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# STANDING COMMITTEE ON PUBLIC ACCOUNTS

## SECOND REPORT

April 22<sup>nd</sup>, 1997

2<sup>nd</sup> SESSION of the 23<sup>rd</sup> LEGISLATURE

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

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### I. INTRODUCTION

Mr. Aldridge, Chair of the Standing Committee on Public Accounts, presents the Committee's second report of the twenty-third Legislature.

#### **Business Conducted**

Since its last report to the Legislative Assembly on June 13<sup>th</sup>, 1996 (Sessional Paper No. 200), your Committee held 11 meetings. The meetings took place after the Spring adjournment of the First Session of the Twenty-third Legislature. During these meetings your Committee resumed examination of the Provincial Auditor's recommendations contained in both the *Schedule of Provincial Audit Recommendations* and the Provincial Auditor's *Spring 1996 Report* (Sessional Paper No. 145).

As noted in the First Report of the Committee, the *Schedule of Provincial Audit Recommendations* was adopted to serve as a framework for consideration of the outstanding business of the Twenty-Second Legislature. Your Committee is pleased to report that it has concluded examination of the business related to the last Legislature (in compliance to its Order of Reference dated March 1, 1996) and will conclude its review of the *Spring 1996 Report* of the Provincial Auditor. The observations, conclusions and recommendations contained in this report are based on the Committee's examination of testimony heard to the end of its meeting of January 6<sup>th</sup>, 1997. It is the Committee's intention to begin examination of the *Fall 1996 Report* during the current sitting of the Legislative Assembly and initiate review of the *Spring 1997 Report* of the Provincial Auditor once it is tabled.

Because the *Schedule of Provincial Audit Recommendations* was an internal document, and was not disseminated beyond the Committee, the sections applicable to this report are attached as ***Appendix A***.

Your Committee is also pleased to report that its proceedings, including Hansard verbatims of meetings, minutes, reports and other information are now available to the public on the Standing Committee on Public Accounts web page, which forms part of the Assembly's Internet web site.

#### **Acknowledgments**

Your Committee elected Mr. Aldridge to preside as chair on January 6<sup>th</sup>, 1997. The Committee expresses its gratitude to Mr. Gantefer, who served in the position of Chair from March 19, 1996 until January 6<sup>th</sup>, 1997. Mr. Gantefer stepped down from the Committee on April 11<sup>th</sup>, 1997. The Committee also appreciates the service of Mr. Flavel, who left the Committee on April 7<sup>th</sup>.

The Committee expresses its appreciation to the Office of the Clerk for administrative support and procedural advice, to the Provincial Auditor and staff, to the Provincial Comptroller and staff, to Hansard, and to the many witnesses who appeared before the Committee. A list of witness is attached to this report as **Appendix B**.

## **II. MATTERS OF CONTINUING INTEREST**

### **Government's Response To The First Report**

Your Committee thanks the Government of Saskatchewan for its reply to the First Report. The response of the Minister of Finance to the Committee's first 16 recommendations was reviewed in accordance with the operating principles the Committee adopted May 26, 1992 and February 1, 1993. The Committee's observations are recorded in **Appendix C** of this report.

### **Recommendations From Committee Reports of Previous Legislatures**

On October 24, 1994, the Standing Committee on Public Accounts requested that the Provincial Comptroller make a status report on the recommendations recorded in Appendix V of the Provincial Auditor's report for 1992-93, which the government believes to have been resolved. As was noted in the First Report of this Committee that the Provincial Comptroller did provide a memorandum on this matter, which was tabled in the Committee on April 23, 1996. Your Committee studied this memorandum at its January 6<sup>th</sup>, 1997 meeting and is pleased to report that all the recommendations noted have been resolved to the satisfaction of the members of the Committee and the Provincial Auditor.

## **III. SCHEDULE OF PROVINCIAL AUDIT RECOMMENDATIONS (OUTSTANDING BUSINESS)**

### **SECTION K - CROWN INVESTMENTS CORPORATION (CIC)**

#### **Definition and Disclosure of Public Policy Objectives (Section K.1)**

Your Committee noted the Provincial Auditor's recommendation, concerning the definition and disclosure of public policy objectives for CIC and Part II Crown corporations. It is the Committee's view that the issue is more properly left to the consideration of the Standing Committee on Crown Corporations so therefore recommends as follows:

#### **RECOMMENDATION 17**

***The Legislative Assembly request the Standing Committee on Crown Corporations to examine whether the Crown Investments Corporation of Saskatchewan should ensure that the government's public policy objectives for CIC and Part II Crown corporations are clearly defined and presented to the Legislative Assembly for scrutiny.***

#### **Financial Plan and Reporting Guidelines (Section K.2)**

Your Committee concurs with the Provincial Auditor's recommendation, concerning the development of guidelines for financial plans for the investments, commitments and corporations which CIC oversees and notes it is satisfied that CIC has complied.

### **Review of Crown Corporation Plans by Legislative Assembly (Section K.3)**

Your Committee noted the recommendation of the Provincial Auditor that Crown corporation financial plans should be referred through the Legislative Assembly to the Standing Committee on Crown Corporations. It is your Committee's view that the issue should be considered by the Standing Committee on Crown Corporations, therefore recommends as follows:

### **RECOMMENDATION 18**

***The Legislative Assembly request the Standing Committee on Crown Corporations to examine whether the Crown Investments Corporation of Saskatchewan should provide a summary of its plans and its subsidiaries to the Assembly for use by the Standing Committee on Crown Corporations.***

### **Public Accountability (Section K.4)**

Your Committee noted the Provincial Auditor's recommendation that the annual reports of CIC and its subsidiary Crown corporations should contain a comparison of planned activities to actual results. It is your Committee's view that the issue should be considered by the Standing Committee on Crown Corporations, therefore recommends as follows:

### **RECOMMENDATION 19**

***The Legislative Assembly request the Standing Committee on Crown Corporations to examine whether the annual reports of the Crown Investments Corporation of Saskatchewan and its subsidiary Crown corporations should contain a comparison of planned activities to actual results.***

### **Tabling of Financial Statements of CIC Subsidiaries and Superannuation Plans (Section K.5)**

Your Committee concurs with the Provincial Auditor's recommendation that the Legislative Assembly should receive financial statements for all CIC subsidiary Crown corporations and superannuation plans, except when a confidentiality clause prohibits the release of such information. Your Committee reports that CIC intends to comply with the recommendation unless a confidentiality clause exists with a private sector partner, which prohibits the tabling of financial records.

### **Definition and Disclosure of Public Policy Expenditures (Section K.6)**

Your Committee concurs with the Provincial Auditor's recommendation that the financial plans of CIC and Part II Crown corporations should show the source of funding for public policy expenditures. Your Committee reports it is satisfied that CIC has complied with the recommendation.

### **Timely and Complete Budgets (Section K.7)**

With respect to the Provincial Auditor's recommendation that the CIC Board should approve a budget and business plan for CIC on a consolidated basis (including its subsidiaries), and for the activities CIC plans to carry out through CIC III, your Committee concurs only as far as the issue pertains to budgets. On the matter of the business plan, your Committee is of the opinion that the recommendation should be examined by the Standing Committee on Crown Corporations. Therefore, your Committee makes the following recommendation:

### **RECOMMENDATION 20**

***The Legislative Assembly request the Standing Committee on Crown Corporations to examine whether the Board of CIC should approve the business plan for CIC on a consolidated basis (including its subsidiaries) and for the activities CIC plans to carry out through CIC III.***

#### **Timely Financial Reports (Section K.8)**

Your Committee concurs with the Provincial Auditor's recommendation that CIC should report interim financial statements for its activities on a consolidated basis to its Board, as well as the activities carried out through CIC III, including a comparison of planned and actual results. Your Committee reports it is satisfied that CIC is now complying with the recommendation.

#### **Standard Estimates for Pension Plan Liabilities (Section K.9)**

Your Committee concurs with the Provincial Auditor's recommendation that CIC should ensure Part II Crown corporations use government approved estimates for computing pension liabilities. Your Committee reports it is satisfied that CIC is working to comply with the recommendation.

#### **Approval for Investments in Corporations (Section K.10)**

Your Committee considered the Provincial Auditor's recommendation concerning the need for CIC to obtain Lieutenant Governor in Council approval for all share purchases. On this matter your Committee makes the following recommendation:

#### **RECOMMENDATION 21**

***Where legally required, the Crown Investments Corporation should obtain Lieutenant Governor in Council approval for all share purchases.***

#### **Investment Analysis (Section K.11)**

It is your Committee's opinion that the subject of the Provincial Auditor's recommendation, being the need for investment analysis for each significant investment and commitment CIC holds or plans to hold, is more properly addressed by the Standing Committee on Crown Corporations. Therefore, your Committee makes the following recommendation:

#### **RECOMMENDATION 22**

***The Legislative Assembly request the Standing Committee on Crown Corporations to examine the matter of analysis of each significant investment and commitment CIC holds or plans to hold.***

### **SECTION L - DEPARTMENT OF AGRICULTURE AND FOOD**

#### **Saskatchewan Canola Development Commission (Section L.1)**

Your Committee concurs with the recommendation of the Provincial Auditor that the Saskatchewan Canola Development Commission should submit its annual report by the date required by law. Your Committee notes, however, that the existing reporting deadline is too close to the Commission's July 31<sup>st</sup> year end and the Department of Agriculture and Food plans to submit legislative changes during the current session of the Legislative Assembly to rectify the problem.

#### **SPI Marketing Group - Preparation of a Financial Plan (Sections L.2)**

Your Committee adopted the Provincial Auditor's recommendation as follows:

### **RECOMMENDATION 23**

***The SPI Marketing Group Board should require management to prepare a complete financial plan for SPI.***

#### **SPI Marketing Group - Timely Approval of Financial Plan (Sections L.3)**

Your Committee concurs with the Provincial Auditor's recommendation that the SPI Marketing Group Board should approve SPI's financial plan before the beginning of the fiscal year. Your Committee reports it is satisfied that SPI Marketing Group has complied with the recommendation.

#### **SPI Marketing Group - Monthly Financial Statements (Sections L.4)**

Your Committee adopted the Provincial Auditor's recommendation as follows:

### **RECOMMENDATION 24**

***The SPI Marketing Group Board should require management to prepare monthly financial statements that compare actual results with the approved financial plan.***

#### **SPI Marketing Group - Control Systems (Sections L.5)**

Your Committee adopted the Provincial Auditor's recommendation as follows:

### **RECOMMENDATION 25**

***The SPI Marketing Group Board should require management to prepare written policies and procedures for the Board's approval.***

#### **Moose Jaw Packers (1974) Ltd. - Preparation of Financial Plan (Sections L.6)**

Your Committee adopted the Provincial Auditor's recommendation as follows:

### **RECOMMENDATION 26**

***The Board of Moose Jaw Packers (1974) Ltd. should require management to prepare a financial plan for Moose Jaw Packers (1974) Ltd.***

#### **Moose Jaw Packers (1974) Ltd. - Timely Approval of Financial Plan (Sections L.7)**

Your Committee concurs with the Provincial Auditor's recommendation that the

The Board of Moose Jaw Packers (1974) Ltd. should approve the company's financial plan before the beginning of the fiscal year. Your Committee reports it is satisfied that Moose Jaw Packers Ltd. is making progress towards complying with the recommendation.

#### **Moose Jaw Packers (1974) Ltd. - Monthly Financial Statements (Sections L.8)**

Your Committee adopted the Provincial Auditor's recommendation as follows:

## **RECOMMENDATION 27**

***The Board of Moose Jaw Packers (1974) Ltd. should require management to prepare monthly financial statements that compare actual results with the approved financial plan.***

## **SECTION M - DEPARTMENT OF EDUCATION, TRAINING AND EMPLOYMENT**

### **Prairie West Regional College (Section M.1)**

In consideration of the Provincial Auditor's recommendation concerning an error made in the financial statements of Prairie West Regional College for the year ended June 30<sup>th</sup>, 1994, your Committee reports that the mistake has been corrected and matter requires no further action.

### **Saskatchewan Indian Regional College (Section M.2)**

Your Committee examined the options provided in the Provincial Auditor's recommendation that either the Saskatchewan Indian Regional College should comply with *The Regional Colleges Act* or, alternatively, legislative changes are required to exempt the Saskatchewan Indian Regional College from the Act. In consideration of this issue, your Committee makes the following recommendation:

## **RECOMMENDATION 28**

***a) The Department of Post Secondary Education and Skills Training should continue to work with the Saskatchewan Indian Regional College; continue to respect aboriginal self-government and political accord issues; remove the Saskatchewan Indian Institute of Technologies from the legal requirements of The Regional Colleges Act and;***

***b) Legislative changes could be achieved through introduction in the Legislative Assembly of a Private Members' bill initiated by the Saskatchewan Indian Regional College.***

## **SECTION N - DEPARTMENT OF FINANCE**

### **Superannuation Funds (Section N.1)**

Your Committee adopted the Provincial Auditor's recommendation as follows:

## **RECOMMENDATION 29**

***The Government should give timely financial statements of Superannuation Funds to the Legislative Assembly.***

### **Saskatchewan Pension Plan (Section N.2)**

Your Committee adopted the Provincial Auditor's recommendation as follows:

## **RECOMMENDATION 30**

***The Government should issue Regulations providing direction for the handling of profits or losses from annuity underwriting.***

### **SaskPen Properties and SP Two Properties Ltd. (Sections N.3 and N.4)**

Your Committee considered recommendations related to SaskPen Properties and SP Two Properties Ltd, which were raised by the Provincial Auditor in previous reports, through its review of Chapter 22 of the Spring 1996 report, which is noted below.

## **SECTION O - DEPARTMENT OF SOCIAL SERVICES**

### **Written Criteria for Case Plans (Section O.1)**

Your Committee concurs with the recommendation of the Provincial Auditor that social workers should be provided with complete written guidelines to carry out, record and revise case plans. Your Committee reports it is satisfied that the Department is making progress towards complying with the recommendation.

### **Criteria for Identification of Clients (Section O.2)**

Your Committee concurs with the recommendation of the Provincial Auditor that the Department of Social Services should establish criteria to identify clients most likely to benefit from case planning. Your Committee reports it is satisfied that the Department is making progress towards complying with the recommendation.

### **Record System for Case Plans (Section O.3)**

Your Committee concurs with the recommendation of the Provincial Auditor that the Department of Social Services should establish a system to consistently record current case planning information and progress towards clients. Your Committee reports it is satisfied that the Department is making progress towards complying with the recommendation.

### **Evaluation of Case Plans (Section O.4)**

Your Committee concurs with the recommendation of the Provincial Auditor that when a records system is in place the Department should evaluate the effects of case planning. Your Committee reports it is satisfied that the Department is making progress towards complying with the recommendation.

## **SECTION P - SASKATCHEWAN GOVERNMENT GROWTH FUND MANAGEMENT CORPORATION (SGGF)**

### **Investment Rules (Section P.1)**

Your Committee concurs with the recommendation of the Provincial Auditor that SGGF management should invest funds held for investors in eligible businesses as required by The Canada Immigration Regulations, but reports that the matter is best resolved through changes to the said federal regulations. Your Committee has requested that the Provincial Auditor contact the Auditor General of Canada to discuss means to resolve this issue.

## **SECTION Q - SASKATCHEWAN OPPORTUNITIES CORPORATION**

### **Requirement of a Board of Directors (Section Q.1)**

Your Committee concurs with the recommendation of the Provincial Auditor, that the government should appoint Boards of Directors before entities start operations. Your Committee reports that the Government will comply with the recommendation.

## **SECTION R - SASKATCHEWAN POWER CORPORATION**

### **Lieutenant Governor in Council Approval for Property Sale by Subsidiary (Section R.1)**

Your Committee noted a difference of opinion between the Provincial Auditor and the Department of Justice concerning whether Lieutenant Governor in Council approval should have been obtained before the selling of real property by Channel Lake Petroleum Ltd. (a subsidiary of SaskPower Corp.). It is your Committee's opinion that a transgression did not occur and for this reason your Committee does not support the recommendation. Your Committee, however, is interested in clarification of this matter by Executive Council. Therefore, your Committee recommends as follows:

### **RECOMMENDATION 31**

***Executive Council provide clarification as to the legislative powers of Crown corporation subsidiary companies, with respect to the selling of real property with a sale price exceeding \$150,000.***

### **Tabling of Financial Statements for Subsidiaries (Section R.2)**

Your Committee concurs with the Provincial Auditor's recommendation that the financial statements for Channel Lake Petroleum Ltd., Northern Enterprises Fund Inc., Power Greenhouses Inc., and the Power Corporation Superannuation Plan should be tabled in the Legislative Assembly. Your Committee reports that SaskPower Corporation is in the process of complying with the recommendation.

## **SECTION S - SASKATCHEWAN TRANSPORTATION CORPORATION (STC)**

### **Computer System Information Security and Confidentiality Policy (Sections S.1)**

Your Committee concurs with the recommendation of the Provincial Auditor that STC should establish a written computer information systems security and confidentiality policy. Your Committee reports that STC is making progress towards complying with the recommendation.

### **Control for Changes to Computer System (Sections S.2)**

Your Committee concurs with the recommendation of the Provincial Auditor that STC should adequately control changes made to computer programs and information stored on its computer system. Your Committee reports that STC is making progress towards complying with the recommendation.

### **Rules and Procedures for Recording Cash Sales (Sections S.3)**

Your Committee concurs with and strongly supports the recommendation of the Provincial Auditor that STC should establish rules and procedures for the recording of cash sales. Your Committee reports that STC is making progress towards complying with the recommendation.

### **Contingency Plan for failure of Computer System (Sections S.4)**

Your Committee concurs with the recommendation of the Provincial Auditor that STC should prepare and test a written contingency plan for its information system. Your Committee reports that STC is making progress towards complying with the recommendation.

## **IV. EXAMINATION OF THE SPRING 1996 REPORT OF THE PROVINCIAL AUDITOR**



## **CHAPTER 8 - DEPARTMENT OF HEALTH**

### **Service Agreements with District Health Boards**

Your Committee concurs with the recommendation made at paragraph 8.27, concerning the reporting requirements of District Health Board service agreements. In consideration of this matter, it is your Committee's observation that service agreements are an important accomplishment with respect to accountability. It is your Committee's point of view that the Provincial Auditor's recommendation should be complied with as agreements are renewed. Therefore, your Committee makes the following recommendation:

#### **RECOMMENDATION 32**

***As service agreements come up for renewal, the Department of Health and District Health Boards should work together to ensure compliance with the Provincial Auditor's recommendation that service agreements include a requirement for District Health Boards to report periodically on the systems and practices they use to achieve the Department of Health's financial, operational and compliance objectives.***

### **Timely Submission of Health Plans by District Health Boards**

Your Committee concurs with the recommendation made at paragraph 8.33, concerning the need for timely submission of Health Plans by the District Health Boards to the Department of Health. In consideration of this matter, your Committee noted that the Health Plans are an example of improved accountability and that the Department is working to assist the District Health Boards comply with the recommendation within the coming year.

### **Three-year Plan for Funding to District Health Boards**

In consideration of the recommendation of the Provincial Auditor made at paragraph 8.34, concerning the need for a three year funding plan for District Health Boards, your Committee agreed in principle but noted that in practice a number of budgeting variables might prevent compliance. Therefore, your Committee makes the following recommendation:

#### **RECOMMENDATION 33**

***The Department of Health should, to the best of its ability, provide the District Health Boards with an indication of their funding levels over the next two or three years.***

### **Periodic Reports from District Health Boards**

Your Committee adopted the recommendation made at paragraph 8.39 as follows:

#### **RECOMMENDATION 34**

***The Department of Health should work with District Health Boards to ensure the District Health Boards submit all periodic reports on time.***

### **Reports on District Health Boards Internal Controls**

Your Committee adopted the recommendation made at paragraph 8.44 as follows:

#### **RECOMMENDATION 35**

***The Department of Health should follow-up District Health Board audit reports and take corrective action.***

#### **Rules and Procedures for Preparation of Internal Financial Reports**

Your Committee concurs with the recommendation made at paragraph 8.49, concerning the necessity for written rules for the preparation of internal financial reports. Your Committee reports that progress is being made by the Department of Health to comply with the recommendation.

#### **Approval of Rules and Procedures for Internal Financial Reports**

Your Committee adopted the Provincial Auditor's recommendation made at paragraph 8.50 as follows:

#### **RECOMMENDATION 36**

***The Deputy Minister of Health should approve in writing the rules and procedures for internal financial reports.***

#### **Internal Financial Reports**

In consideration of the recommendation made by the Provincial Auditor at paragraph 8.55, concerning the improvement of internal financial reports, your Committee makes the following recommendation:

#### **RECOMMENDATION 37**

***The Department of Health review its internal financial reports to ensure they meet the needs of senior management to plan adequately and appropriately in relation to the Provincial Auditor's recommendation 8.55.***

#### **Transfer of Health Benefit Information to New Computer System**

Your Committee concurs with the recommendations made at paragraph 8.63 and 8.64, concerning the approval and transfer of information from one computer system to another. Your Committee reports that the Department Health intends to comply with the recommendation and in future transfers and approval by senior management will be documented.

#### **Reporting Guidelines for District Health Boards**

Your Committee concurs with the recommendations made at paragraphs 8.72 and 8.73, concerning the identification of what information the Department of Health requires District Health Boards (DHBs) to report to the Minister of Health. Your Committee reports that the Department is continuing to work with the Office of the Provincial Auditor and DHBs in order to comply with the recommendations.

#### **Compliance by District Health Boards with Monthly Reporting Requirements**

Your Committee concurs with the recommendation made at paragraph 8.77, that the reporting requirements of *The Hospital Standards Act* should be complied with or, if the information is not required on a monthly basis, the Act should be amended. Your Committee reports that the Department is receiving the information it needs on a quarterly basis pursuant to *The District Health Boards Act*, therefore the Department intends to comply with the Provincial Auditor's recommendation by seeking the requisite changes to *The Hospital Standards Act*.

#### **Authorization of Equipment Purchases by District Health Boards**

Your Committee concurs with the recommendation made at paragraph 8.82, that either the Department should approve the purchase of equipment by DHBs as required by the regulations of *The Hospital Standards Act*, or the Department should seek changes to the regulations. Your Committee reports that recent changes to *The District Health Boards Act* also requires DHBs to obtain approval of the Minister of Health to purchase equipment, therefore the Department will comply with the recommendation by having *The Hospital Standards Act* regulations repealed.

#### **Ministerial Approval of Transactions made by District Health Boards**

Your Committee concurs with the recommendation made at paragraph 8.87, concerning the need for proper Ministerial approval of transactions relating to the borrowing of money; purchase, lease or sale of real property; and facility construction or renovation. Your Committee reports that regulations have now been passed to specify when ministerial approval is required by DHBs for these types of transactions.

#### **Authority for Pay and Expenses of District Health Board Members**

Your Committee concurs with the recommendation made at paragraph 8.94, concerning the necessity for Order-in-Council authorization of pay and expenses for District Health Board members. Your Committee reports that the Department has complied with the recommendation by obtaining an appropriate Order-in-Council.

#### **Method of Accounting Charges to the Department of Health Appropriation**

In consideration of the Provincial Auditor's recommendation made at paragraph 8.100, concerning the method of accounting for certain charges to the Department's appropriation, your Committee noted a disagreement about the applicable accounting rules. It is your Committee's desire that the two sides of this question come to an agreement. Therefore, your Committee makes the following recommendation:

#### **RECOMMENDATION 38**

***The Provincial Auditor, the Department of Health, and the Department of Finance work together and attempt to resolve the issue of accounting raised in paragraph 8.100.***

#### **Annual Report to the Assembly**

Your Committee concurs with the recommendation made at paragraph 8.112, that the Department's annual report should provide a summary of its financial and operational plans, performance targets and actual results. Your Committee reports that the Department intends to comply with the recommendation.

#### **Reporting of District Health Board Summary Information**

Your Committee concurs with the recommendation made at paragraph 8.113, that the Department should work toward providing the Assembly with summary financial information on the costs of DHB services, the health status of residents and effectiveness of DHB programmes. Your Committee reports that the Department intends to comply with the recommendation.

#### **Saskatchewan Cancer Foundation Payee List**

Your Committee concurs with the recommendation made at paragraph 8.121, concerning the provision of a list of persons who received money from the Saskatchewan Cancer Foundation (SCF), and reports that the SCF has complied.

#### **Saskatchewan Cancer Foundation Annual Financial Statements**

Your Committee concurs with the recommendation made at paragraph 8.124, concerning the inclusion of comparative information in the annual financial statements of the Saskatchewan Cancer Foundation, and reports that the SCF has complied in its fiscal year 1995-96 statement.

#### **Saskatchewan Cancer Foundation Strategic Planning**

Your Committee concurs with the recommendation made at paragraph 8.133, concerning the development of a future strategic plan by the Saskatchewan Cancer Foundation. Your Committee reports that the SCF has agreed to take into account the strategic planning recommendations of the Provincial Auditor.

#### **Agreements with the Health Services Utilization and Research Commission**

Your Committee concurs with the recommendation made at paragraph 8.164, that agreements between the Department and the Health Services Utilization and Research Commission (HSURC) should give the HSURC authority to meet its responsibilities. Your Committee reports that the Department has complied with the recommendation.

#### **Health Services Utilization and Research Commission Payee List**

Your Committee concurred with the recommendation made at paragraph 8.167, concerning the provision of a list of payees to the Assembly by the Health Services Utilization and Research Commission, and reports that the Commission intends to comply.

#### **La Ronge Hospital Policy and Procedure Manual**

Your Committee concurs with the recommendation made at paragraph 8.176, concerning the need for the preparation and approval of a written policy and procedure manual by the La Ronge Hospital Board, and reports that the Board is taking measures to comply.

#### **La Ronge Hospital Board Reporting Requirements**

Your Committee concurs with the recommendation made at paragraph 8.181, that the La Ronge Hospital Board should define and document its periodic financial reporting requirements. Your Committee reports that the Board is taking measures to comply.

#### **La Ronge Hospital Financial Reports**

Your Committee concurs with the recommendation made at paragraph 8.185, which outlines specific improvements necessary to improve the internal financial reports made by the La Ronge Hospital to its Board. Your Committee reports that measures have been taken in order to comply with the recommendation.

#### **La Ronge Hospital Computer Disk Storage**

Your Committee concurs with the recommendation made at paragraph 8.189, concerning the safe storage of computer disks by the La Ronge Hospital, and reports that the Hospital is taking measures to comply.

#### **La Ronge Hospital Capital Assets Records**

Your Committee concurs with the recommendation made at paragraph 8.193 and 8.194, concerning the keeping of records of all capital assets by the La Ronge Hospital and comparison of capital assets to hospital records. Your Committee reports that the Hospital is taking measures to comply with the recommendations.

### **Submission of Information to the Minister by La Ronge Hospital**

Your Committee concurs with the recommendation made at paragraph 8.197, that the La Ronge Hospital should submit the information required by *The Hospital Standards Act* to the Minister of Health. Your Committee reports that the Hospital is taking measures to comply.

### **La Ronge Hospital Board Decisions made without Quorum**

Your Committee concurs with the recommendation made at paragraph 8.202, that the La Ronge Hospital Board should ensure quorum is present to ratify decisions and reports that the Board is taking measures to comply.

### **La Ronge Hospital Payee List**

Your Committee concurs with the recommendation made at paragraph 8.206, concerning the provision of a list of payees by the La Ronge Hospital to the Legislative Assembly, and reports that the Hospital is taking measures to comply.

### **Saskatchewan Prescription Drug Fund Payee List**

In consideration of the Provincial Auditor's recommendation made at paragraph 8.213, concerning the provision of a list of persons who receive money from the Saskatchewan Prescription Drug Fund, your Committee became concerned that such a list might inadvertently lead to the release of confidential personal medical information. Therefore, your Committee recommends the following:

### **RECOMMENDATION 39**

***The Department of Health further review the issue of disclosure of persons who receive money from the Saskatchewan Prescription Drug Fund and report back to the Public Accounts Committee on the implications of adopting the Provincial Auditor's recommendation 8.213.***

## **CHAPTER 10 - DEPARTMENT OF EDUCATION, TRAINING AND EMPLOYMENT**

Your Committee points out that since Chapter 10 of the Report of the Provincial Auditor was prepared, the Department of Education, Training and Employment has evolved into two departments: The Department of Post-Education and Skills Training and the Department of Education (Saskatchewan Education). Although the two departments continue to share a common Finance and Operations Division, in some instances the Committee has found it necessary to remark separately on how each of the departments has responded to the recommendations of the Provincial Auditor.

### **Calculation of Pension Benefits**

Your Committee concurs with the recommendation made at paragraph 10.22, that rules and procedures to compute changes to pension benefits should be established, and reports that the departments have taken steps to ensure compliance.

### **Reporting Responsibilities of Universities and School Divisions**

In consideration of the recommendation made at paragraphs 10.34, concerning whether school divisions and Universities should report how well they safeguard and spend public money, your Committee came to the following conclusions. With respect to Universities, the Committee concurs with the recommendation and reports that progress

is being made to ensure compliance. With respect to school divisions, your Committee reports that the recommendation has been complied with as far as required by The Education Act.

### **University and School Division Annual Reports to the Legislative Assembly**

In consideration of the recommendation made at paragraphs 10.35, concerning whether school divisions and Universities should table reports in the Legislative Assembly on how well they safeguard and spend public money, your Committee came to the following conclusions. With respect to Universities, the Committee concurred with the recommendation and noted that progress is being made to ensure compliance. With respect to school divisions, your Committee acknowledges the importance of locally elected school boards to safeguard public money, and acknowledges that the Department is continuing to seek to improve accountability to the public and to the Legislative Assembly.

### **Information Provided in Reports of Agencies Funded by the Departments**

In consideration of the recommendations made at paragraph 10.39, 10.40 and 10.41, concerning information provided in the reports of agencies that the departments fund and the tabling of the said reports in the Legislative Assembly, your Committee came to the following conclusions. With respect to post-secondary education, the Committee concurred with the recommendations and noted that progress is being made to ensure compliance. With respect to school divisions (K to 12), your Committee reports that the Department of Education will consult with the Provincial Auditor and others on the issue of improving public accountability of the province's public education system.

### **Standards for Preparation of Financial Statements**

Your Committee concurs with the recommendation made at paragraph 10.46, that school divisions should use Canadian Institute of Chartered Accountants standards for financial statements, and reports that the Department of Education is taking steps to ensure compliance.

### **SIAST Contract Revenue Records**

Your Committee concurs with the recommendation made at paragraph 10.56, that the Saskatchewan Institute of Applied Science and Technology (SIAST) should establish rules and procedures to record contract revenues in the correct accounting period. Your Committee reports that SIAST has complied with the recommendation.

### **SIAST System Development Controls**

Your Committee concurs with the recommendation made at paragraph 10.61, that SIAST should establish appropriate system development controls. Your Committee reports that SIAST has complied with the recommendation.

### **SIAST Human Resource Plan**

Your Committee concurs with the recommendation made at paragraph 10.67, that SIAST should establish a long-term human resource plan. Your Committee reports that SIAST is working towards implementing the said recommendation.

### **SIAST Internal Audit**

Your Committee concurs with the recommendation made at paragraph 10.75, that SIAST should establish an internal audit function that reports directly to the SIAST audit committee. Your Committee reports that SIAST has complied with the recommendation.

### **SIAST Internal Operations Review**

Your Committee concurs with the recommendation made at paragraph 10.78, that SIAST develop procedures to determine expected benefits of any international operations. Your Committee reports that SIAST is working towards complying with the said recommendation.

### **Interest Subsidy Period for Loans made in 1986/87**

In consideration of the Provincial Auditor's recommendation made at paragraph 10.90, concerning the interest subsidy period for students who obtained loans from the Student Aid Fund in year 1986/87, your Committee reviewed the background of the issue and recommends the following:

### **RECOMMENDATION 40**

***The Department of Post-Secondary Education and Skills Training deal with any student who received a loan in 1986-87 and who requests a review of their repayment on a case by case basis.***

### **Verification of Information on Student Loans Applications**

Your Committee concurs with the recommendation made at paragraph 10.98, that the Department should verify critical information on student loan applications, and reports that the Department has corrected the problem.

### **Teachers' Superannuation Plan Data**

Your Committee concurs with the recommendation made at paragraph 10.110, that the Teachers' Superannuation Commission should ensure its computer system contains accurate and complete data on members of the Teachers' Superannuation Plan. Your Committee notes that the Commission has complied with this recommendation.

### **Teachers' Superannuation Commission New Computer System**

Your Committee concurs with the recommendation made at paragraph 10.111, that the Teachers' Superannuation Commission should update its computer procedure manual to include policies and procedures for its new computer system. Your Committee notes that the Commission has complied with this recommendation.

### **Teachers' Superannuation Commission Internal Financial Reports**

Your Committee concurs with the recommendation made at paragraph 10.118, that the Teachers' Superannuation Commission should provide written guidance on the format and frequency of internal financial reports. Your Committee notes that the Commission has complied with this recommendation.

### **Teachers' Superannuation Commission Annual Reports**

Your Committee concurs with the recommendation made at paragraph 10.124, that the Teachers' Superannuation Commission should table its annual report by the date required by law. Your Committee reports that the said report has been released and will be formally tabled during the second session of the present Legislature.

### **Teachers' Superannuation Commission Investments**

Your Committee concurs with the recommendation made at paragraph 10.131, that the investments of the Teachers' Superannuation Commission should comply with the law. Your Committee reports that the Commission has complied with this recommendation.

### **Registry of Teachers' Superannuation Commission Investments**

Your Committee concurs with the recommendation made at paragraph 10.136, that Teachers' Superannuation Plan shares in Greystone Capital Management Inc. should be properly registered. Your Committee reports that the Commission is working with the Department of Justice to ensure it is in compliance with the law.

### **New Careers Corporation Internal Financial Reports**

Your Committee concurs with the recommendation made at paragraph 10.143, that New Careers Corporation (NCC) should establish written rules and procedures for the preparation of internal financial reports. Your Committee reports that NCC complied with the recommendation on March 1, 1996.

### **New Careers Corporation Method of Accounting for Construction Revenue**

Your Committee concurs with the recommendation made at paragraph 10.147, that New Careers Corporation should improve its accounting for construction revenue using the accrual basis of accounting. Your Committee reports that NCC has complied with the recommendation.

### **New Careers Corporation Approval of Journal Entries**

Your Committee concurs with the recommendation made at paragraph 10.150, that New Careers Corporation should provide evidence that its management has approved changes to accounting records. Your Committee reports that NCC will comply with the recommendation by the end of the 1996-97 fiscal year.

## **CHAPTER 11 - DEPARTMENT OF JUSTICE**

### **Periodic Financial Reports**

Your Committee concurs with the recommendation made at paragraph 11.12, concerning the establishment of written policies and procedures for the preparation of periodic financial reports for approval by the Deputy Minister. Your Committee reports that Department has complied with the recommendation.

### **Internal Financial Reports of Programs**

Your Committee concurs with the recommendation made at paragraph 11.13, concerning the improvement of internal financial reports for program areas and the use of accrual accounting principles for internal financial reports. Your Committee reports that progress is being made by the Department to comply.

### **Segregation of Employee Duties**

Your Committee concurs with the recommendation made at paragraph 11.19, that the Department should segregate the duties of employees using the Department's fine collection computer system. Your Committee reports that progress is being made by the Department to comply.

### **Firearms Control Agreement with Government of Canada**

Your Committee concurs with the recommendation made at paragraph 11.25, that the Department should establish a financial agreement with the Government of Canada for firearms control. Your Committee reports that the Department has complied with the recommendation.

### **Adherence to Financial Administration Manual Guidelines**



Your Committee concurs with the recommendation made at paragraph 11.32, that the Department should either adhere to the government's Financial Administration Manual (FAM) or seek an exemption. Your Committee reports that the Department has subsequently received an exemption.

#### **New Financial System**

Your Committee concurs with the recommendation made at paragraph 11.37, that the Department should adhere to the FAM when it changes or starts new financial systems. Your Committee reports that the Department has complied with the recommendation.

#### **Credit Policy**

Your Committee concurs with the recommendation made at paragraph 11.46, that approval should be obtained to extend credit to customers for a period exceeding 30 days for Correctional Facilities Industries Revolving Fund projects. Your Committee reports that the Department has complied with the recommendation.

#### **Inventory Records**

Your Committee concurs with the recommendation made at paragraph 11.52, that the Department should either keep inventory records for projects conducted through the Correctional Facilities Industries Revolving Fund or seek an exemption from the Provincial Comptroller. Your Committee reports the Department is now in compliance with the recommendation.

#### **Monitoring Costs of Large Contracts**

Your Committee concurs with the recommendation made at paragraph 11.57, that the Department should establish rules and procedures to monitor the costs of large contracts made under the Correctional Facilities Industries Revolving Fund. Your Committee reports that the Department has complied with the recommendation.

### **CHAPTER 14 - DEPARTMENT OF ECONOMIC DEVELOPMENT**

#### **Funding of The Saskatchewan Tourism Authority**

Your Committee concurs with the recommendation made at paragraph 14.15, that the Department should comply with its own established procedures to ensure funds given to the Saskatchewan Tourism Authority are spent for the Department's purposes. Your Committee reports that the Department has complied with the recommendation.

#### **Ministerial Assistants**

Your Committee concurs with the recommendation made at paragraph 14.19, that the Department should ensure that the time reports of ministerial assistants show the activities they undertook in the month. Your Committee reports that action has been taken to correct the problem.

### **CHAPTER 15 - DEPARTMENT OF ENERGY AND MINES**

#### **Payments to NewGrade Energy Inc.**

Your Committee reports that it disagrees with the Provincial Auditor's recommendations made at paragraphs 15.15 and 15.16, concerning the accounting of future payments to NewGrade Energy Inc. and the reporting of the payments of expenses. It is your Committee's view that the Department is in compliance with the accounting requirements provided for in section 24 of *The Financial Administration Act*, as it pertains to Order-in-Council 7/89.

### **Audits of Potash and Uranium Producers' Tax/Royalty Returns**

Your Committee concurs with the recommendation made at paragraph 15.27, that the Department should carry out timely audits of potash and uranium producers' tax/royalty returns. Your Committee reports that progress is being made by the Department to comply.

### **Saskatchewan Energy Conservation and Development Authority Reports**

Your Committee concurs with the recommendations made at paragraphs 15.35 and 15.38, concerning the content of the annual financial statements of the Saskatchewan Energy Conservation and Development Authority (SECD). However, your Committee reports that the organization has been wound-down.

## **CHAPTER 19 - DEPARTMENT OF HIGHWAYS AND TRANSPORTATION**

### **Interim Financial Reporting**

Your Committee concurs with the recommendation made at paragraph 19.20, that the Department of Highways and Transportation should clearly document and follow rules and procedures for the preparation of interim financial reports. Your Committee reports that the Department is working to correct the problem and progress is being made in order to fully comply with the recommendation by April 1, 1998.

### **Compliance with Purchasing Policy**

Your Committee concurs with the recommendation made at paragraph 19.28, that the Department of Highways and Transportation should comply with established government purchasing policy and its own purchasing procedures. In consideration of the matter of purchasing policy, your Committee reports that the Department has complied with the recommendation but is also seeking an amendment to government purchasing policy to permit the local purchase of supplies whenever it is practical to do so. Your Committee supports this initiative.

### **Ministerial Assistants**

Your Committee concurs with the recommendation made at paragraph 19.32, that the Department of Highways and Transportation should ensure that the time reports of ministerial assistants show the activities they undertook in the month and that an appropriate person certify the report. Your Committee reports that the Department has corrected the problem and is now in compliance with the recommendation.

### **Highways Revolving Fund Accounting Manuals**

Your Committee concurs with the recommendation made at paragraph 19.39, that the accounting manuals of the Highways Revolving Fund should be updated to define clearly the roles and responsibilities of the Fund's accounting staff and the accounting policies and procedures for the Fund. Your Committee reports that the Department of Highways and Transportation has made progress in correcting the problem and that it intends to fully comply with the recommendation by April 1, 1998.

### **Highways Revolving Fund Quarterly Financial Statements**

Your Committee concurs with the recommendation made at paragraph 19.40, that submission of Highways Revolving Fund quarterly financial statements to Treasury Board should be made within thirty days after the close of each quarter. Your Committee reports that the Department has complied with the recommendation.

### **Procedures for Computer System Development**

Your Committee concurs with the recommendation made at paragraph 19.49, that the Department of Highways and Transportation should comply with established rules and procedures for computer system development. Your Committee reports that the Department has complied with the recommendation.

#### **Access to Computer System**

Your Committee concurs with the recommendation made at paragraph 19.50, that the Department of Highways and Transportation should adequately restrict access to its computer systems. Your Committee reports that the Department has complied with the recommendation.

#### **Financial Reporting System**

Your Committee concurs with the recommendation made at paragraph 19.54, that the Department of Highways and Transportation should formally define and document its financial reporting needs and assess the cost effectiveness of its accounting system. Your Committee reports the Department has taken a stopgap measure in order to comply with the recommendation during the interim before the implementation of its new financial system in April, 1998.

#### **Transportation Partnerships Corporation Report**

Your Committee concurs with the recommendation made at paragraph 19.60, that the Minister responsible should table in the Assembly a report for the Transportation Partnerships Corporation, pursuant to section 15(3) of *The Crown Corporations Act, 1993*. Your Committee reports that the Department of Highways and Transportation has taken steps to ensure compliance.

### **CHAPTER 20 - DEPARTMENT OF MUNICIPAL GOVERNMENT**

#### **Lottery License Agreements with Sask Sport**

Your Committee concurs with the recommendation made at paragraph 20.11, concerning the content of the Department's lottery license agreement with Sask Sport. Your Committee reports that the Department has taken steps to ensure that the next agreement complies with the points addressed in the Provincial Auditor's observations and recommendations.

#### **Management of the Municipal Infrastructure Program**

Your Committee concurs with the recommendation made at paragraph 20.16, that the Department should obtain a written agreement with the Provincial Secretary for management of the Infrastructure Program. Your Committee reports that the Department has complied with this recommendation.

#### **Standards for Local Government Financial Statements**

Your Committee concurs with the recommendation made at paragraph 20.21, that the Department should require local governments to adopt the Canadian Institute of Chartered Accountants standards for financial statements. Your Committee reports that the Department is working with local governments to implement the said standards in all 847 municipalities in Saskatchewan.

#### **Revenue Distributions by the Municipal Potash Tax Sharing Administration Board**

Your Committee concurs with the recommendation made at paragraph 20.29, that the Municipal Potash Tax Sharing Administration Board should make payments to municipalities based on authorized rates. Your Committee reports that the mistake referred to in the Auditor's report has been corrected and the Board is now in compliance with the recommendation.

### **Payments from the Northern Revenue Sharing Trust Account**

Your Committee concurs with the recommendation made at paragraph 20.37, that payments made by the Northern Revenue Sharing Trust Account should be in adherence to the *Northern Revenue Sharing Grant Regulations*. Your Committee reports that the regulations have been amended to reflect northern construction phases and that payments are now in accordance with the legal requirements.

### **Review and Approval of the Saskatchewan Archives Board Budget**

Your Committee concurs with the recommendation made at paragraphs 20.49, that the Board of Directors should review and approve the Saskatchewan Archives Board (SAB) budget by the start of the fiscal year. Your Committee reports that the SAB is now in compliance with the recommendation.

### **Accounting Standards for Preparation of Saskatchewan Archives Board Budget**

Your Committee concurs with the recommendation made at paragraphs 20.50, that the budget of the Saskatchewan Archives Board should be prepared using the accrual standard of accounting. Your Committee reports that the SAB budget is now prepared using accrual accounting methods.

### **Preparation of Timely Interim Financial Reports by the Saskatchewan Archives Board**

Your Committee concurs with the recommendation made at paragraph 20.55, that the Saskatchewan Archives Board should prepare timely interim financial reports using accrual accounting standards and that the reports should compare the budget with actual results and explain variances. Your Committee reports that the SAB has complied with the recommendation.

### **Use of Interim Reports to Monitor Saskatchewan Archives Board Operations**

Your Committee concurs with the recommendation made at paragraph 20.56, that the Saskatchewan Archives Board of Directors and its management should use interim financial reports to monitor operations. Your Committee reports that the SAB is now in compliance with the recommendation.

### **Saskatchewan Archives Board Office Space and Administration Agreements**

Your Committee concurs with the recommendation made at paragraph 20.63, that the Saskatchewan Archives Board should have written contracts with the University of Saskatchewan and Saskatchewan Property Management Corporation for office space and administrative and accounting services. Your Committee reports that written agreements are being drafted so that the SAB will be in compliance with the recommendation.

### **Saskatchewan Archives Board Equipment Records**

Your Committee concurs with the recommendations made at paragraphs 20.69, that the Saskatchewan Archives Board should keep records of all its equipment. Your Committee reports that the SAB has complied with the recommendation.

### **Accounting for Saskatchewan Archives Board Equipment**

Your Committee concurs with the recommendations made at paragraphs 20.70, that the Saskatchewan Archives Board should periodically count its equipment and compare the count with its records. It was noted that the SAB has complied with the recommendation.

### **Saskatchewan Archives Board Goods and Services Tax Status**

Your Committee concurs with the recommendation made at paragraph 20.73, that the Saskatchewan Archives Board GST tax status needs clarification. Your Committee reports that the SAB has clarified its GST tax status with the Department of Finance and with Revenue Canada.

#### **Saskatchewan Archives Board Payee List**

Your Committee concurs with the recommendation made at paragraph 20.76, that the Saskatchewan Archives Board should list its payees and table the list in the Legislative Assembly. Your Committee reports that the list is expected to be included in the next SAB annual report.

#### **Saskatchewan Arts Board Payee List**

Your Committee concurs with the recommendation made at paragraph 20.83, that the Saskatchewan Arts Board should list its payees and table the list in the Legislative Assembly. Your Committee reports that the list is expected to be included in the next Saskatchewan Arts Board annual report.

#### **Saskatchewan Centre of the Arts Payments to Promoters**

Your Committee concurs with the recommendation made at paragraph 20.92, that the Saskatchewan Centre of the Arts management should follow established rules and procedures to ensure the accuracy of payments to promoters. Your Committee reports that the Saskatchewan Centre of the Arts has complied with the recommendation.

#### **Saskatchewan Centre of the Arts Out-of -Province Activity**

Your Committee concurs with the recommendations made at paragraphs 20.97 and 20.98, concerning authority for out of province activity by the Saskatchewan Centre of the Arts. Your Committee reports that the Saskatchewan Centre of the Arts has complied with the recommendations by deciding not to operate outside the province.

#### **Preparation of Saskatchewan Heritage Foundation Budget**

Your Committee concurs with the recommendation made at paragraph 20.109, that the Saskatchewan Heritage Foundation (SHF) management should prepare a financial plan (budget). Your Committee reports that the SHF has complied with the recommendations.

#### **Approval of Saskatchewan Heritage Foundation Financial Plan**

Your Committee concurs with the recommendation made at paragraphs 20.110, that the SHF Board should approve a financial plan before the beginning of each fiscal year. Your Committee reports that the SHF has complied with the recommendation.

#### **Content of Internal Saskatchewan Heritage Foundation Financial Reports**

Your Committee concurs with the recommendations made at paragraph 20.111, that the SHF should require its management to prepare internal financial reports that compare actual results with the approved financial plan. Your Committee reports that the SHF has complied with the recommendation.

#### **Approval of Saskatchewan Heritage Foundation Policies and Procedures**

Your Committee concurs with the recommendation made at paragraph 20.115, that the Saskatchewan Heritage Foundation Board should require its management to submit written policies and procedures for approval. Your Committee noted that the SHF Board has complied with the recommendation.

### **Proper Authorization for Payment of Saskatchewan Heritage Fund Grants**

Your Committee concurs with the recommendation made at paragraph 20.118, that the Saskatchewan Heritage Foundation should ensure payments to grantees comply with agreements. Your Committee reports that it is the intention of the SHF to comply with the recommendation.

### **Approval Needed to Open Saskatchewan Heritage Foundation Bank Accounts**

Your Committee concurs with the recommendation made at paragraph 20.122, that the Saskatchewan Heritage Foundation should obtain the Provincial Comptroller's approval to open bank accounts, pursuant to section 610-2.04 of the Financial Administration Manual. Your Committee reports that the SHF has received approval from the Provincial Comptroller to open the bank account in question so is now in compliance with the recommendation.

### **Content of Saskatchewan Lotteries Trust Fund Financial Statements**

Your Committee concurs with the recommendation made at paragraph 20.130, that the financial statements of the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation should show a comparison of actual results to planned results.

### **Approval of Saskatchewan Lotteries Trust Fund Financial Statements**

Your Committee concurs with the recommendation made at paragraph 20.134, that the Department should obtain Treasury Board approval for the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation financial statements. Your Committee reports that the Department will ensure that in future the requisite approval is obtained from the Provincial Comptroller.

### **Western Development Museum Accounting Policies and Procedures**

Your Committee concurs with the recommendation made at paragraph 20.141, that the Western Development Museum (WDM) should ensure its accounting policies and procedures are up to date, formally approved and adequate. Your Committee reports that WDM is presently developing a manual of accounting policies in order to comply with the Auditor's recommendation.

### **Policy for Western Development Museum Internal Financial Reports**

Your Committee concurs with the recommendation made at paragraph 20.146, that the management of the Western Development should prepare and the WDM board of directors should approve written policies and procedures for preparation of the WDM's internal financial reports. Your Committee reports that the WDM board of directors approved a statement of internal financial reporting policy and procedures on March 8, 1996.

## **CHAPTER 22 - GREYSTONE CAPITAL MANAGEMENT INC. / SCHEDULE OF PROVINCIAL AUDIT RECOMMENDATIONS -- SASKPEN PROPERTIES AND SP TWO PROPERTIES LTD.**

Your Committee deliberated on the question whether the Office of the Provincial Auditor should be permitted to audit the accounts of Greystone Capital Management Inc. (Greystone), SaskPen Properties and SP Two Properties Ltd. Greystone acts as an investment manager for the pension funds of a number of government agencies, as well as for other clients. For a number of years this question has been the subject of disagreement between the Office of the Provincial Auditor and the noted investment companies, especially Greystone Capital Management Inc. (previously Investment Corporation of Saskatchewan). This question came before the Committee most recently through recommendations N.3 and N.4 of the *Schedule of Provincial Audit Recommendations* and Chapter 22 of the Provincial Auditor's *Spring 1996 Report*.

In consideration of this matter, your Committee heard testimony in support of both sides of the issue. Your Committee also had reference to separate legal opinions prepared for the Office of the Provincial Auditor and Greystone Capital Management Inc. As well, your Committee requested and received legal opinions from both the Legislative Counsel and Law Clerk and the Department of Justice. With the exception of the legal advice received by the Provincial Auditor, your Committee reports that no other legal opinion supported the Provincial Auditor's position. Therefore, it is your Committee's conclusion that Greystone Capital Management Inc., SaskPen Properties and SP Two Properties Ltd. are not subject to an audit under *The Provincial Auditor Act*. Your Committee considers this matter closed.

Respectfully submitted,

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Gerard Aldridge, Chair

Standing Committee on Public Accounts

Standing Committee on Public Accounts				
Schedule of Provincial Audit Recommendations				
	Organization	Topic	Recommendations	Report, Chapter & Page
<b>K. Crown Investments Corporation (CIC)</b>				
K.1	CIC	Public Policy Objectives Need to be Defined and Disclosed	.13 CIC should ensure the Government's public policy objectives for CIC and the Part II Crowns are clearly defined and presented to the Assembly for scrutiny.	1993 Annual Ch.8, Crown Investments Corporation of Saskatchewan, p.62
K.2	CIC	Financial Plan and	.17 CIC should develop	1993 Annual

		Reporting Guidelines Needed	guidelines for preparing financial plans and provide those guidelines to managers of the investments, commitments and corporations which CIC oversees.	Ch.8, Crown Investments Corporation of Saskatchewan, p.63
K.3	CIC	Assembly Review of Crown Corporation Plans	.08 CIC should provide a summary of the plans for CIC and its subsidiaries to the Assembly for use by the Crown Corporations Committee.	1994 Fall  Ch.7, Crown Investments Corporation of Saskatchewan, p.70
K.4	CIC	Public Accountability	.15 CIC should ensure its annual report and the annual reports of its subsidiary Crown corporations include comparisons of planned activities to actual results.	1995 Fall  Ch.7, Crown Investments Corporation of Saskatchewan, pp.70-71
K.5	CIC	Financial statements not provided to the Assembly	.39 CIC should ensure the Assembly receives financial statements for all its subsidiaries and its superannuation plans.	1995 Fall  Ch.7, Crown Investments Corporation of Saskatchewan, p.74
K.6	CIC	Public Policy Expenditures Need to be Defined and Disclosed	.26 The financial plans of CIC and the Part II Crowns should show the source of funding for public policy expenditures.	1993 Annual  Ch.8, Crown Investments Corporation of Saskatchewan, p.64
K.7	CIC	Timely and Complete Budgets Needed	.23 The Board should approve a budget and business plan for CIC on a consolidated basis (including its subsidiaries) and for the activities CIC plans to carry out through CIC III.	1995 Fall  Ch.7, Crown Investments Corporation of Saskatchewan, pp.71-72
K.8	CIC	Timely Financial Reports Needed	.28 The Board should receive interim financial statements for CIC's activities on a consolidated basis and for the activities carried out through CIC III, including a comparison of planned and actual results.	1995 Fall  Ch.7, Crown Investments Corporation of Saskatchewan, p.72



K.9	CIC	Standard Estimates for Pension Plan Liabilities Needed	.38 CIC should ensure Part II Crowns use Government approved estimates for computing pension liabilities.	1993 Annual  Ch.8, Crown Investments Corporation of Saskatchewan, p.65
K.10	CIC	Investments in corporations	.34 CIC should obtain Lieutenant Governor in Council approval for all share purchases.	1995 Fall  Ch.7, Crown Investments Corporation of Saskatchewan, p.73
K.11	CIC	Investment Analysis Needed	.66 For each significant investment and commitment CIC holds or plans to hold, the Assembly should receive the following information: <ul style="list-style-type: none"> <li>• specific and clearly defined objectives;</li> <li>• criteria to determine if those objectives are achieved;</li> <li>• expected costs and revenues of the investment or commitment;</li> <li>• the source of funding; and</li> <li>• the management structure to be used to ensure objectives are achieved and any corrective action required is taken.</li> </ul>	1993 Annual  Ch.8, Crown Investments Corporation of Saskatchewan, pp.70-71
<b>L. Department of Agriculture and Food</b>				
L.1	Sask. Canola Dev. Commission	Annual report needs to be timely	.12 The Commission should submit its annual report by the date required by law.	1995 Fall  Ch.8, Department of Agriculture and Food, p.79
L.2	SPI Marketing	Better information	.27 The Board should require	1995 Fall

	Group	required	management to prepare a complete financial plan for SPI.	Ch.8, Department of Agriculture and Food, p.81
L.3	SPI Marketing Group	Better information required	.28 The Board should approve SPI's financial plan before the beginning of the fiscal year.	1995 Fall Ch.8, Department of Agriculture and Food, p.81
L.4	SPI Marketing Group	Better information required	.29 The Board should require management to prepare monthly financial statements that compare actual results with the approved financial plan.	1995 Fall Ch.8, Department of Agriculture and Food, p.81
L.5	SPI Marketing Group	Control systems require approval	.33 The Board should require management to prepare written policies and procedures for the Board's approval.	1995 Fall Ch.8, Department of Agriculture and Food, p.81
L.6	Moose Jaw Packers (1974) Ltd.	Better information required	.48 The Board should require management to prepare a financial plan for MJP.	1995 Fall Ch.8, Department of Agriculture and Food, p.83
L.7	Moose Jaw Packers (1974) Ltd.	Better information required	.49 The Board should approve MJP's financial plan before the beginning of the fiscal year.	1995 Fall Ch.8, Department of Agriculture and Food, p.83
L.8	Moose Jaw Packers (1974) Ltd.	Better information required	.50 The Board should require management to prepare monthly financial statements that compare actual results with the approved financial plan.	1995 Fall Ch.8, Department of Agriculture and Food, p.83

### **M. Department of Education, Training and Employment**

M.1	Prairie West Regional College	The College's financial statements contain an error	.25 The College should table a correction to its financial statements in the Legislative Assembly.	1995 Fall Ch.9, Department of Education, Training and
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				Employment, p.90
M.2	Sask. Indian Regional College	<i>The Regional Colleges Act</i>	.41 The College should comply with <i>The Regional Colleges Act</i> . Alternatively, the Department of Education, Training and Employment should propose changes to the Act to exempt the College from the requirements of the Act.	1995 Fall  Ch.9, Department of Education, Training and Employment, p.92
<b>N. Department of Finance</b>				
N.1	Finance  (Superannuation Funds)	Late financial statements	.13 The Government should give timely financial statements to the Legislative Assembly.	1995 Fall  Ch.10, Department of Finance, p.98
N.2	Sask. Pension Plan	Annuity underwriting	.23 The Government should issue Regulations providing direction for the handling of profits or losses from annuity underwriting.	1995 Fall  Ch.10, Department of Finance, p.99
N.3	SaskPen Properties and SP Two Properties Ltd.	Inability to discharge our duties	.39 SaskPen and SP Two should allow us to audit their accounts.	1995 Fall  Ch.10, Department of Finance, p.101
N.4	SaskPen Properties and SP Two Properties Ltd.	Inability to discharge our duties	.40 The financial statements of SaskPen and SP Two should be tabled in the Legislative Assembly.	1995 Fall  Ch.10, Department of Finance, p.101
<b>O. Department of Social Services</b>				
O.1	Social Services	General Conclusion	.23 The Department should provide workers with complete written guidance to carry out, record and revise case plans.	1995 Spring  Ch.15, Department of Social Services, p.174
O.2	Social Services	General Conclusion	.24 The Department should establish clear criteria to identify clients most likely to benefit from case planning.	1995 Spring  Ch.15, Department of Social Services, p.174

O.3	Social Services	General Conclusion	.25 The Department should provide a system that helps workers consistently record current case planning information and progress toward client goals.	1995 Spring  Ch.15, Department of Social Services, p.174
O.4	Social Services	General Conclusion	.26 When a system that captures the necessary information and consistently records case plans is in place, the Department should evaluate the effects of case planning.	1995 Spring  Ch.15, Department of Social Services, p.174

#### **P. Saskatchewan Government Growth (SGGF) Management Corporation**

P.1	SGGF Mgmt Corporation	Investment rules not met	.08 Management should invest funds held for investors in eligible businesses as required by The Canada Immigration Regulations.	1995 Fall  Ch.13, Saskatchewan Government Growth Fund Management Corporation, p.116
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#### **Q. Saskatchewan Opportunities Corporation**

Q.1	Sask. Opport. Corporation	Board of Directors required	.09 The Government should appoint Boards of Directors before entities start operations.	1995 Fall  Ch.14, Saskatchewan Opportunities Corporation, p.120
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#### **R. SaskPower Corporation**

R.1	SaskPower Corporation	Lieutenant Governor in Council approval required	.13 SaskPower should obtain Lieutenant Governor in Council Approval before selling real property held by Channel Lake Petroleum Ltd. with a sale price exceeding \$150,000.	1995 Fall  Ch.15, Saskatchewan Power Corporation, p.125
R.2	SaskPower Corporation	Public accountability	.17 The Government should table financial statements of Channel Lake Petroleum Ltd., Northern Enterprises Fund Inc., Power Greenhouses Inc. and	1995 Fall  Ch.15, Saskatchewan Power Corporation, p.126

			The Power Corporation Superannuation Plan in the Legislative Assembly.	
<b>S. Saskatchewan Transportation Corporation</b>				
S.1	STC	Information system needs improvements	.12 STC should establish a written information security and confidentiality policy that includes adequate rules and procedures to monitor and control access to its computer system.	1995 Fall  Ch.16, Saskatchewan Transportation Company, pp.130-131
S.2	STC	Information system needs improvements	.13 STC should adequately control changes made to its computer programs and information stored on its computer systems.	1995 Fall  Ch.16, Saskatchewan Transportation Company, p.131
S.3	STC	Information system needs improvements	.15 STC should establish adequate rules and procedures for recording cash sales.	1995 Fall  Ch.16, Saskatchewan Transportation Company, p.131
S.4	STC	Information system needs improvements	.14 STC should prepare a written contingency plan and test the plan.	1995 Fall  Ch.16, Saskatchewan Transportation Company, p.131

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### Office of the Provincial Auditor -- List of Officials

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Bashar Ahmad, General Director  
 Mobashar Ahmad, General Director  
 Brian R. Atkinson, Executive Director  
 Robert Black, Director-Value for Money  
 Ray Bohn, Director  
 Phil Creaser, Director  
 Kelly Deis, Auditor  
 Robert Drotar, Senior Auditor  
 Rosemarie Evelt, Manager  
 Judy D. Ferguson, Executive Director

Rod Grabarczyk, Manager  
Bill Harasymchuk, Manager  
Garnet Harrison, Auditor  
Mike Heffernan, Executive Director  
Jane Knox, Principal  
Andrew Martens, Manager  
Ed Montgomery, Director  
Gordon Neill, Q.C., Merchant Law Group  
Loyd Orrange  
Joshua Pion, Auditor  
Scott Smith, Auditor  
Wayne Strelieff, Provincial Auditor  
Fred Wendel, Assistant Provincial Auditor  
Leslie Wendel, Manager

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#### **Office of the Provincial Comptroller -- List of Officials**

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Chris Bayda, Financial Management Branch  
Dan Dufour, Analyst  
Jim Fallows, Manager, Financial Management Branch  
Shawn Grice, Analyst  
Chris Martin, Senior Analyst  
Terry Paton, Provincial Comptroller  
Lori Taylor, Manager, Financial Services  
Dave Tullock, Senior Analyst, Financial Management Branch  
Elaine Wood, Senior Analyst, Financial Management Branch

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#### **List of Witnesses who appeared before the Committee**

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N. Duane Adams, Deputy Minister, Department of Health  
Ken Alecxe, Associate Deputy Minister, Culture and Recreation Division, Municipal Government  
Tony Antonini, Executive Director, Finance and Administration, New Careers Corporation

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#### **List of Witnesses who appeared before the Committee**

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Stu Armstrong, Executive Director, Northern Region, Department of Highways and Transportation  
Patti Beatch, Vice President, Finance, Crown Investment Corporation  
Gary K. Benson, President, Saskatchewan Government Growth Management Corporation  
Donald Black, President, Greystone Capital Management Inc.  
Mae Boa, Executive Director, Department of Education  
Larry Chaykowski, Director, Finance and Administration, Municipal Government  
Dean Clark, Director, Heritage Branch, Municipal Government  
Ray Clayton, Deputy Minister of Energy and Mines  
W. Brent Cotter, Q.C., Deputy Minister of Justice and Deputy Attorney General  
Nancy Croll, Chair, SaskPen Properties and Chair, SP Two Properties Ltd.  
Ron Davis, Assistant Deputy Minister, Municipal Services Division, Municipal Government  
Craig Dotson, Deputy Minister, Department of Education  
Bill Duncan, Director, Financial Services Branch, Department of Social Services  
Ron Hewitt, Q.C., Assistant Deputy Minister, Registry Services, Department of Justice  
Con Hnatiuk, Deputy Minister, Department of Social Services  
Ronald Holgerson, Director, Arts, Cultural Industries and Multiculturalism Branch, Municipal Government  
Donna Johnson, Director, Administration, Economic Development  
W. Davern Jones, Deputy Minister, Department of Finance  
Brian King, Deputy Minister, Department of Highways and Transportation  
Clare Kirkland, Deputy Minister, Economic Development  
Doug Koepke, Manager of Accounts, Department of Energy and Mines  
Donald Koop, Assistant Deputy Minister of Finance and Administration, Department of Energy and Mines  
Barry Lacey, Acting Director of Integrated Financial Services, Finance & Management Services Branch, Department of Health  
Wanda Lamberti, Financial Analyst, Finance and Management Services Branch, Department of Health  
Wolfgang Langenbacher, Acting Director of Administration, Finance and Management Services Branch, Department of Health  
Kathy Langlois, Executive Director, Finance & Management Services Branch, Department of Health  
Stella LaRocque, Assistant Director, Administrative Services, Department of Justice  
Keith Laxdal, Associate Deputy Minister, Finance and Administration, Department of Justice  
John McLaughlin, Executive Director, Teachers' Superannuation Commission, Department of Education  
Murray McLaughlin, Deputy Minister, Department of Agriculture  
Don Metz, Special Advisor to the Deputy Minister, Department of Highways and Transportation  
Terry Paton, Provincial Comptroller, Department of Finance  
Dan Perrins, Deputy Minister, Post-Secondary Education and Skills Training  
Ken Petruic, Department Accountant, Department of Agriculture  
Ken Pontikes, Deputy Minister of Municipal Government

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## List of Witnesses who appeared before the Committee

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Brady Salloum, Director, Student Financial Assistance, Post-Secondary Education and Skills Training

Brian Smith, Executive Director, PEBA, Department of Finance

Elizabeth Smith, Director, Administrative Services, Department of Justice

Lily Stonehouse, Assistant Deputy Minister, Post-Secondary Education and Skills Training

Ron Styles, Associate Deputy Minister, Housing Division, Municipal Government

Dick Till, Executive Director, Corrections, Department of Justice

Lynn Tulloch, Executive Director, Corporate Information Services, Department of Highways and Transportation

Bill Van Sickle, Executive Director, Administration, Department of Finance

Phil Walsh, Director, Income Security, Department of Social Services

Bill Werry, Executive Director, Sport, Recreation and Lotteries Branch, Municipal Government

Roy White, Senior Marketing Officer, Marketing Development Branch, Department of Agriculture

Bob Wihlidal, Director, Budget Branch, Department of Social Services

John Wright, President and Chief Executive Officer, Crown Investment Corporation

Jack Zepp, Director, Administrative Services, Department of Agriculture

The First Report of the Standing Committee on Public Accounts was tabled in the Legislative Assembly on June 13<sup>th</sup>, 1996 (*Sessional Paper 200*) and concurred in the same day. The government's response to the report was received by the Chair on October 28<sup>th</sup> and distributed to members of the Public Accounts Committee on October 31<sup>st</sup>, 1996. The response was subsequently tabled in the Committee on December 12<sup>th</sup>, 1996 (*Tabled document PAC 13/23*) and reviewed on December 12<sup>th</sup> and December 13<sup>th</sup>, 1996.

First Report	Summary of Committee Deliberation on the Government Response to First Report of the Standing Committee on Public Accounts
<b>Recommendations</b>	
<b>Recommendation 1</b>  The government consider recommendations B.1, B.2 and B.3 contained in the <u>Schedule of Provincial Audit Recommendations</u> and report on whether or not any information would be provided to the public through such a report, that is not already provided through the provincial budget; the Public Accounts; and through departmental and Crown corporation annual reports.	Having considered the Government's response in light of its own deliberations on this matter, the Committee is satisfied that the desired information is already available in various government publications. Therefore, the Committee agreed to reject the Provincial Auditor's recommendation that the Government publish a government-wide annual report.
<b>Recommendation 2</b>  1. The government study the implications and issues related to the achievement of the goal of a multi-year financial plan for the government as a whole; and	The Committee is satisfied with the Government's explanation that it currently prepares a comprehensive financial plan, and that multi-year budgeting on a



<ol style="list-style-type: none"> <li>2. As to the matter of an annual financial plan showing proposed revenue-raising programs and spending programs of all government organizations, and the matter of a multi-year plan for all government organizations, this Committee recommends that the Office of the Provincial Auditor, the Crown Investments Corporation and the Department of Finance undertake discussions on this issue, and return to this Committee with a joint report; and</li> <li>3. During these discussions, the Committee asks that the advice of the Institute of Chartered Accountants of Saskatchewan and the Provincial Audit Committee be sought.</li> </ol>	<p>government wide basis would significantly impact a number of government processes, including governance, financial planning and reporting. Consequently the Committee decided that it is premature for the Government to consider moving towards multi-year, government-wide planning information until such time as there have been standards and consistency developed for reporting this information.</p>
<p><b>Recommendation 3</b></p> <p>The government amend <i>The Tabling of Documents Act</i> to enable the tabling of reports through the Office of the Clerk when the Assembly is not sitting.</p>	<p>The Committee took note of the Government's explanation that it has acted to ensure that key documents are released on a timely basis and that progress has been made towards complying with the recommendation. The Committee looks forward to further progress.</p>
<p><b>Recommendation 4</b></p> <p>The Government direct the Crown Investments Corporation to develop and issue annual report guidelines for agencies under its jurisdiction to ensure that annual reports describe: what the Crown agency is all about; what the Crown agency has done; where the Crown agency is now; and what the Crown agency plans to do.</p>	<p>The Committee noted the Minister's response that the Crown Investments Corporation is currently considering adoption of the annual report disclosure requirements of the Toronto Stock Exchange. The Committee awaits the Government's decision on this matter.</p>
<p><b>Recommendation 5</b></p> <p>a) The government provide the Legislative Assembly with a final, concluding report on the implementation of the Gass Commission [Financial Management Review Commission];</p> <p>b) The report should detail which recommendations have been implemented, which recommendations have not been implemented and should be, and what plans are in place to do so; and which recommendations should not be implemented, and the reasons why not.</p> <p>c) The government should release background papers, studies and all other materials that can be appropriately released along with this report.</p>	<p>The Committee noted the Government's response that many of the issues raised by the Gass Commission have been resolved. The Committee looks forward to the final and concluding report on the implementation of Gass Commission recommendations.</p>
<p><b>Recommendation 6</b></p> <p>a) The Government should advise each Crown agency's Board of Directors which general law provides broad powers and duties to specific government officials or groups (e.g., Cabinet,</p>	<p>The Committee notes that the Government agrees with the issue and is committed to take appropriate measures. The Committee awaits to see the results of the measures taken by the Government to comply with the recommendation.</p>

<p>Treasury Board, Ministers and the Board of CIC).</p> <p>b) The responsible government official or group should provide the Board of Directors of each Crown agency with written guidance setting out how general laws affect the Board's decision-making ability.</p> <p>c) The responsible government official or group should ensure the related Board of Directors are informed of the nature and effect of how the responsible government official or group uses general laws.</p>	
<p><b>Recommendation 7</b></p> <p>The government address the concerns raised in Chapter 4 of the Spring 1996 Report of the Provincial Auditor, being recommendations found at paragraphs 4.31; 4.32; 4.33; 4.42; 4.43; 4.44; 4.51; 4.52; 4.53; 4.61; 4.70; 4.71; 4.72; 4.73; 4.84; 4.85; and 4.86.</p>	<p>The Committee noted that the Government intends to take measures to comply with the recommendation. The Committee awaits the results of the Government's review of the scrutiny guidelines used in specific departments and agencies.</p>
<p><b>Recommendation 8</b></p> <p>The government should study the investment earnings allocation policies of its defined contribution pension plans to determine whether it is appropriate to have a consistent policy. If consistent policies are not considered appropriate, the government should explain why.</p>	<p>The Committee is satisfied with the Government's explanation that because independent boards and officials make decisions to reflect the needs of the members of each additional plan, the decisions made may result in different earnings allocation policies.</p>
<p><b>Recommendation 9</b></p> <p>The government should use consistent estimates for COLA [Cost of Living Adjustments] increases and inflation to calculate the pension liability for its defined benefit pension plans.</p>	<p>The Committee noted that the Government is working on achieving a final resolution to this issue.</p>
<p><b>Recommendation 10</b></p> <p>The government's defined benefit pension plan annual reports should show future cash flow information.</p>	<p>The Committee noted that the Government is working towards inclusion of this information in annual reports of defined benefit plans for fiscal year 1996/97.</p>
<p><b>Recommendation 11</b></p> <p>The government should establish a pension commission to study the many issues related to its pension plans.</p>	<p>The Committee noted that it is the Government's plan to continue to work towards resolution of issues respecting the pension plans it administers.</p>
<p><b>Recommendation 12</b></p> <p>The Department of Health and District Health Boards work together over the next few years to improve needs assessment processes and address those concerns raised by the Provincial Auditor.</p> <p><b>Recommendation 13</b></p>	<p>With respect to Recommendations 12 through 16, the Committee noted that the Government recognizes that the outlined matters need resolution and that the Department of Health and Department of Finance, as well as other affected government agencies, will work with the District Health Boards to resolve the</p>

The District Health Boards cited need improvement in overseeing senior management and the Department of Health should work towards improving how District Health Boards oversee their senior management and their internal reporting to ensure that adequate and timely internal reports are prepared for their Board.

#### **Recommendation 14**

The Department of Health and Department of Finance work together to clarify the approval process for financial statement formats and communicate the process to the District Health Boards.

#### **Recommendation 15**

The Department of Health consult with the District Health Boards on the issue of preparing lists of payees and the government report the results of the consultation to the Standing Committee on Public Accounts.

#### **Recommendation 16**

The Department of Health work with the District Health Boards to develop guidelines for annual reports.

issues. The Committee awaits the results of this effort.