

## 2009 Report – Volume 1

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Opening statement by Fred Wendel, Provincial Auditor, for his meeting with members of the press regarding the 2009 Report – Volume 1.

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Thank you for joining me this morning. With me today are Mark Anderson, Judy Ferguson, Mike Heffernan, Ed Montgomery, and Deann Dickin.

Ed, Judy, Mark, and Mike led most of the work that is included in the report we are discussing today. Deann ensures that the results of our work are put together and published. She also co-ordinates my activities and this meeting.

Before I answer your questions, I will make a few opening comments. The Government delivers its services through about 280 agencies. This report covers our work on about 140 of those agencies. The report focuses on key risks the Government faces.

For the most part, the agencies covered by this report have adequate controls to manage the risks to public resources. A few agencies have serious control problems. In my remarks today, I will highlight some of these agencies.

I want to begin my remarks on the results of our work on employee capacity. The Government's ability to provide effective services and properly control public resources is determined in large part by the competencies of its employees. To do their job effectively, government agencies need the right employees, at the right place, when needed.

The Public Service Commission is the human resource agency for the Government's 20 ministries. It provides human resource services for about 12,000 employees. The Commission needs better processes to develop future ministry leaders. The Commission needs to provide future leaders with developmental work experiences and mentorship.

The human resource plans for the Teachers' Superannuation Commission, Liquor and Gaming Authority, and Saskatchewan Gaming Corporation are deficient. Their plans do not identify the competencies they will require of their employees, the competencies of their existing employees, and strategies to fix any gaps.

Now, I want to talk about the Government's need for accurate, complete, and available information to deliver effective public services. The Government must also ensure information that it has about citizens is protected from unauthorized disclosure.

SaskTel's wireless computers systems are not secure. The accuracy and completeness of SaskTel's information is at risk. Also, SaskTel needs to better protect customers' credit card information from unauthorized disclosure.

The Ministry of Corrections, Public Safety and Policing, the Public Employees Benefits Agency, and Saskatchewan Gaming Corporation do not have complete disaster recovery plans for the information and systems they need to control public resources and to provide public services. In the event of a disaster that affects their computer systems, these agencies may have considerable difficulty providing the services that the public needs.

Now, I want to talk about the Government's protection of public resources. Public resources need protection from unauthorized use or loss. As well, government agencies should spend money prudently and for the intended purpose.

The Ministry of Corrections, Public Safety and Policing manages inmates' money of about \$500,000. The Ministry is not properly reconciling its banking records for this money to the bank's records. Reconciling bank accounts is a basic control to detect fraud and error. The Ministry has not acted promptly to fix this control problem. It is at risk of loss or unauthorized use of this money.

The Teachers' Superannuation Commission manages investments of about \$1.5 billion and has pension debt of about \$5.0 billion. The Commission needs better controls over its bank accounts and its investments to protect the money that it must manage.

The Commission is not properly reconciling its bank accounts as well as its investments. These reconciliations are a basic control to detect fraud and error. The Commission has not acted promptly to fix these control problems. It is at risk of loss or unauthorized use of public money.

The Ministry of Finance manages investments of about \$4.8 billion and bond and debenture debt of about \$11 billion. The Government's interest costs for 2008 were about \$800 million.

In the fall of 2008, the Government announced it would reduce debt by setting aside money in sinking funds. Sinking funds are investments in bonds and debentures of other governments and corporations as well as in Saskatchewan's own bonds and debentures. This strategy of investing more as opposed to paying down debt increases the importance of the Ministry's investment and debt management.

We found the Ministry needs to provide the public with additional information to allow it to assess the performance of the Ministry's debt and investment activities. Also, it must better document its investment processes to protect itself in event of staff turnover. Having complete and detailed written rules and procedures is important.

The Ministry of Government Services is responsible for about 500 buildings. These buildings include provincial office buildings, some health-care facilities, technical schools, and correctional facilities.

The Ministry did not have adequate processes to maintain these buildings. The Ministry did not have accurate and complete information on the state of repair of its buildings. It also did not have adequate maintenance plans and processes to make sure maintenance was carried out.

As a result, the Government is at risk of loss of asset value, health and safety problems for employees and the public, and higher future repair costs.

In summary, I want to emphasize two things:

- First, for the most part, the 136 Government agencies covered by this report have good practices for controlling public resources, and have complied with the law
- Second, a few agencies have serious control problems and need to act quickly to fix these problems. Chapter 1 A of the report highlights these agencies.

This ends my opening remarks. I would be pleased to answer your questions.