

## Chapter 38

# Standing Committee on Crown and Central Agencies

### 1.0 MAIN POINTS

Through its work and recommendations, the Standing Committee on Crown and Central Agencies (Committee) can help the Legislative Assembly (Assembly) hold the Government accountable for its management of the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiary corporations. The Committee does this, in part, by reviewing chapters in our reports, and the annual reports and financial statements of agencies within its subject area. It reports to the Assembly on the results of its review. These reports may contain recommendations resulting from our audit work.

The Committee met in September 2015 to consider chapters in our reports related to CIC and its subsidiaries. On January 6, 2016, the Committee tabled with the Assembly a Report on the results of its review. This Report contains 66 Committee recommendations resulting from our audit work. At March 31, 2016, the Government has fully implemented 83% of these 66 recommendations, and partially implemented 91% of the remaining recommendations.

While the Committee's review of annual reports of CIC and its subsidiary corporations was more current than at March 2015, it had not reviewed several years of annual reports of CIC and three of its subsidiaries by March 2016.

### 2.0 INTRODUCTION

This chapter provides an overview of the role and responsibilities of the Committee, focusing on those related to our Office's work. Also, it describes the overall status of the Committee's recommendations resulting from our Office's work, the status of its consideration of our work, and the status of the Committee's review of annual reports of CIC and its subsidiary corporations.

## 2.1 Role and Responsibilities of the Standing Committee on Crown and Central Agencies

The Committee is one of the Assembly's four policy field committees. See **Figure 1** for a brief description of the responsibilities of a policy field committee.

**Figure 1 – Responsibilities of Policy Field Committees**

The Legislative Assembly makes policy field committees responsible for examining certain documents within their assigned subject area. These documents include bills and regulations (proposed laws), estimates, and annual reports. During their reviews, these committees can consider issues of current concern, future objectives, and past performance.

Policy field committees can also conduct inquiries into matters within their mandated subject area. They provide the Assembly with reports on their activities and can make recommendations to the Assembly for its consideration.

The Standing Committee on House Services determines the membership of each policy field committee.



Policy field committee meetings are open to the public. The Assembly's website contains information about the composition of each committee and records of their meetings (i.e., meeting notices, Hansard verbatim, minutes, videos, and reports).

Source: [www.legassembly.sk.ca/about/introduction-to-committees](http://www.legassembly.sk.ca/about/introduction-to-committees) (9 February 2016).

The Committee's assigned subject area encompasses CIC and its subsidiary corporations, supply and services (e.g., Ministry of Central Services), central government agencies (e.g., Ministry of Finance), liquor, gaming, and all other revenue-related agencies and entities.

The Assembly has given the Committee the following responsibilities in addition to those typically given to a policy field committee:

- › The Assembly, through *The Provincial Auditor Act* and under its Rules and Procedures, refers portions of our reports (chapters) related to CIC and its subsidiaries to the Committee.<sup>1</sup> When the Committee considers chapters from our reports, our Office and the corporation's appointed auditor, if any, attend to assist in its review.
- › The Assembly requires the Minister responsible for CIC to notify the Committee, in writing, about significant transactions<sup>2</sup> of CIC and any of its subsidiaries within 90 days of the transaction. The notification must outline the objectives of the transaction, the financial implications, a statement of any changed liabilities, and the authority under which the transaction was made.<sup>3</sup>
- › The Assembly periodically refers regulations and bylaws of professional associations to the Committee for its review.

From April 1, 2015 to March 31, 2016, the Committee met 10 times (2014-15: 10 times); the purpose of most of these meetings was to review 2015-16 estimates and bills related to agencies within its subject area. It did not receive any significant transaction reports (2014-15: no reports).

During 2015-16, the Committee made two Reports to the Assembly:

- › One on May 13, 2015 related to the results of its review of the 2015-16 Estimates within its subject area<sup>4</sup>
- › Another on January 6, 2016 related to the results of its review for the period August 23, 2007 to January 5, 2016 of annual reports and financial statements of entities within its subject area, chapters of our Office related to CIC and its subsidiaries, and reports of professional associations.<sup>5</sup>

**Figure 2** sets out the membership of the Standing Committee on Crown and Central Agencies at March 8, 2016.<sup>6</sup>

<sup>1</sup> Section 14.1(8) of *The Provincial Auditor Act* and rule 143(3) of *The Rules and Procedures of the Legislative Assembly of Saskatchewan*.

<sup>2</sup> Significant transactions are defined by the Committee as those that are material in amount and outside the ordinary course of business, or are judged to be sensitive and likely of interest to legislators and the public.

<sup>3</sup> Rule 143(4) of *The Rules and Procedures of the Legislative Assembly of Saskatchewan*.

<sup>4</sup> [www.legassembly.sk.ca/legislative-business/legislative-committees/crown-and-central-agencies/cca-report-7-27-legislature](http://www.legassembly.sk.ca/legislative-business/legislative-committees/crown-and-central-agencies/cca-report-7-27-legislature) (19 February 2016).

<sup>5</sup> [www.legassembly.sk.ca/legislative-business/legislative-committees/crown-and-central-agencies/cca-report-8-27-legislature](http://www.legassembly.sk.ca/legislative-business/legislative-committees/crown-and-central-agencies/cca-report-8-27-legislature) (19 February 2016).

<sup>6</sup> March 8, 2016 was the date the writ was dropped for the general election.

**Figure 2—Members of the Standing Committee on Crown and Central Agencies at March 8, 2016**

Name of Member	
Fred Bradshaw, Chair	Colleen Young
Cathy Sproule, Deputy Chair	Kevin Phillips
Greg Brkich	Randy Weekes

Source: [www.legassembly.sk.ca/legislative-business/legislative-committees/crown-and-central-agencies/](http://www.legassembly.sk.ca/legislative-business/legislative-committees/crown-and-central-agencies/) (4 February 2016).

## 3.0 STATUS OF COMMITTEE WORK

### 3.1 Committee Work Related to our Audit Work

During 2015-16, our reports to the Assembly included five chapters related to CIC and its subsidiaries, and one chapter related to the Committee.

During 2015-16, the Committee met on September 15, 2015 to consider chapters in our reports related to CIC and its subsidiaries. At this meeting, it concluded consideration on 23 chapters from our eight different reports related to four Crown corporations and the Committee.

The Committee's January 6, 2016 Report (i.e., *Eighth Report to the 27<sup>th</sup> Legislature* [4<sup>th</sup> Session of the 27<sup>th</sup> Legislature]) contained the Committee's recommendations resulting from its review of our reports. This Report contained 66 recommendations resulting from its work for the period August 23, 2007 to January 5, 2016.<sup>7</sup>

As reflected in **Figure 3**, as of March 31, 2016, the Committee had not yet considered 14 chapters (2015: 30 chapters) from our four different reports (2015: eight reports) related to seven Crown corporations and the Committee (2015: eight).

**Figure 3—Relevant Chapters of Provincial Auditor Reports that the Standing Committee on Crown and Central Agencies Had Not Yet Considered as of March 31, 2016**

Agency	Related Provincial Auditor Report	Chapter	Number of New Recommendations to be Considered
Crown Investments Corporation of Saskatchewan	2013 Report – Volume 2	39	-
	2014 Report – Volume 1	12	1
SaskEnergy Incorporated	2015 Report – Volume 1	30	-
Saskatchewan Government Insurance	2015 Report – Volume 1	15	6
Saskatchewan Opportunities Corporation	2015 Report – Volume 1	29	-
Saskatchewan Power Corporation	2014 Report – Volume 1	28	-
	2014 Report – Volume 1	29	-
	2015 Report – Volume 1	17	4
	2015 Report – Volume 1	18	3

<sup>7</sup> The Committee's previous report to the Assembly was the *Tenth Report to the 25<sup>th</sup> Legislature* (3<sup>rd</sup> Session of the 25<sup>th</sup> Legislature) tabled on August 23, 2007.



Agency	Related Provincial Auditor Report	Chapter	Number of New Recommendations to be Considered
Saskatchewan Transportation Company	2009 Report – Volume 1	14	-
Saskatchewan Water Corporation	2014 Report – Volume 1	4	-
	2014 Report – Volume 1	27	-
	2015 Report – Volume 1	3	-
Standing Committee on Crown and Central Agencies	2015 Report – Volume 1	33	-

Source: Committees Branch, Legislative Assembly Service, Standing Committee on Crown and Central Agencies, *Outstanding Business – 27<sup>th</sup> Legislature*.

## 3.2 Implementation of Committee’s Recommendations

The Committee has asked our Office to assess and report on the status of the recommendations the Committee makes and reports to the Assembly as a result of our audit work. We assess the status of financial-related recommendations each year as part of the annual integrated audits. We assess other recommendations, as part of audit follow ups, either two or three years after the original audit, and subsequently every two or three years until the recommendations are either implemented or no longer relevant.

Based on assessments we completed by March 2016, CIC’s and its subsidiaries’ implementation of Committee’s recommendations remained strong. By March 31, 2016, they had fully implemented 83% of the Committee’s 66 recommendations; and partially implemented 91% of the remaining recommendations.

**Exhibit 4.0** lists recommendations agreed to by the Committee and not fully implemented by March 31, 2016.

## 3.3 Committee Review of CIC Sector Annual Reports

Annual reports are key accountability documents. As a policy field committee, the Committee is responsible for examining annual reports and their related financial statements of agencies within its subject area (e.g., CIC and its subsidiary corporations).

Each year, CIC and its subsidiary corporations prepare annual reports and financial statements for tabling in the Assembly. Until the November 2015 decision of cabinet, each of these corporations had a December 31 year-end;<sup>8</sup> and their annual reports were typically tabled in April.

In 2015-16, the Committee completed its review of the 2012, 2013, and 2014 annual reports of seven subsidiary corporations, and reported the results of its review to the Assembly in its January 6, 2016 Report. As of March 31, 2016, the Committee had not completed its review of the 2012, 2013, and 2014 annual reports of CIC and of two of its

<sup>8</sup> On November 30, 2015, the Government, as part of its *2015-16 Mid-Year Report*, announced the change of the fiscal year end of CIC and its subsidiaries from December 31 to March 31 as a next step in the Government’s transition to summary budgeting.

subsidiary corporations,<sup>9</sup> and the 2010, 2011, 2012, 2013, and 2014 annual reports of CIC Asset Management Inc. (another CIC subsidiary corporation).<sup>10</sup>

## 4.0 EXHIBIT—STATUS OF COMMITTEE RECOMMENDATIONS

Committee Report Year	Outstanding Recommendations*	Status
<b>Saskatchewan Opportunities Corporation – Maintaining Facilities in a Sustainable Way</b> (2012 Report – Volume 1)		
2016	18-1 that Saskatchewan Opportunities Corporation document, for each of its facilities, current condition, key risks, and remaining life span in the context of the facility's intended use.	<b>Partially Implemented</b> (as of January 31, 2015)
2016	18-2 that Saskatchewan Opportunities Corporation expand its corporate maintenance plan to include all its maintenance objectives and priority strategies for the short and long term.	<b>Partially Implemented</b> (as of January 31, 2015)
<b>Saskatchewan Power Corporation – Procurement</b> (2007 Report – Volume 3)		
2016	23-2 that SaskPower consistently follows its established processes that require its staff to obtain the appropriate approval of the purchase prior to finalizing the purchase decision.	<b>Partially Implemented</b> (as of February 28, 2014)
2016	23-4 that SaskPower track problems with key suppliers and make this information available for purchasing decisions.	<b>Partially Implemented</b> (as of February 28, 2014)
<b>Saskatchewan Power Corporation – Gas and Electrical Installation Inspection</b> (2011 Report – Volume 2)		
2016	22-4 that SaskPower require management to review inspectors' rationale for not inspecting gas and electrical permits for high-risk installations.	<b>Partially Implemented</b> (as of March 31, 2014)
2016	22-7 that SaskPower periodically give its Board of Directors summary trend information on its gas and electrical inspection activities and common or emerging trends or risks in gas and electrical installations.	<b>Not Implemented</b> (as of March 31, 2014)
<b>Saskatchewan Water Corporation – Maintaining Infrastructure</b> (2006 Report – Volume 1)		
2016	12-1 that Saskatchewan Water Corporation compile reliable information detailing the water treatment and transmission infrastructure it owns and the condition of the infrastructure.	<b>Partially Implemented</b> (as of December 2, 2013)
2016	12-2 that Saskatchewan Water Corporation develop and use a maintenance plan for its water treatment and transmission infrastructure.	<b>Partially Implemented</b> (as of December 2, 2013)
<b>Saskatchewan Water Corporation – Business Continuity Plan</b> (2012 Report – Volume 1)		
2016	21-1 that Saskatchewan Water Corporation implement and test a business continuity plan.	<b>Partially Implemented</b> (as of December 31, 2014)
<b>SaskEnergy Incorporated – Securing SaskEnergy's SCADA System</b> (2013 Report – Volume 1)		
2016	19-3 that SaskEnergy Incorporated configure its supervisory control and data acquisition system network to protect it from security threats.	<b>Partially Implemented</b> (as of March 20, 2015)
2016	19-4 that SaskEnergy Incorporated monitor the security of its supervisory control and data acquisition system.	<b>Partially Implemented</b> (as of March 20, 2015)

\* The number preceding the outstanding recommendation reflects the chapter and recommendation number of our related report.

<sup>9</sup> Information Services Corporation of Saskatchewan and SaskEnergy Incorporated.

<sup>10</sup> Committees Branch, Legislative Assembly Service, Standing Committee on Crown and Central Agencies, *Outstanding Business—27<sup>th</sup> Legislature*.

