



Aug. 22
cc: WKS, 6FW
Atkinson
Hoffman
Vint

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Mr Swenson, Chairman of the Public Accounts Committee, presents the Committee's report as follows:

THIRD REPORT

Your Committee respectfully requests from the Government a response to this report within 120 days.

Your Committee held several meetings to discuss an interpretation of its order of reference from the Legislative Assembly and furthermore outlined a number of operating principles and practices to be followed in the fulfilment of its mandate.

Your Committee completed its deliberations on the Provincial Auditor's Annual Report for the year ended March 31, 1991 and the Public Accounts of Saskatchewan for 1990-91.

Your Committee held 17 meetings during the Second Session, Twenty-Second Legislature to complete the review of certain departments and agencies.

CHAPTER 1 - OBSERVATIONS

Strengthening Public Accountability (.01-.04)

- 1) Your Committee considered the Provincial Auditor's concerns about strengthening public accountability and that the first important step for the Government to follow is to plan, manage and account for its operations as a whole.

Financial Plan for Government (.05-.07)

- 2) More specifically, your Committee agreed in principle with the concept of the need for a multi-year financial plan for the Government.

Recommendation

- 3) Your Committee recommends that the Government study the implications and issues related to the achievement of this goal.
- 4) That, 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. During these discussions, the Committee asks that the advice of the Institute of Chartered Accountants of Saskatchewan and the Provincial Audit Committee be sought.

Financial Reports (.08-.10)

- 5) Your Committee noted that the Government had moved forward with reporting financial results of the Government as a whole by publishing summary financial statements for the Province in the 1992 Public Accounts.

Annual reports for Government Organizations (.11-.14)

- 6) The Committee noted the Provincial Auditor's comments that significant improvement had been made in terms of preparing a report for each Government organization and making them public.

Recommendation

- 7) Your Committee agreed with the Provincial Auditor's recommendation that the Government provide to the Legislative Assembly, information about the objectives of making and keeping investments in mixed corporations and recommends that the Legislative Assembly instruct the Crown Corporations Committee to study how the above recommendation should be implemented.

CHAPTER 2 - APPOINTED AUDITORS

Recommendation

- 8) Your Committee examined the Provincial Auditor's concerns about the delay in receiving on a timely basis, the reports and working papers of an appointed auditor, delays which ultimately affect public accountability.
- 9) Your Committee recommends that the Government work co-operatively with the Provincial Auditor by involving him in the process of choosing appointed auditors, establishing audit plans, maintaining solid communications through frequent audit updates, and ensuring that the Provincial Auditor has sufficient time to comment on the final audit report prior to its public release.

CHAPTER 3 - FINANCIAL MANAGEMENT REVIEW COMMISSION

Commission's Recommended Accounting Principles (.11-.14)

Recommendation

- 10) Your Committee recommends that the Government adopt the accounting principles and reporting standards established by the Public Sector Accounting and Auditing Committee (PSAAC) of the Canadian Institute of Chartered Accountants (CICA) and encourages the Government to move towards the use of these principles for the preparation of financial plans and budgets.

Crown Corporation Accountability (.20-.21)

- 11) Your Committee reviewed some of the Commission's recommendations which stressed the need to strengthen the ability of legislators to hold Crown corporations accountable.

Recommendation

12) Your Committee agreed to recommend as follows:

- Only 1st & 3rd bullets are still O/B.*
- * Decisions to create Crown corporations should be properly reported to and debated by the Assembly;
 - * A mandate for each Crown corporation should be prepared and provided to the Assembly, setting out the corporation's purpose and accountabilities;
 - * Crown corporations should have the same public reporting requirements as do Government departments unless otherwise stated in the mandate of the corporation;
 - * Financial statements for each and every subsidiary within the purview of the Crown Investments Corporation of Saskatchewan should be provided to the Assembly on a timely basis.
- Added On*

Specific Objectives, Expected Costs and Management Plans
(.22-.27)

Recommendation

13) To enable legislators to better assess the relative merits of transactions or commitments before they are entered into by the Government, your Committee recommends that the Government set out clearly specific objectives, criteria to be used to determine whether those objectives are being achieved, expected costs and a management plan for each significant transaction and commitment.

CHAPTER 4 - CORPORATION ACCOUNTABILITY

Tabling of Financial Statements (.01-.10)

Recommendation

14) Your Committee recommends that all Government corporations table annual financial statements in the Assembly, including those where the Crown owns less than 100 per cent of the issued share capital.

Equal Accountability (.11-.23) - *Chapter 4 of 1991 Annual Rep.*

Recommendation

15) Your Committee recommends that:

The Public Accounts should include the financial statements for all Government corporations;

All Government departments, agencies, and Crown corporations reporting to Treasury Board provide a list of persons who have received money;

The Legislative Assembly ask the Crown Corporations Committee to consider whether those corporations designated under Part II of The Crown Corporations Act should report the same kind of information as is required by departments.

Crown Corporation Dividends (.24-.29)

16) That the Committee notes the Auditor's comments but points out that there are now annual financial statements which report on all government financial activity, therefore, enabling the Legislature to hold the Government accountable.

Furthermore, the Committee notes the Provincial Auditor is now the sole Auditor for Crown Investments Corporation.

CHAPTER 5 - ACCOUNTABILITY PROCESS

Recommendation

17) Your Committee recommends that the Provincial Auditor Act be amended to require the Board of Internal Economy to approve the spending plans of the Provincial Auditor.

CHAPTER 8 - BOARD OF DIRECTORS PAY AND EXPENSES

Recommendation

18) Your Committee recommends that agencies obtain proper authority for pay and expenses of directors.

CHAPTER 10 - CONTROLS OVER INFORMATION SYSTEMS

Recommendation

19) Your Committee recommends that:

* The Government should establish a policy on the timing and the frequency of security audits of any service bureau in order to ensure the protection of data files and programmes;

* Government organizations improve their controls over the access of computer programmers to government records;

* Government organizations should have adequate written and tested contingency plans.

CHAPTER 16 - DEPARTMENT OF ENERGY AND MINES

Payments Requiring Authority (.07-.14)

20) Your Committee reviewed the comments of the Provincial Auditor concerning a payment to NewGrade Energy Inc. relating to royalty remissions granted to producers who supplied natural gas to NewGrade. By terms of the remission orders, producers were required to assign to NewGrade their right to the remissions made. In the opinion of the Provincial Auditor the payment to NewGrade in the amount of the remissions constituted a grant to NewGrade and, accordingly was made without proper authority. The Provincial Auditor also reported this matter in his Annual Report for 1989-90.

21) The Department advised the payment was part of assistance committed to the NewGrade project by the Province for a minimum period of 15 years under terms negotiated with the other parties involved in the project.

Recommendation

22) Your Committee reiterates its recommendation made in its Report to the Assembly (S.P. #62) dated May 25, 1992:

*Only 1st
bullet still
9/5*

*Acted
On*
*Acted
On*

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