Yeas 4; Nays 2.

17. In consideration of recommendation 18-2, that the Department properly account for pension costs in the General Revenue Fund (GRF) financial statements, the Committee noted its decisions of October 5th, 1998 (*PAC Minute No. 35*) and February 17th, 1998 (*PAC Minute No. 30*) as follows:

That the Public Accounts Committee note that the government fully discloses its unfunded pension liability in the notes to GRF financial statements; and further that the unfunded pension liability is recorded in summary financial statements in accordance with PSAAB recommendations and that the government budgets and fully records its annual pension cash requirements in the GRF.

18. The Committee concurred with recommendation 18-3, that the Department report important accountability information about its performance. It was noted that the Department has made progress towards compliance with this recommendation.
19. The Committee concurred with recommendations 18-4 and 18-5, that the Municipal Employees' Pension Plan Commission prepare a complete accounting policies and procedures manual for the Municipal Employees' Pension Plan and approve the policies and procedures as they are completed. The Committee noted progress towards compliance with this recommendation.
20. The Committee concurred with recommendation 18-6, that the Employees' Pension Plan Commission calculate pensions in accordance with *The Municipal Employees' Pension Plan*.
21. In consideration of recommendation 18-7, the Committee reiterated its decision of October 5th, 1998 (*PAC Minute No. 35*), that the Department of Finance should pay allowances to surviving spouses as required by The Members of the Legislative Assembly Superannuation Act, 1979, or seek changes to the Act to allow these payments.
22. In consideration of recommendation 18-8, the Committee reiterated its decision of October 5th, 1998 (*PAC Minute No. 35*), that the Department of Finance should seek changes to *The Members of the Legislative Assembly Superannuation Act*, 1979, to provide direction for the handling of profits or losses from annuity underwriting.
23. The Committee proceeded to consider Chapter 3 (Towards 2000) of the *Fall 1998 Report of the Provincial Auditor (Volume 2)*. Mr. Creaser of the Office of the Provincial Auditor provided an overview of the chapter.

24. The Committee concurred with recommendation 2-1, that the government's new Year 2000 Project Co-ordination Office help set priorities, resource needs and contingency plans for government. It was noted that the Office has made progress towards compliance with this recommendation.
25. The Committee concurred with recommendation 2-2, that the Year 2000 Project Co-ordination Office report regularly to the Standing Committee on Public Accounts on the government's progress on the Year 2000 issue. It was noted that the Office has already reported to the Committee and will be invited to make further reports.
26. The Committee concurred with recommendation 2-3, that senior management approve their Year 2000 plans including detailed budgets and Year 2000 assessments and periodically report on progress to the Year 2000 Project Co-ordination Office. It was noted that the government has made progress towards compliance with this recommendation.
27. The Committee concurred with recommendation 2-4, that the government establish rules and procedures for ensuring third parties and business partners know their responsibilities to become Year 2000 compliant. It was noted that the government has made progress towards compliance with this recommendation.
28. The Committee concurred with recommendation 2-5, that all government agencies have a formal, approved and tested Year 2000 contingency plan. It was noted that the government has made progress towards compliance with this recommendation.
29. The Committee proceeded to consider Chapter 19 (Department of Executive Council) of the *Fall 1998 Report of the Provincial Auditor (Volume 2)*. Mr. Jersak of the Office of the Provincial Auditor provided an overview of the chapter.
30. In consideration of recommendation 19-1, concerning the collection of anonymous donations from political parties by the Elections Office, it was moved by Mr. Shillington:

The Public Accounts Committee recommends that the Electoral Office consider the option posed by the Provincial Auditor, which is to request that the Board of Revenue Commissioners cancel the collection of any anonymous donations for 1996 and the six prior calendar years.

A debate arising, and the question being put, the motion was agreed to on the following recorded vote: Yeas 5; Nays 2.

31. The Committee concurred with recommendation 19-2 as follows. The Electoral Office should issue directives requiring political parties' auditors to submit audit reports to the Electoral Office that indicate whether all contributions received and all expenses incurred by the political parties are reported in their returns; and requiring candidates to use specific procedures to receive and disburse money and to submit audit reports to the Electoral Office that indicate whether candidates have complied with those procedures.

32. The Chair announced her resignation and expressed her appreciation for the honour of having served the Standing Committee on Public Accounts. Members expressed their appreciation for the Member's service as Chair.
33. The Clerk to the Committee presided over the election of a Chair. Mr. Shillington nominated Mr. Gantefer for the position. There being no further nominations, it was moved by Mr. Hillson:

That nominations for the position of Chair close.

The question being put, the motion was agreed to.

34. It was moved by Mr. Shillington:

That Mr. Rod Gantefer be elected to preside as Chair of the Standing Committee on Public Accounts.

The question being put, the motion was agreed to and Mr. Gantefer took the Chair.

35. The Committee adjourned at 5:22 p.m. to the call of the Chair.