

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Friday, June 25, 2010

MINUTE NO. 24

9:02 a.m. – Room 8

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

Other Members

Deb Higgins

Provincial Auditor's Office

Brian Atkinson, Acting Provincial Auditor
Judy Ferguson, Deputy Provincial Auditor
Mike Heffernan, Deputy Provincial Auditor
Rod Grabarczyk, Principal
Kim Lowe, Principal
Carolyn O'Quinn, Principal
Corinne Rybchuk, Principal
Michelle Lindenbach, Manager
Jason Shaw, Manager

Provincial Comptroller's Office

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

2. The Chair advised the committee that pursuant to Rule 141(2), the *2009 – 2010 Public Accounts (Volume 1)* was deemed referred to the committee on June 24, 2010.
3. The committee considered Chapter 8 (First Nations and Métis Relations) of the *2009 Report of the Provincial Auditor (Volume 3)*. Mr. Heffernan of the Office of the Provincial Auditor provided an overview of the chapter.

The following First Nations and Métis Relations officials appeared before the committee and answered questions:

Witnesses

Ron Crowe, Deputy Minister
James Froh, Assistant Deputy Minister
Kerry Gray, Director, Finance, Accountability and Corporate Services

4. The committee concurred with recommendation 8-1 made at page 150 of Chapter 8 (First Nations and Métis Relations) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of First Nations and Métis Relations follow its established procedures for removing user access to its computer systems and data. The committee noted that the Ministry of First Nations and Métis Relations has complied with the recommendation.
5. The committee recessed from 9:16 a.m. until 9:30 a.m.

6. The committee considered Chapter 6 (Environment) of the *2009 Report of the Provincial Auditor (Volume 3)*. Mr. Grabarczyk of the Office of the Provincial Auditor provided an overview of the chapter.

The following Environment officials appeared before the committee and answered questions:

Witnesses

Liz Quarshie, Deputy Minister
Lin Gallagher, Assistant Deputy Minister, Resource Management and Compliance Division
Mark Wittrup, Assistant Deputy Minister, Environmental Protection Division
Donna Johnson, Acting Assistant Deputy Minister, Environmental Support Division
Wes Kotyk, Executive Director, Industrial Branch
Bob Wynes, Executive Director, Forest Service Branch
Laurel Welsh, Acting Executive Director, Finance and Administration
Susan Loewen, Director, Financial Management Section
Kevin McCullum, Chief Engineer, Technical Resource Branch
Wayne Dybvig, Acting President, Saskatchewan Watershed Authority
Bill Duncan, Director, Infrastructure Management, Saskatchewan Watershed Authority

7. The committee concurred with recommendation 6-1 made at page 81 of Chapter 6 (Environment) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Environment complete the identification of its human resource needs and develop strategies to address any competency gaps. The committee noted that the Ministry of Environment is making progress towards complying with the recommendation.
8. The committee concurred with recommendation 6-2 made at page 89 of Chapter 6 (Environment) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Environment establish adequate processes to determine its inventory. The committee noted that the Ministry of Environment is making progress towards complying with the recommendation.
9. The committee concurred with recommendation 6-3 made at page 95 of Chapter 6 (Environment) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Environment:
- approve an adequate internal audit work plan
 - receive regular reports from the internal auditor and take action.
- The committee noted that the Ministry of Environment is making progress towards complying with the recommendation.
10. The committee concurred with recommendation 6-4 made at page 101 of Chapter 6 (Environment) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Environment establish processes for setting reforestation terms and conditions and for approving forest product permits. The committee noted that the Ministry of Environment is making progress towards complying with the recommendation.
11. The committee concurred with recommendation 6-5 made at page 101 of Chapter 6 (Environment) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Environment establish processes to set reforestation fees at a level to cover reforestation costs. The committee noted that the Ministry of Environment is making progress towards complying with the recommendation.

12. The committee concurred with recommendation 6-6 made at page 103 of Chapter 6 (Environment) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Environment set a formal plan to ensure proper reforestation of the forest. The committee noted that the Ministry of Environment is making progress towards complying with the recommendation.
13. The committee concurred with recommendation 6-7 made at page 104 of Chapter 6 (Environment) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Environment establish processes to monitor operators' compliance with reforestation requirements. The committee noted that the Ministry of Environment is making progress towards complying with the recommendation.
14. The committee concurred with recommendation 6-8 made at page 104 of Chapter 6 (Environment) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Environment establish processes to verify that:
 - the operators paid the correct fees to the relevant forest management fund or forest trust fund
 - the managers of these funds use the money collected for the purposes intended including reforestation.
15. The committee concurred with recommendation 6-9 made at page 105 of Chapter 6 (Environment) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Environment receive regular reports with adequate information to properly oversee and regulate reforestation. The committee noted that the Ministry of Environment is making progress towards complying with the recommendation.
16. The committee concurred with recommendation 6-10 made at page 105 of Chapter 6 (Environment) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Environment develop a communication strategy to inform stakeholders about the effectiveness of reforestation activities in the Province.
17. The committee recessed from 10:49 a.m. until 10:53 a.m.
18. The committee considered Chapter 15 (Municipal Affairs) of the *2009 Report of the Provincial Auditor (Volume 3)*. Ms. Rybchuk of the Office of the Provincial Auditor provided an overview of the chapter.

The following Municipal Affairs officials appeared before the committee and answered questions:

Witnesses

Van Isman, Deputy Minister

Russ Krywulak, Executive Director, Grants Administration and Financial Management

Wanda Lamberti, Executive Director, Central Management Services

Kyle Toffan, Director, Grants Administration

19. The committee recessed from 11:12 a.m. until 11:15 a.m.
20. The committee considered the *2009 Report of the Provincial Auditor (Volume 2)*. Ms. Ferguson of the Office of the Provincial Auditor provided an overview of the report.

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

Witnesses

Doug Matthies, Deputy Minister
Terry Paton, Provincial Comptroller, Provincial Comptroller's Office
Brian Smith, Assistant Deputy Minister, Public Employees Benefits Agency
Joanne Brockman, Acting Assistant Deputy Minister, Economic & Fiscal Policy Branch and Taxation and Intergovernmental Affairs Branch
Chris Bayda, Executive Director, Financial Management Branch
Brent Hebert, Director, Revenue Division
Louise Usick, Director, Corporate Services Division
Nancy Perras, Manager, Corporate Services Division

21. The committee considered Chapter 7 (Finance) of the *2009 Report of the Provincial Auditor (Volume 3)*. Ms. O'Quinn of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

Doug Matthies, Deputy Minister
Terry Paton, Provincial Comptroller, Provincial Comptroller's Office
Brian Smith, Assistant Deputy Minister, Public Employees Benefits Agency
Joanne Brockman, Acting Assistant Deputy Minister, Economic & Fiscal Policy Branch and Taxation and Intergovernmental Affairs Branch
Chris Bayda, Executive Director, Financial Management Branch
Brent Hebert, Director, Revenue Division
Louise Usick, Director, Corporate Services Division
Nancy Perras, Manager, Corporate Services Division

22. The committee concurred with recommendation 7-1 made at page 126 of Chapter 7 (Finance) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Finance follow its established rules and procedures and reconcile recorded bank balances to the bank's records promptly. The committee noted that the Ministry of Finance has complied with the recommendation.
23. The committee concurred with recommendation 7-2 made at page 136 of Chapter 7 (Finance) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Public Service Superannuation Board seek changes to its legislation to remove personal information disclosures required in its annual report by Section 69(1) of *The Public Service Superannuation Act*.
24. The committee concurred with recommendation 7-3 made at page 139 of Chapter 7 (Finance) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Finance develop an information technology risk management plan based on an analysis of information technology risks. The committee noted that the Ministry of Finance is making progress towards complying with the recommendation.
25. The committee concurred with recommendation 7-4 made at page 139 of Chapter 7 (Finance) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Finance implement a strategic information technology plan that aligns with its strategic business objectives. The committee noted that the Ministry of Finance is making progress towards complying with the recommendation.

26. The committee considered Chapter 19 (Government Accountability) of the *2009 Report of the Provincial Auditor (Volume 3)*. Ms. Ferguson of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

Doug Matthies, Deputy Minister
Terry Paton, Provincial Comptroller, Provincial Comptroller's Office
Brian Smith, Assistant Deputy Minister, Public Employees Benefits Agency
Joanne Brockman, Acting Assistant Deputy Minister, Economic & Fiscal Policy Branch and Taxation and Intergovernmental Affairs Branch
Chris Bayda, Executive Director, Financial Management Branch
Raelynn Douglas, Director, Performance Management Branch
Brent Hebert, Director, Revenue Division
Louise Usick, Director, Corporate Services Division
Nancy Perras, Manager, Corporate Services Division

27. The committee recessed from 12:26 p.m. until 1:30 p.m.
28. The committee considered Chapter 3 (Agriculture) of the *2009 Report of the Provincial Auditor (Volume 3)*. Mr. Grabarczyk of the Office of the Provincial Auditor provided an overview of the chapter.

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

Witnesses

Alanna Koch, Deputy Minister
Dean Cursons, Senior Manager Financial Systems, Corporate Services Branch
Cam Swan, General Manager, Saskatchewan Crop Insurance Corporation
Ray McVicar, Manager, Plant Production Technology, Crops Branch

29. The committee concurred with recommendation 3-1 made at page 42 of Chapter 3 (Agriculture) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Agriculture consistently document key assumptions used when making significant accounting estimates.
30. The committee concurred with recommendation 3-2 made at page 48 of Chapter 3 (Agriculture) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Ministry of Agriculture follow its established processes for preparing accurate internal financial reports and year-end financial statements for the Saskatchewan Agricultural Stabilization Fund. The committee noted that the Ministry of Agriculture has complied with the recommendation.
31. The committee recessed from 1:59 p.m. until 2:03 p.m.
32. The committee considered Chapter 14 (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 3)*. 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

Rod Wiley, Vice President of Corporate Services and Chief Financial Officer

Jim Engel, Vice President of Policy and Planning

Warren Fry, Vice President of Gaming Operations

33. The committee concurred with recommendation 14A-1 made at page 287 of Chapter 14 (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Liquor and Gaming Authority establish a risk based process to assess Saskatchewan Indian Gaming Authority Inc.'s compliance with approved operating policies. The committee noted that the Liquor and Gaming Authority is making progress towards complying with the recommendation.
34. The committee concurred with recommendation 14A-2 made at page 287 of Chapter 14 (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Liquor and Gaming Authority take steps to recover losses of public money from automated teller machines at Saskatchewan Indian Gaming Authority Inc.'s casinos. The committee noted that the Liquor and Gaming Authority is making progress towards complying with the recommendation.
35. The committee concurred with recommendation 14A-3 made at page 288 of Chapter 14 (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Liquor and Gaming Authority promptly verify Saskatchewan Indian Gaming Authority Inc.'s remittances of slot machine revenues. The committee noted that the Liquor and Gaming Authority has complied with the recommendation.
36. The committee concurred with recommendation 14A-4 made at page 288 of Chapter 14 (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Liquor and Gaming Authority establish adequate rules and procedures to verify that video lottery terminals (VLTs) hold percentages are in accordance with gaming integrity standards. The committee noted that the Liquor and Gaming Authority is making progress towards complying with the recommendation.
37. The committee concurred with recommendation 14A-5 made at page 289 of Chapter 14 (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Liquor and Gaming Authority establish policies and procedures to document the reasons for differences between table game hold percentages and the expected limits. The committee noted that the Liquor and Gaming Authority has complied with the recommendation.
38. The committee concurred with recommendation 14A-6 made at page 290 of Chapter 14 (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 3)* that the Liquor and Gaming Authority register the casino automated teller machine (ATM) service providers. The committee noted that the Liquor and Gaming Authority is making progress towards complying with the recommendation.
39. The committee concurred with recommendation 14B-1 made at page 306 of Chapter 14B (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 3)* that Saskatchewan Indian Gaming Authority Inc. (SIGA) supervises its employees' compliance with SIGA's policies and procedures for bank reconciliations. The committee noted that Saskatchewan Indian Gaming Authority Inc. is making progress towards complying with the recommendation.

40. The committee concurred with recommendation 14B-2 made at page 306 of Chapter 14B (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 3)* that Saskatchewan Indian Gaming Authority Inc. train its employees to help establish a culture of fraud awareness.
41. The committee concurred with recommendation 14B-3 made at page 307 of Chapter 14B (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 3)* that Saskatchewan Indian Gaming Authority Inc. prepare a written assessment of the required numbers, qualifications, and experience of professional accountants and supporting staff. The committee noted that Saskatchewan Indian Gaming Authority Inc. has complied with the recommendation.
42. The committee concurred with recommendation 14B-4 made at page 307 of Chapter 14B (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 3)* that Saskatchewan Indian Gaming Authority Inc. employ sufficient numbers of accountants with appropriate qualifications and experience. The committee noted that Saskatchewan Indian Gaming Authority Inc. has complied with the recommendation.
43. The committee concurred with recommendation 14B-5 made at page 308 of Chapter 14B (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 3)* that Saskatchewan Indian Gaming Authority Inc. make arrangements with suppliers and service providers (switch providers) of all automated teller machines at its casinos. The committee noted that Saskatchewan Indian Gaming Authority Inc. is making progress towards complying with the recommendation.
44. The committee concurred with recommendation 14B-6 made at page 308 of Chapter 14B (Liquor and Gaming Authority) of the *2009 Report of the Provincial Auditor (Volume 3)* that Saskatchewan Indian Gaming Authority Inc. formally assess the risk of loss from automated teller machines and prepare corresponding risk management plan to mitigate the risk to an acceptable level. The committee noted that Saskatchewan Indian Gaming Authority Inc. has complied with the recommendation.
45. It was moved by Mr. Michelson:

That this committee do now adjourn.

The question being put, it was agreed to.
46. The committee adjourned at 2:49 p.m. to the call of the Chair.

Kathy Burianyk
Committee Clerk

Trent Wotherspoon
Committee Chair