

## STANDING COMMITTEE ON PUBLIC ACCOUNTS

Tuesday, June 7, 2011

### MINUTE NO. 36

8:46 a.m. – Room 8

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

#### **Provincial Auditor's Office**

Bonnie Lysyk, Provincial Auditor  
Judy Ferguson, Deputy Provincial Auditor  
Kelly Deis, Principal  
Tara Clemett, Principal  
Jane Knox, Principal  
Kim Lowe, Principal  
Carolyn O'Quinn, Principal  
Victor Schwab, Principal  
Jason Shaw, Manager

#### **Provincial Comptroller's Office**

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

2. The committee considered Chapter 16 (Municipal Affairs) of the *2010 Report of the Provincial Auditor (Volume 2)*. Ms. Lysyk and Ms. Knox 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  
Wanda Lamberti, Executive Director, Central Management Services  
Kathy Rintoul, Acting Executive Director, Grants Administration and Financial Management  
Karlene McMillan, Acting Director of Financial Services, Central Management Services  
Kyle Toffan, Director, Grants Administration

3. The committee recessed from 8:53 a.m. until 8:57 a.m.
4. The committee considered Chapter 9 (Public Service Commission) of the *2010 Report of the Provincial Auditor (Volume 1)*. Ms. Lysyk and Ms. O'Quinn 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  
Karen Aulie, Assistant Chair, Human Resource Client Services  
Don Zerr, Assistant Chair, Corporate Human Resource Management and Employee Relations  
Shelley Whitehead, Special Advisor to the Chair

Raman Visvanathan, Executive Director, Employee Service Centre  
Mike Pestill, Director of Corporate Services

5. The committee concurred with recommendation 9-1 made at page 112 of Chapter 9 (Public Service Commission) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Public Service Commission amend its service level agreements with ministries to clearly assign responsibilities for key payroll activities (i.e., managing payroll overpayments, approving payroll payments, and investigating payroll differences). The committee noted that the Public Service Commission is making progress towards complying with the recommendation.
6. The committee concurred with recommendation 9-2 made at page 113 of Chapter 9 (Public Service Commission) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Public Service Commission implement processes over the recording and collection of payroll overpayments. The committee noted that the Public Service Commission has complied with the recommendation.
7. The committee concurred with recommendation 9-3 made at page 114 of Chapter 9 (Public Service Commission) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Public Service Commission consistently document its review of payroll reports and resolution of matters resulting from its review. The committee noted that the Public Service Commission is making progress towards complying with the recommendation.
8. The committee considered Chapter 18 (Public Service Commission) of the *2010 Report of the Provincial Auditor (Volume 2)*. Ms. Lysyk and Ms. O'Quinn 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

Karen Aulie, Assistant Chair, Human Resource Client Services

Don Zerr, Assistant Chair, Corporate Human Resource Management and Employee Relations

Shelley Whitehead, Special Advisor to the Chair

Raman Visvanathan, Executive Director, Employee Service Centre

Mike Pestill, Director of Corporate Services

9. The committee concurred with recommendation 18-1 made at page 286 of Chapter 18 (Public Service Commission) of the *2010 Report of the Provincial Auditor (Volume 2)* that the Public Service Commission follow its established procedures for removing user access to its computer systems and data. The committee noted that the Public Service Commission has complied with the recommendation.
10. The committee recessed from 9:42 a.m. until 9:48 a.m.
11. The committee considered Chapter 8 (Justice and Attorney General) of the *2010 Report of the Provincial Auditor (Volume 1)*. Ms. Lysyk and Mr. Schwab of the Office of the Provincial Auditor provided an overview of the chapter.

The following Justice and Attorney General officials appeared before the committee and answered questions:

Witnesses

Gerald Tegart, Deputy Minister

Dave Tulloch, Executive Director, Corporate Services Branch

Jan Turner, Executive Director, Community Justice Division

Cathy Drader, Director, Information Management Branch

Brad Gurash, Director, Assurance and Financial Reporting

Dave Wild, Chairperson and Superintendant of Pensions, Saskatchewan Financial Services Commission

Barbara Shourounis, Securities Division, Saskatchewan Financial Services Commission

Allan Snell, Chief Executive Officer, Saskatchewan Legal Aid Commission

Jerome Boyko, Director, Finance, Saskatchewan Legal Aid Commission

12. The committee concurred with recommendation 8-1 made at page 102 of Chapter 8 (Justice and Attorney General) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Ministry of Justice and Attorney General assess its security awareness needs and ensure its security awareness program addresses those needs. The committee noted that the Ministry of Justice and Attorney General is making progress towards complying with the recommendation.
13. The committee concurred with recommendation 8-2 made at page 103 of Chapter 8 (Justice and Attorney General) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Ministry of Justice and Attorney General update its formal plan for its security awareness program and carry out the plan. The committee noted that the Ministry of Justice and Attorney General is making progress towards complying with the recommendation.
14. The committee concurred with recommendation 8-3 made at page 104 of Chapter 8 (Justice and Attorney General) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Ministry of Justice and Attorney General monitor the effectiveness of its security awareness program. The committee noted that the Ministry of Justice and Attorney General is making progress towards complying with the recommendation.
15. The committee considered Chapter 14 (Justice and Attorney General) of the *2010 Report of the Provincial Auditor (Volume 2)*. Ms. Lysyk, Mr. Schwab and Ms. Clemett of the Office of the Provincial Auditor provided an overview of the chapter.

The following Justice and Attorney General officials appeared before the committee and answered questions:

Witnesses

Gerald Tegart, Deputy Minister

Dave Tulloch, Executive Director, Corporate Services Branch

Jan Turner, Executive Director, Community Justice Division

Cathy Drader, Director, Information Management Branch

Brad Gurash, Director, Assurance and Financial Reporting

Dave Wild, Chairperson and Superintendant of Pensions, Saskatchewan Financial Services Commission

Barbara Shourounis, Securities Division, Saskatchewan Financial Services Commission

Allan Snell, Chief Executive Officer, Saskatchewan Legal Aid Commission

Jerome Boyko, Director, Finance, Saskatchewan Legal Aid Commission

16. The committee concurred with recommendation 14-1 made at page 225 of Chapter 14 (Justice and Attorney General) of the *2010 Report of the Provincial Auditor (Volume 2)* that the Ministry of

Justice and Attorney General establish a process to obtain approval for all federal-provincial cost-share agreements in accordance with *The Federal-Provincial Agreements Act*. The committee noted that the Ministry of Justice and Attorney General has complied with the recommendation.

17. The committee concurred with recommendation 14-2 made at page 225 of Chapter 14 (Justice and Attorney General) of the *2010 Report of the Provincial Auditor (Volume 2)* that the Ministry of Justice and Attorney General submit timely claims for all of its cost-share programs. The committee noted that the Ministry of Justice and Attorney General has complied with the recommendation.
18. The committee recessed from 10:25 a.m. until 10:34 a.m.
19. The committee considered Chapter 4 (Corrections, Public Safety and Policing) of the *2010 Report of the Provincial Auditor (Volume 1)*.

The following Corrections, Public Safety and Policing officials appeared before the committee and answered questions:

Witnesses

Al Hinton, Deputy Minister

Marlys Tafelmeyer, Executive Director, Human Resource Services

Margaret Anderson, Executive Director, Corporate Services

Jeff Markewich, Director, Financial Planning Services, Corporate Services

20. The committee concurred with recommendation 4-5 made at page 42 of Chapter 4 (Corrections, Public Safety and Policing) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Ministry of Corrections, Public Safety and Policing set formal thresholds to monitor sick leave and excessive hours worked and communicate these thresholds to corrections workers. The committee noted that the Ministry of Corrections, Public Safety and Policing has complied with the recommendation.
21. The committee concurred with recommendation 4-6 made at page 44 of Chapter 4 (Corrections, Public Safety and Policing) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Ministry of Corrections, Public Safety and Policing monitor and control changes to work schedules to minimize labour costs in correctional centres (e.g., approval of shift trades, pay out of overtime). The committee noted that the Ministry of Corrections, Public Safety and Policing is making progress towards complying with the recommendation.
22. The committee concurred with recommendation 4-7 made at page 45 of Chapter 4 (Corrections, Public Safety and Policing) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Ministry of Corrections, Public Safety and Policing pay corrections workers for actual hours worked. The committee noted that the Ministry of Corrections, Public Safety and Policing is making progress towards complying with the recommendation.
23. The committee concurred with recommendation 4-8 made at page 45 of Chapter 4 (Corrections, Public Safety and Policing) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Ministry of Corrections, Public Safety and Policing establish processes to verify accurate data-entry of hours worked into the payroll system before paying employees. The committee noted that the Ministry of Corrections, Public Safety and Policing is making progress towards complying with the recommendation.

24. The committee concurred with recommendation 4-9 made at page 46 of Chapter 4 (Corrections, Public Safety and Policing) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Ministry of Corrections, Public Safety and Policing periodically analyze absenteeism patterns and regularly report to senior management the risk factors that influence labour costs in correctional centres. The analysis should include all types of absenteeism (e.g. use of sick leave, shift trades) and related overtime costs. The committee noted that the Ministry of Corrections, Public Safety and Policing has complied with the recommendation.
25. The committee concurred with recommendation 4-10 made at page 48 of Chapter 4 (Corrections, Public Safety and Policing) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Ministry of Corrections, Public Safety and Policing establish adequate supervisory roles and responsibilities so that supervisors take prompt action on excessive absenteeism and overtime in correctional centres. The committee noted that the Ministry of Corrections, Public Safety and Policing is making progress towards complying with the recommendation.
26. The committee concurred with recommendation 4-11 made at page 48 of Chapter 4 (Corrections, Public Safety and Policing) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Ministry of Corrections, Public Safety and Policing implement an attendance management policy. The committee noted that the Ministry of Corrections, Public Safety and Policing has complied with the recommendation.
27. The committee considered Chapter 4 (Corrections, Public Safety and Policing) of the *2010 Report of the Provincial Auditor (Volume 2)*. Ms. Lysyk and Mr. Deis of the Office of the Provincial Auditor provided an overview of the chapter.

The following Corrections, Public Safety and Policing officials appeared before the committee and answered questions:

Witnesses

Al Hinton, Deputy Minister

Marlys Tafelmeyer, Executive Director, Human Resource Services

Margaret Anderson, Executive Director, Corporate Services

Jeff Markewich, Director, Financial Planning Services, Corporate Services

28. The committee concurred with recommendation 4-1 made at page 41 of Chapter 4 (Corrections, Public Safety and Policing) of the *2010 Report of the Provincial Auditor (Volume 2)* that the Ministry of Corrections, Public Safety and Policing implement adequate processes to prepare accurate and timely financial records and statements for the Correctional Facilities Industries Revolving Fund. The committee noted that the Ministry of Corrections, Public Safety and Policing has complied with the recommendation.
29. The committee concurred with recommendation 4-2 made at page 42 of Chapter 4 (Corrections, Public Safety and Policing) of the *2010 Report of the Provincial Auditor (Volume 2)* that the Ministry of Corrections, Public Safety and Policing establish adequate written policies and procedures for making payments to First Nations for policing services. The committee noted that the Ministry of Corrections, Public Safety and Policing is making progress towards complying with the recommendation.
30. The committee recessed from 11:10 a.m. until 11:13 a.m.

31. The committee considered Chapter 10 (Saskatchewan Research Council) of the *2010 Report of the Provincial Auditor (Volume 1)*. Ms. Lysyk and Mr. Deis of the Office of the Provincial Auditor provided an overview of the chapter.

32. The following document was tabled:

**PAC 33/26 – Saskatchewan Research Council:** Correspondence in response to Provincial Auditor Report 2010 Volume 1 - Chapter 10 Saskatchewan Research Council, dated June 3, 2011.

33. The committee recessed from 11:16 a.m. until 11:29 a.m.

34. The committee considered Chapter 3 (Agriculture) of the *2010 Report of the Provincial Auditor (Volume 1)*. Ms. Lysyk and Ms. Ferguson 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

Alana Koch, Deputy Minister

Shawn Jacques, Acting General Manager, Saskatchewan Crop Insurance Corporation

Raymond Arscott, Executive Director, Corporate Services Branch

Doug Billett, Director, Crops Branch

Wally Hoehn, Acting Director, Lands Branch

35. The committee concurred with recommendation 3-1 made at page 13 of Chapter 3 (Agriculture) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Milk Control Board set adequate policies for the timely preparation and approval of bank reconciliations and journal entries. The committee noted that the Ministry of Agriculture has complied with the recommendation.

36. The committee concurred with recommendation 3-2 made at page 19 of Chapter 3 (Agriculture) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Crop Insurance Corporation include in its privacy and security policies a requirement for a formal security awareness program. The committee noted that the Ministry of Agriculture has complied with the recommendation.

37. The committee concurred with recommendation 3-3 made at page 19 of Chapter 3 (Agriculture) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Crop Insurance Corporation document who is responsible to ensure that security awareness activities are regularly carried out. The committee noted that the Ministry of Agriculture has complied with the recommendation.

38. The committee concurred with recommendation 3-4 made at page 20 of Chapter 3 (Agriculture) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Crop Insurance Corporation document its plan for delivery of its security awareness program and carry out the plan. The committee noted that the Ministry of Agriculture is making progress towards complying with the recommendation.

39. The committee concurred with recommendation 3-5 made at page 20 of Chapter 3 (Agriculture) of the *2010 Report of the Provincial Auditor (Volume 1)* that the Saskatchewan Crop Insurance Corporation monitor the effectiveness of its security awareness program. The committee noted that the Ministry of Agriculture is making progress towards complying with the recommendation.

40. The committee considered Chapter 3 (Agriculture) of the *2010 Report of the Provincial Auditor (Volume 2)*. Ms. Lysyk and Ms. Ferguson 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

Alana Koch, Deputy Minister

Shawn Jacques, Acting General Manager, Saskatchewan Crop Insurance Corporation

Raymond Arscott, Executive Director, Corporate Services Branch

Doug Billett, Director, Crops Branch

Wally Hoehn, Acting Director, Lands Branch

41. The committee concurred with recommendation 3-1 made at page 26 of Chapter 3 (Agriculture) of the *2010 Report of the Provincial Auditor (Volume 2)* that the Ministry of Agriculture develop processes to collect sufficient information on petroleum and natural gas leased lands to enable it to charge the correct surface lease rates as set out in *The Provincial Land Regulations*. The committee noted that the Ministry of Agriculture has complied with the recommendation.
42. The committee concurred with recommendation 3-2 made at page 27 of Chapter 3 (Agriculture) of the *2010 Report of the Provincial Auditor (Volume 2)* that the Ministry of Agriculture prepare a written information technology plan. The committee noted that the Ministry of Agriculture is making progress towards complying with the recommendation.
43. The committee concurred with recommendation 3-3 made at page 28 of Chapter 3 (Agriculture) of the *2010 Report of the Provincial Auditor (Volume 2)* that the Ministry of Agriculture have tested disaster recovery plans for its critical computer systems. The committee noted that the Ministry of Agriculture is making progress towards complying with the recommendation.
44. The committee concurred with recommendation 3-4 made at page 28 of Chapter 3 (Agriculture) of the *2010 Report of the Provincial Auditor (Volume 2)* that the Ministry of Agriculture obtain assurance from the Information Technology Office on the operating effectiveness of Information Technology Office's controls over its client systems and data and assess the impact of deficient controls on Agriculture's operations. The committee noted that the Ministry of Agriculture is making progress towards complying with the recommendation.
45. The committee concurred with recommendation 3-5 made at page 28 of Chapter 3 (Agriculture) of the *2010 Report of the Provincial Auditor (Volume 2)* that the Ministry of Agriculture follow its procedures for making timely changes to computer user access. The committee noted that the Ministry of Agriculture is making progress towards complying with the recommendation.
46. The committee concurred with recommendation 3-6 made at page 30 of Chapter 3 (Agriculture) of the *2010 Report of the Provincial Auditor (Volume 2)* that the Ministry of Agriculture follow its procedures for reconciling its detailed records to its financial records. The committee noted that the Ministry of Agriculture is making progress towards complying with the recommendation.
47. The committee considered the draft Third Report.
48. It was moved by Mr. Hart:

That the committee do now meet *in camera*.

The question being put, it was agreed to.

49. The committee met *in camera* from 12:05 p.m. until 12:18 p.m.

50. It was moved by Mr. Hart:

That the draft Third Report of the Standing Committee on Public Accounts be adopted and that the final report be approved by the Steering Committee and filed with the Clerk pursuant to Rule 135(6).

The question being put, it was agreed to.

51. It was moved by Mr. Hart:

That this committee do now adjourn.

The question being put, it was agreed to.

52. The committee adjourned at 12:21 p.m. to the call of the Chair.

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Kathy Burianyk  
Committee Clerk

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Trent Wotherspoon  
Committee Chair