

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Tuesday, September 1, 2009

MINUTE NO. 19

10:00 a.m. – Room 8

1. **Present:** Trent Wotherspoon in the Chair and Members Pat Atkinson, Michael Chisholm, Dan D'Autremont, Warren Michelson, and Laura Ross.

Other Members

Frank Quennell

Provincial Auditor's Office

Fred Wendel, Provincial Auditor

Judy Ferguson, Deputy Provincial Auditor

Mike Heffernan, Deputy Provincial Auditor

Ed Montgomery, Deputy Provincial Auditor

Mark Anderson, Principal

Rod Grabarczyk, Principal

Angie Hungle, Principal

Jane Knox, Principal

Kim Lowe, Principal

Corrine Rybchuk, Principal

Victor Schwab, Principal

Michelle Lindenbach, Manager

Provincial Comptroller's Office

Terry Paton, Provincial Comptroller

Chris Bayda, Executive Director, Financial Management Branch

2. The following document was tabled:

PAC 18/26 Ministry of Finance: Reporting of public losses for the period from April 1, 2009 to June 30, 2009, dated July 30, 2009.

3. The committee considered Chapter 7 (Information Technology Office) of the *2009 Report of the Provincial Auditor (Volume 1)*. Mr. Anderson of the Office of the Provincial Auditor provided an overview of the chapter.

The following Information Technology Office officials appeared before the committee and answered questions:

Witnesses

Gerald Fiske, Deputy Minister

Phil Lambert, Assistant Deputy Minister

Richard Murray, Executive Director, Corporate and Strategic Services

4. The committee concurred with recommendation 7-1 made at page 99 of Chapter 7 (Information Technology Office) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Information Technology Office resume regularly measuring ministry satisfaction as agreed upon with ministries. The committee noted that the Information Technology Office is making progress towards complying with the recommendation.
5. The committee concurred with recommendation 7-2 made at page 99 of Chapter 7 (Information Technology Office) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Information

Technology Office work with ministries to prepare joint action plans to address issues identified in satisfaction surveys, as required by its service level agreements.

6. The committee concurred with recommendation 7-3 made at page 99 of Chapter 7 (Information Technology Office) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Information Technology Office assist ministries to build capacity to analyze their information technology requirements. The committee noted that the Information Technology Office is making progress towards complying with the recommendation.
7. The committee concurred with recommendation 7-4 made at page 101 of Chapter 7 (Information Technology Office) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Government evaluate whether the Information Technology Office should provide ministries with application support for complex and custom applications.
8. The committee considered recommendation 7-5 made at page 101 of Chapter 7 (Information Technology Office) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Information Technology Office agree with ministries on relevant service delivery measures and targets. The committee agreed with the intent of the recommendation but did not agree with the wording of the recommendation. It was moved by Mr. D'Autremont:

That the Information Technology Office seek mutual agreement with ministries on relevant service delivery measures and targets.

The question being put, it was agreed to.

9. The committee considered Chapter 8 (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 1)*. Mr. Heffernan of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

Barry Lacey, President and Chief Executive Officer
Jim Engel, Vice President, Policy and Planning
Jolene Tytlandsvik, Vice President, Gaming Operations

10. The committee concurred with recommendation 8-1 made at page 110 of Chapter 8 (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Board of Directors of the Saskatchewan Indian Gaming Authority Inc. approve policies for managing construction projects. The committee noted that the Liquor and Gaming Authority is making progress towards complying with the recommendation.
11. The committee concurred with recommendation 8-2 made at page 110 of Chapter 8 (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Indian Gaming Authority Inc. develop and approve risk plans before starting major construction projects. The committee noted that the Liquor and Gaming Authority is making progress towards complying with the recommendation.
12. The committee considered Chapter 9 (Public Service Commission) of the *2009 Report of the Provincial Auditor (Volume 1)*. Ms. Knox of the Office of the Provincial Auditor provided an overview of the chapter.

The following Public Service Commission officials appeared before the committee and answered questions:

Witnesses

Don Wincherauk, Chair of the Public Service Commission
Karen Aulie, Assistant Chair, Human Resource Client Service and Support Division
Ken Ludwig, Director, Organizational Effectiveness and Strategic Initiatives
Mike Pestill, Executive Director, Corporate Services

13. The committee concurred with recommendation 9-1 made at page 130 of Chapter 9 (Public Service Commission) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Public Service Commission use mentorship programs to help develop potential leaders in government ministries. The committee noted that the Public Service Commission is making progress towards complying with the recommendation.
14. The committee concurred with recommendation 9-2 made at page 131 of Chapter 9 (Public Service Commission) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Public Service Commission coordinate programs that provide potential leaders in government ministries with suitable developmental work experiences. The committee noted that the Public Service Commission is making progress towards complying with the recommendation.
15. The committee concurred with recommendation 9-3 made at page 132 of Chapter 9 (Public Service Commission) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Public Service Commission monitor and report regularly to deputy ministers on the readiness of government ministries to meet their future leadership needs. The committee noted that the Public Service Commission is making progress towards complying with the recommendation.
16. The committee considered Chapter 4 (Education) of the *2009 Report of the Provincial Auditor (Volume 1)*. Mr. Grabarczyk of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

Helen Horsman, Assistant Deputy Minister
Doug Volk, Executive Director, Teachers' Superannuation Commission
Shirley Robertson, Director, Teachers' Superannuation Commission
David Tulloch, Director, Financial Planning and Management
Sharlene Arklie, Senior Manager, Teachers' Superannuation Commission
Sonya Leib, Senior Financial Manager, Financial Planning and Management

17. The committee concurred with recommendation 4-1 made at page 55 of Chapter 4 (Education) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Teachers' Superannuation Commission segregate the duties of employees responsible for the receipt and payment of public money to reduce the risk of errors or fraud. The committee noted that the Ministry of Education is making progress towards complying with the recommendation.
18. The committee concurred with recommendation 4-2 made at page 57 of Chapter 4 (Education) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Teachers' Superannuation Commission have adequate support for all payments.

19. The committee concurred with recommendation 4-3 made at page 57 of Chapter 4 (Education) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Teachers' Superannuation Commission comply with *The Teachers Superannuation and Disability Benefits Act* when paying pension benefits.
20. The committee concurred with recommendation 4-4 made at page 58 of Chapter 4 (Education) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Teachers' Superannuation Commission comply with *The Teachers Superannuation and Disability Benefits Act* by not putting disability contributions into and making disability payments out of the Teachers' Superannuation Fund.
21. The committee concurred with recommendation 4-5 made at page 59 of Chapter 4 (Education) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Teachers' Superannuation Commission follow its rules and procedures for reconciling its bank accounts to its financial records. The committee noted that the Ministry of Education is making progress towards complying with the recommendation.
22. The committee concurred with recommendation 4-6 made at page 60 of Chapter 4 (Education) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Teachers' Superannuation Commission establish adequate processes for managing its cash flow needs.
23. The committee concurred with recommendation 4-7 made at page 61 of Chapter 4 (Education) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Teachers' Superannuation Commission establish adequate processes to verify investments exist, are properly valued, and recorded in its financial records.
24. The committee concurred with recommendation 4-8 made at page 62 of Chapter 4 (Education) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Teachers' Superannuation Commission follow its written guidance for preparing valuations of accrued pension and disability benefits and related plan assets.
25. The committee recessed from 12:29 p.m. until 1:30 p.m.
26. The committee considered Chapter 2 (Agriculture) of the *2009 Report of the Provincial Auditor (Volume 1)*. Ms. Rybchuk 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, Executive Director, Corporate Services

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

27. The committee concurred with recommendation 2-1 made at page 29 of Chapter 2 (Agriculture) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Milk Control Board assign responsibilities so that accounting functions that are not compatible are appropriately separated.

28. The committee concurred with recommendation 2-2 made at page 29 of Chapter 2 (Agriculture) of the *2009 Report of the Provincial Auditor (Volume 1)* that all employees of the Milk Control Board have job descriptions that accurately reflect their responsibilities.
29. The committee concurred with recommendation 2-3 made at page 30 of Chapter 2 (Agriculture) of the *2009 Report of the Provincial Auditor (Volume 1)* that all employment contracts of Milk Control Board employees who fall under *The Crown Employment Contracts Act* be filed with the Clerk of Executive Council as required by law. The committee noted that the Ministry of Agriculture has complied with the recommendation.
30. The committee concurred with recommendation 2-4 made at page 30 of Chapter 2 (Agriculture) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Milk Control Board develop procedures so that employment contracts are filed as required by law.
31. The committee considered Chapter 5 (Finance) of the *2009 Report of the Provincial Auditor (Volume 1)*. Ms. Ferguson of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

Doug Matthies, Deputy Minister

Terry Paton, Provincial Comptroller, Provincial Comptroller's Division

Denis Polowyk, Assistant Deputy Minister, Treasury and Debt Management Division

Brian Smith, Assistant Deputy Minister, Public Employees Benefits Agency

Jim Fallows, Executive Director, Treasury and Debt Management Division

Katherine Strutt, General Manager, Saskatchewan Pension Plan

32. The committee concurred with recommendation 5-1 made at page 70 of Chapter 5 (Finance) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Public Employees Benefits Agency implement adequate policies governing the preparation and approval of bank reconciliations and journal entries. The committee noted that the Ministry of Finance is making progress towards complying with the recommendation.
33. The committee concurred with recommendation 5-2 made at page 74 of Chapter 5 (Finance) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Ministry of Finance set out its investment expectations in sufficient detail to make possible the measurement and evaluation of its investment performance.
34. The committee concurred with recommendation 5-3 made at page 74 of Chapter 5 (Finance) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Ministry of Finance report to its senior management (e.g. Deputy Minister) and Treasury Board, at least quarterly, on its compliance with its investment guidelines and expectations. The committee noted that the Ministry of Finance has complied with the recommendation.

35. The committee concurred with recommendation 5-4 made at page 74 of Chapter 5 (Finance) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Ministry of Finance periodically carry out an internal audit to assess and report to senior management on compliance with its investment guidelines and expectations. The committee noted that the Ministry of Finance is making progress towards complying with the recommendation.
36. The committee concurred with recommendation 5-5 made at page 76 of Chapter 5 (Finance) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Ministry of Finance monitor and report publicly on the performance of the investments in its sinking funds.
37. The committee concurred with recommendation 5-6 made at page 78 of Chapter 5 (Finance) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Ministry of Finance agree on respective roles and responsibilities, in writing, with agencies that receive its investment services. The committee noted that the Ministry of Finance is making progress towards complying with the recommendation.
38. The committee concurred with recommendation 5-7 made at page 79 of Chapter 5 (Finance) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Ministry of Finance document its key treasury management procedures in sufficient detail so it can continue to operate effectively after staff turnover. The committee noted that the Ministry of Finance is making progress towards complying with the recommendation.
39. The committee considered Chapter 16 (Tourism, Parks, Culture and Sport) of the *2009 Report of the Provincial Auditor (Volume 1)*. Mr. Heffernan of the Office of the Provincial Auditor provided an overview of the chapter.

The following Ministry of Tourism, Parks, Culture and Sport officials appeared before the committee and answered questions:

Witnesses

Wynne Young, Deputy Minister, Tourism, Parks, Culture and Sport

Scott Langen, Assistant Deputy Minister, Tourism, Parks, Culture and Sport

40. The committee concurred with recommendation 16-1 made at page 199 of Chapter 16 (Tourism, Parks, Culture and Sport) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Ministry of Tourism, Parks, Culture and Sport establish and implement written procedures for monitoring compliance with the lottery agreement by the Western Canada Lottery Corporation, Western Canada Lottery – Saskatchewan Division Inc., and Sask Sport Distributors Inc. The committee noted that the Ministry of Tourism, Parks, Culture and Sport is making progress towards complying with the recommendation.
41. The committee concurred with recommendation 16-2 made at page 199 of Chapter 16 (Tourism, Parks, Culture and Sport) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Ministry of Tourism, Parks, Culture and Sport establish written guidelines for its representatives on the board of directors of the Western Canada Lottery Corporation to help achieve the Ministry's lottery scheme objectives. The committee noted that the Ministry of Tourism, Parks, Culture and Sport is making progress towards complying with the recommendation.

42. The committee concurred with recommendation 16-3 made at page 200 of Chapter 16 (Tourism, Parks, Culture and Sport) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Ministry of Tourism, Parks, Culture and Sport make agreements with the Western Canada Lottery – Saskatchewan Division Inc. and Sask Sport Distributors Inc. to help achieve the Ministry's lottery scheme objectives. The committee noted that the Ministry of Tourism, Parks, Culture and Sport is making progress towards complying with the recommendation.
43. The committee concurred with recommendation 16-4 made at page 202 of Chapter 16 (Tourism, Parks, Culture and Sport) of the *2009 Report of the Provincial Auditor (Volume 1)* that the staff of the Ministry of Tourism, Parks, Culture and Sport provide its senior management with regular reports on compliance with the lottery agreement by the Western Canada Lottery Corporation, Western Canada Lottery – Saskatchewan Division Inc., and Sask Sport Distributors Inc. The committee noted that the Ministry of Tourism, Parks, Culture and Sport is making progress towards complying with the recommendation.
44. The committee concurred with recommendation 16-5 made at page 202 of Chapter 16 (Tourism, Parks, Culture and Sport) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Ministry of Tourism, Parks, Culture and Sport report publicly on compliance with the lottery agreement by the Western Canada Lottery Corporation, Western Canada Lottery – Saskatchewan Division Inc., and Sask Sport Distributors Inc. The committee noted that the Ministry of Tourism, Parks, Culture and Sport is making progress towards complying with the recommendation.
45. The committee concurred with recommendation 16-6 made at page 202 of Chapter 16 (Tourism, Parks, Culture and Sport) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Ministry of Tourism, Parks, Culture and Sport make public a list of persons (i.e. employees, suppliers) who received public money from Western Canada Lottery – Saskatchewan Division Inc. and Sask Sport Distributors Inc.
46. The committee concurred with recommendation 16-7 made at page 203 of Chapter 16 (Tourism, Parks, Culture and Sport) of the *2009 Report of the Provincial Auditor (Volume 1)* that the Ministry of Tourism, Parks, Culture and Sport give the Legislative Assembly the annual audited financial statements of Western Canada Lottery – Saskatchewan Division Inc. and Sask Sport Distributors Inc.
47. It was moved by Ms. Ross:
- That this committee do now adjourn.
- The question being put, it was agreed to.
48. The committee adjourned at 3:26 p.m. to the call of the Chair.

Kathy Burianyk
Committee Clerk

Trent Wotherspoon
Committee Chair