

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Monday, December 8, 2008

MINUTE NO. 11

10:30 a.m. – Room 8

1. **PRESENT:** Mr. Harry Van Mulligen in the Chair and Members Fred Bradshaw, Michael Chisholm, Jeremy Harrison, Warren Michelson, Jim Reiter and John Nilson.

Provincial Auditor's Office

Fred Wendel, Provincial Auditor
Brian Atkinson, Assistant Provincial Auditor
Bashar Ahmad, Deputy Provincial Auditor
Mark Anderson, Principal
Kelly Deis, Principal
Charlene Drotar, Principal
Rod Grabarczyk, Principal
Jane Knox, Principal
Jeff Kress, Principal
Kim Lowe, Principal
Andrew Martens, Principal
Rosemarie Volk, Principal

Provincial Comptroller's Office

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

2. The committee proceeded to consider Chapter 11 (Saskatchewan Research Council) of the *2008 Report of the Provincial Auditor (Volume 1)* and Chapter 17 (Saskatchewan Research Council) of the *2008 Report of the Provincial Auditor (Volume 3)*. Mr. Deis of the Office of the Provincial Auditor provided an overview of the chapter.

The following Saskatchewan Research Council officials appeared before the committee and answered questions:

Witnesses

Dr. Laurier Schramm, President and Chief Executive Officer
Crystal Smudy, Chief Financial Officer and Vice-President, Finance, Safety and Risk Division
Wanda Nyirfa, Vice-President, Business Ventures and Communications Division
Kenelm Grismer, Major Projects Manager

3. The committee concurred with recommendation 11-1 made at page 131 of Chapter 11 (Saskatchewan Research Council) of the *2008 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Research Council should complete its central recording of all significant intellectual property. The committee noted that the Saskatchewan Research Council is making progress towards complying with the recommendation.
4. The committee concurred with recommendation 11-2 made at page 132 of Chapter 11 (Saskatchewan Research Council) of the *2008 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Research Council should make an agreement with its wholly owned company (subsidiary) for ownership and management of intellectual property. The committee noted that the Saskatchewan Research Council is making progress towards complying with the recommendation. The committee also noted that the Saskatchewan Research Council is in the process of winding down this wholly owned subsidiary and will assume responsibility for managing the intellectual property of the subsidiary.

5. The committee concurred with recommendation 11-3 made at page 133 of Chapter 11 (Saskatchewan Research Council) of the *2008 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Research Council should follow its policy to regularly verify that it complies with software licenses. The committee noted that the Saskatchewan Research Council is making progress towards complying with the recommendation.
6. The committee concurred with recommendation 11-4 made at page 134 of Chapter 11 (Saskatchewan Research Council) of the *2008 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Research Council should follow its policy to ensure employees obtain written approval before publicly releasing information that relates to intellectual property. The committee noted that the Saskatchewan Research Council is making progress towards complying with the recommendation.
7. The committee concurred with recommendation 11-5 made at page 135 of Chapter 11 (Saskatchewan Research Council) of the *2008 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Research Council should implement performance measures to help it manage intellectual property. The committee noted that the Saskatchewan Research Council is making progress towards complying with the recommendation.
8. The committee concurred with recommendation 17-1 made at page 310 of Chapter 17 (Saskatchewan Research Council) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Research Council should independently review and approve all journal entries. The committee noted that the Saskatchewan Research Council is making progress towards complying with the recommendation.
9. The committee proceeded to consider Chapter 3 (Agriculture) of the *2008 Report of the Provincial Auditor (Volume 3)*. Mr. Martens of the Office of the Provincial Auditor provided an overview of the chapter.

The following Ministry of Agriculture officials appeared before the committee and answered questions:

Witnesses

Alanna Koch, Deputy Minister

Nithi Govindasamy, Associate Deputy Minister

Laurier Donais, Director, Corporate Services Branch

Cam Swan, General Manager, Saskatchewan Crop Insurance Corporation

Gloria Parisien, Director, Lands Branch

Roy White, Manager, Regulatory Services, Inspection and Regulatory Management Branch

James Kettel, Manager, Trade, Competitiveness and Agri-Food Development, Policy Branch

10. The committee concurred with recommendation 3-1 made at page 52 of Chapter 3 (Agriculture) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Ministry of Agriculture should comply with the law or seek changes to the law to allow the transfer of its regulatory responsibilities carried out by the Provincial Dairy Laboratory to another agency. The committee noted that the Ministry of Agriculture is making progress towards complying with the recommendation.

11. The committee concurred with recommendation 3-2 made at page 53 of Chapter 3 (Agriculture) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Milk Control Board should provide its staff with support and training to increase their understanding of accounting standards. The committee noted that the Milk Control Board is making progress towards complying with the recommendation.
12. The committee concurred with recommendation 3-3 made at page 55 of Chapter 3 (Agriculture) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Crop Insurance Corporation should establish adequate processes for making changes to its computer system. The committee noted that the Saskatchewan Crop Insurance Corporation is making progress towards complying with the recommendation.
13. The committee concurred with recommendation 3-4 made at page 56 of Chapter 3 (Agriculture) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Crop Insurance Corporation should establish adequate processes to grant and monitor employee access to its computer systems and data. The committee noted that the Saskatchewan Crop Insurance Corporation is making progress towards complying with the recommendation.
14. The committee concurred with recommendation 3-5 made at page 57 of Chapter 3 (Agriculture) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Ministry of Agriculture should follow its established policies and procedures when preparing the Pastures Revolving Fund's financial statements. The committee noted that the Ministry of Agriculture is making progress towards complying with the recommendation.
15. The committee recessed from 11:31 a.m. until 1:30 p.m.
16. The committee proceeded to consider Chapter 10 (Health) of the *2008 Report of the Provincial Auditor (Volume 3)*. Mr. Ahmad of the Office of the Provincial Auditor provided an overview of the chapter.

The following Ministry of Health officials appeared before the committee and answered questions:

Witnesses

Dan Florizone, Deputy Minister
Gren Smith-Windsor, Associate Deputy Minister
Louise Greenberg, Associate Deputy Minister
Max Hendricks, Assistant Deputy Minister
Lauren Donnelly, Assistant Deputy Minister
Duncan Fisher, Special Advisor to the Deputy Minister
Ted Warawa, Executive Director, Financial Services Branch
Scott Livingstone, Executive Director, Health Information Solutions Centre
Garth Herbert, Financial Management Consultant / Internal Audit, Financial Services Branch
Cara Smith, Senior Financial Analyst, Financial Services Branch

17. The committee concurred with recommendation 10A-1 made at page 150 of Chapter 10A (Health) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Ministry of Health should give the Legislative Assembly annual reports including audited financial statements for the Saskatchewan Health Employees Pension Plan and the Saskatchewan Association of Health Organizations and its administered benefit plans.

18. The committee concurred with recommendation 10A-2 made at page 151 of Chapter 10A (Health) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Ministry of Health should properly segregate duties of its employees responsible for the disbursement or expenditure of public money to help prevent errors or fraud. The committee noted that the Ministry of Health is making progress towards complying with the recommendation.
19. The committee concurred with recommendation 10A-3 made at page 155 of Chapter 10A (Health) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Ministry of Health should make an agreement with the Public Service Commission for providing payroll services. The committee noted that the Ministry of Health is making progress towards complying with the recommendation.
20. The committee concurred with recommendation 10A-4 made at page 159 of Chapter 10A (Health) of the *2008 Report of the Provincial Auditor (Volume 3)* that the management of North Sask. Laundry & Support Services Ltd. should approve all payments to vendors. The committee noted that the management of North Sask. Laundry & Support Services Ltd. is making progress towards complying with the recommendation.
21. The committee concurred with recommendation 10B-1 made at page 170 of Chapter 10B (Regional Health Authorities) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Prairie North Regional Health Authority and Kelsey Trail Regional Health Authority should follow their processes to control bank accounts when making payments for employees. The committee noted that the Prairie North Regional Health Authority and Kelsey Trail Regional Health Authority are making progress towards complying with the recommendation.
22. The committee concurred with recommendation 10B-2 made at page 170 of Chapter 10B (Regional Health Authorities) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Prince Albert Parkland Regional Health Authority should follow its processes for reconciling its recorded bank balances to the bank's records promptly. The committee noted that the Prince Albert Parkland Regional Health Authority is making progress towards complying with the recommendation.
23. The committee concurred with recommendation 10B-3 made at page 172 of Chapter 10B (Regional Health Authorities) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Cypress Regional Health Authority should establish complete written financial management policies and procedures. The committee noted that the Cypress Regional Health Authority is making progress towards complying with the recommendation.
24. The committee concurred with recommendation 10B-4 made at page 173 of Chapter 10B (Regional Health Authorities) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Regina Qu'Appelle Regional Health Authority should implement an internal audit function.
25. The committee concurred with recommendation 10B-5 made at page 174 of Chapter 10B (Regional Health Authorities) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Keewatin Yatthé Regional Health Authority and Prairie North Regional Health Authority should periodically count their capital assets and agree their capital asset records to their accounting records regularly.
26. The committee concurred with recommendation 10B-6 made at page 175 of Chapter 10B (Regional Health Authorities) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Prince Albert Parkland Regional Health Authority should obtain all the required reports from its affiliates in a timely manner.

27. The committee recessed from 2:51 p.m. until 3:03 p.m.
28. The committee concurred with recommendation 10C-1 made at page 184 of Chapter 10C (Saskatchewan Cancer Agency) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Cancer Agency should give its annual report to the Legislative Assembly by the date required by *The Tabling of Documents Act, 1991*. The committee noted that the Saskatchewan Cancer Agency is making progress towards complying with the recommendation.
29. The committee concurred with recommendation 10C-2 made at page 188 of Chapter 10C (Saskatchewan Cancer Agency) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Cancer Agency should monitor its information technology service provider to ensure its systems and data are adequately protected. The committee noted that the Saskatchewan Cancer Agency is making progress towards complying with the recommendation.
30. The committee concurred with recommendation 10C-3 made at page 189 of Chapter 10C (Saskatchewan Cancer Agency) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Cancer Agency should follow its policies for accessing computer systems and data. The committee noted that the Saskatchewan Cancer Agency is making progress towards complying with the recommendation.
31. The committee concurred with recommendation 10C-4 made at page 190 of Chapter 10C (Saskatchewan Cancer Agency) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Cancer Agency should adequately protect its wireless computer systems against unauthorized access. The committee noted that the Saskatchewan Cancer Agency is making progress towards complying with the recommendation.
32. The committee concurred with recommendation 10C-5 made at page 190 of Chapter 10C (Saskatchewan Cancer Agency) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Cancer Agency should protect its computer systems and data by updating (patching) its computers against known security weaknesses. The committee noted that the Saskatchewan Cancer Agency is making progress towards complying with the recommendation.
33. The committee concurred with recommendation 10C-6 made at page 191 of Chapter 10C (Saskatchewan Cancer Agency) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Cancer Agency should protect its information technology systems and data by adequately monitoring its systems and data for security threats. The committee noted that the Saskatchewan Cancer Agency is making progress towards complying with the recommendation.
34. The committee concurred with recommendation 10C-7 made at page 192 of Chapter 10C (Saskatchewan Cancer Agency) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Saskatchewan Cancer Agency should adequately test its disaster recovery plan. The committee noted that the Saskatchewan Cancer Agency is making progress towards complying with the recommendation.
35. The committee concurred with recommendation 10D-1 made at page 201 of Chapter 10D (Cypress IT security) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Cypress Regional Health Authority should formally assess the threats and risks to its information technology systems and data.

36. The committee concurred with recommendation 10D-2 made at page 202 of Chapter 10D (Cypress IT security) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Cypress Regional Health Authority should monitor the security of its information technology systems and data.
37. The committee concurred with recommendation 10D-3 made at page 203 of Chapter 10D (Cypress IT security) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Cypress Regional Health Authority should establish and follow its policies and procedures for granting and removing user access to computer systems and data.
38. The committee concurred with recommendation 10D-4 made at page 203 of Chapter 10D (Cypress IT security) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Cypress Regional Health Authority should configure its computer systems and data to protect them from external threats including theft or loss.
39. The committee concurred with recommendation 10D-5 made at page 204 of Chapter 10D (Cypress IT security) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Cypress Regional Health Authority should physically protect its computer systems and data from loss or damage.
40. The committee concurred with recommendation 10D-6 made at page 204 of Chapter 10D (Cypress IT security) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Cypress Regional Health Authority should complete, approve, and test its disaster recovery plan.
41. The committee concurred with recommendation 10D-7 made at page 205 of Chapter 10D (Cypress IT security) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Cypress Regional Health Authority should implement adequate policies and procedures for managing changes to computer systems and data.
42. The committee concurred with recommendation 10F-1 made at page 226 of Chapter 10F (Reducing workplace injuries) of the *2008 Report of the Provincial Auditor (Volume 3)* that the Ministry of Health should set long-term, provincial targets to reduce the rate and severity of health-sector workplace injuries. The committee noted that the Ministry of Health is making progress towards complying with the recommendation.
43. It was moved by Mr. Bradshaw:

That this committee do now adjourn.

The question being put, the motion was carried.
44. The committee adjourned at 3:45 p.m. until 9:30 a.m. on Tuesday, December 9, 2008.

Margaret A. Woods
Committee Clerk

Harry Van Mulligen
Committee Chair