

## Chapter 48

# Standing Committee on Crown and Central Agencies

### 1.0 MAIN POINTS

Through its work and recommendations, the Standing Committee on Crown and Central Agencies helps the Legislative 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, including related financial statements, of agencies within its subject area.

At September 2019, the Committee was current in its review of chapters in our Reports related to CIC and its subsidiary corporations. In addition, the Committee already reviewed half of the 2018–19 annual reports of CIC and its subsidiaries.

CIC and its subsidiary corporations' implementation of the Committee's recommendations related to our audit work remains strong. As of September 2019, the Government fully implemented 99% of the Committee's recommendations, and partially implemented the remaining recommendation.

### 2.0 INTRODUCTION

This chapter provides an overview of the role and responsibilities of the Committee, focusing on those responsibilities related to our Office's work. It also 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. In addition, it highlights the Committee's activities related to our Office's work since our last chapter to the Assembly about the Committee in September 2018.

#### 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. 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. 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).

Each committee establishes a steering committee composed of the Chair and Deputy Chair. The steering committee determines how it will plan and organize its business and makes recommendations related to the committee's meeting agenda, the calling of witnesses, times of sittings, etc. Their meetings are conducted in-camera and, unless otherwise authorized, decisions made by the steering committee must be ratified by the full committee.

Source: [www.legassembly.sk.ca/media/1303/committeesoverview.pdf](http://www.legassembly.sk.ca/media/1303/committeesoverview.pdf) (12 September 2019).

The Assembly gave 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 of CIC and any of its subsidiaries within 90 days of the transaction.<sup>2</sup> 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 (e.g., CPA Saskatchewan) to the Committee for its review.

**Figure 2** sets out the membership of the Standing Committee on Crown and Central Agencies at September 30, 2019.

**Figure 2—Members of the Standing Committee on Crown and Central Agencies at September 30, 2019**

Member Name	
Fred Bradshaw, Chair	Nancy Heppner
Warren McCall, Deputy Chair	Lisa Lambert
Steven Bonk	Hugh Nerlien
Glen Hart	

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/) (1 October 2019).

<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*.

## 2.2 Frequency and Purpose of Committee Meetings

For the period from October 1, 2018 to September 30, 2019, the Committee met 10 times. The purpose of most of these meetings was to review bills (proposed laws), annual reports, and the 2019–20 estimates related to agencies within its subject area.

During this period, the Committee made two reports to the Assembly:

- On November 21, 2018, the Committee presented the *Sixth Report of the Twenty-Eighth Legislature*. The report detailed the work of the Committee for the period from January 6, 2016 to September 10, 2018.
- On May 8, 2019, the Committee presented the *Seventh Report of the Twenty-Eighth Legislature*. The report outlined the 2019–20 estimates that were considered and the resolutions adopted by the Committee.

In March 2019, the Committee received one significant transaction report regarding the sales of the Coleville Gas Processing Plant and the 50% interest in the Kisbey Gas Processing Plant.

## 3.0 STATUS OF COMMITTEE WORK

### 3.1 Committee Work Related to our Audit Work Current

As of September 2019, the Committee is relatively up-to-date on its review of our Report chapters related to audits of CIC and/or its subsidiaries. It completed its review of almost all related Report chapters up to our *2019 Report – Volume 1*. At September 30, 2019, the Committee had not yet considered only two chapters from our Reports:

- One chapter relating to Gradworks Inc. in our *2018 Report – Volume 2*
- One chapter relating to Saskatchewan Government Insurance in our *2019 Report – Volume 1*

The Committee last reported to the Assembly about its review of our chapters on November 21, 2018 (i.e., *Sixth Report to the Twenty-Eighth Legislature*). The report contained 30 recommendations resulting from its review of relevant chapters for the period from January 6, 2016 to September 10, 2018.<sup>4</sup>

On September 17, 2019, the Committee considered six chapters from our Reports.

The table below lists the 14 recommendations the Committee agreed with, and at September 30, 2019, had not yet reported to the Assembly.

<sup>4</sup> The Committee's previous report to the Assembly resulting from its review of our Reports was the *Eighth Report to the 27th Legislature* (4th Session of the 27th Legislature) tabled on January 6, 2016.



Committee Agreement Date	Recommendations Considered by the Committee <sup>A</sup>	Status
<b>Saskatchewan Water Corporation (2018 Report – Volume 1)</b>		
September 17, 2019	10-1 that the Saskatchewan Water Corporation clarify its procurement policy to set out when it is appropriate to use the sole sourcing method of procurement.	<b>Not Implemented</b> (as of December 31, 2017)
	10-2 that the Saskatchewan Water Corporation require staff to include documented rationale for selecting non-competitive procurement methods for purchases over \$25,000 on purchase orders submitted for approval.	
	10-3 that the Saskatchewan Water Corporation require its staff to report regularly on purchases using sole sourcing to senior management and the Board.	
	10-4 that the Saskatchewan Water Corporation require staff involved in purchasing goods and services to confirm, each year in writing, compliance with its conflict-of-interest policy.	
	10-5 that the Saskatchewan Water Corporation have periodic legal reviews of its contract templates for purchases.	
	10-6 that the Saskatchewan Water Corporation follow established procurement policies when approving the purchase of goods and services.	
	10-7 that the Saskatchewan Water Corporation track performance problems with suppliers in a way that this information is available to staff making purchasing decisions.	
<b>Saskatchewan Power Corporation (2018 Report – Volume 2)</b>		
September 17, 2019	25-1 that the Saskatchewan Power Corporation formally assess the risks associated with its inspection and preventative maintenance strategies for above-ground assets used to distribute electricity.	<b>Not Implemented</b> (as of April 30, 2018)
	25-2 for above-ground assets used to distribute electricity that Saskatchewan Power Corporation plans to maintain, it determine the condition to which it expects to maintain each type of those assets.	
	25-3 that the Saskatchewan Power Corporation consistently maintain in its IT systems key information about its above-ground assets used to distribute electricity to support evidence-based decision-making.	
	25-4 that the Saskatchewan Power Corporation maintain up-to-date information about the condition of its above-ground assets used to distribute electricity to support risk-informed asset planning.	
	25-5 that the Saskatchewan Power Corporation formally prioritize its maintenance of above-ground assets used to distribute electricity to support risk-informed allocation of resources over the longer term.	
	25-6 that where the Saskatchewan Power Corporation does not follow its plan for maintaining above-ground assets used to distribute electricity, it formally assess the consequences of not completing such maintenance.	
	25-7 that the Saskatchewan Power Corporation regularly report to its senior management on the status of its maintenance activities, and, if applicable, the consequences of not completing planned maintenance for above-ground assets used to distribute electricity.	

<sup>A</sup> The number preceding the outstanding recommendation reflects the chapter and recommendation number of our related Report.

### 3.2 Implementation of the Committee's Audit-Related Recommendations Remains Strong

CIC and its subsidiaries' implementation of the Committee's recommendations related to our audit work remain strong. By September 30, 2019, they fully implemented 99% of the Committee's recommendations, and partially implemented the remaining

recommendation.<sup>5</sup> This recommendation relates to our 2016 audit of Saskatchewan Government Insurance's processes to confirm only qualified drivers remain licensed to operate motor vehicles. See Chapter 27 in our *2018 Report – Volume 1* for the results of our last follow-up of this recommendation.

### 3.3 Committee Review of CIC Sector Annual Reports Current

Annual reports are key accountability documents. As previously mentioned, as a policy field committee, the Committee is responsible for examining annual reports including related financial statements of agencies within its subject area (e.g., CIC and its subsidiary corporations).<sup>6</sup>

As of September 30, 2019, the Committee already reviewed half of the 2018–19 annual reports.<sup>7</sup> The Committee had not yet reviewed the 2018–19 annual reports of CIC and four subsidiary corporations.<sup>8</sup>

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<sup>5</sup> The Committee asked our Office to assess and report on the status of the recommendations the Committee makes and reports to the Assembly resulting from our audit work. We assess the status of financial-related recommendations each year as part of annual integrated audits. As part of audit follow-ups, we assess other recommendations 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.

<sup>6</sup> Each year, CIC and its subsidiary corporations prepare annual reports and financial statements for tabling in the Assembly. CIC and almost all of its subsidiaries have a March 31 fiscal year-end. Each summer, they table their annual reports in the Assembly, which then become available for the Committee's review.

<sup>7</sup> Committee's Branch, Legislative Assembly Service, Standing Committee on Crown and Central Agencies, *Business Referred to Committee*.

<sup>8</sup> The four subsidiary corporations include Saskatchewan Gaming Corporation, Saskatchewan Government Insurance, Saskatchewan Opportunities Corporation, and Saskatchewan Transportation Company.

