

## Chapter 46

# 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 of Saskatchewan 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.

From October 1, 2019 to September 29, 2020, the Committee did not consider any chapters from our Reports. During this period, the Committee's activities included reviewing annual reports. It reviewed the majority of the 2018-19 annual reports of CIC and its subsidiaries; and had not started the review of the 2019-20 annual reports.

As at September 2020, the Committee is relatively up-to-date on its review of chapters in our Reports related to CIC and its subsidiary corporations with eight chapters to review.

CIC and its subsidiary corporations' implementation of the Committee's recommendations related to our audit work remains strong. As of September 2020, the Government fully implemented 89% of the Committee's recommendations, and partially implemented 33% of the remaining recommendations.

### 2.0 INTRODUCTION

This chapter gives an overview of the role and responsibilities of the Standing Committee on Crown and Central Agencies 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 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 September 2019.

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

The Standing Committee on Crown and Central Agencies is one of the Legislative 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, and times of sittings. 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) (22 September 2020).

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 of the Legislative Assembly of Saskatchewan*, 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 29, 2020.

**Figure 2—Standing Committee on Crown and Central Agencies Members at September 29, 2020<sup>4</sup>**

| Member Name  |   |
|--|---|
| Fred Bradshaw, Chair<br>Warren McCall, Deputy Chair<br>Steven Bonk<br>David Forbes | Nancy Heppner<br>Lisa Lambert<br>Hugh Nerlien |

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/) (29 September 2020).

<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> The Committee defines significant transactions 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> On September 29, 2020, at the request of the Premier of Saskatchewan, the Lieutenant Governor dissolved the Legislative Assembly of Saskatchewan resulting in dissolving the committees of the Assembly.

## 2.2 Frequency and Purpose of Committee Meetings

For the period from October 1, 2019 to September 29, 2020, the Standing Committee on Crown and Central Agencies met seven times. The purpose of most of these meetings was to review bills (proposed laws), annual reports, and the 2020–21 Estimates related to agencies within its subject area.

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

- On June 26, 2020, the Committee presented the *Eighth Report of the Twenty-Eighth Legislature*. This report outlined the 2020-21 Estimates and 2019-20 Supplementary Estimates considered, and the resolutions adopted by the Committee.
- On June 30, 2020, the Committee presented the *Ninth Report of the Twenty-Eighth Legislature*. The report detailed the work of the Committee for the period from September 11, 2018 to June 29, 2020.

In November 2019, the Committee received two significant transaction reports regarding the divestiture of CIC Asset Management Inc.'s investments in Terra Grain Fuels Inc. and SaskPower's acquisition of ATCO's 50% interest in the Cory Cogeneration Station.

## 3.0 STATUS OF COMMITTEE WORK

### 3.1 Committee Work Related to our Audits Relatively Current

Even though the Standing Committee on Crown and Central Agencies did not consider any chapters from our Reports from October 1, 2019 to September 29, 2020, it is relatively up-to-date on its review of our Report chapters. It only reviews chapters related to audits of CIC and/or its subsidiaries.

As shown in **Figure 3**, as at September 29, 2020, the Committee had not yet considered eight chapters from our Reports.

**Figure 3—Chapters the Committee Had Not Yet Considered as of September 29, 2020**

| Agency   | Report          | Chapter | # of New Recommendations to be Considered |
|--|-----------------|---------|---|
| Gradworks Inc.                                 | 2018 – Volume 2 | 34      | -   |
| Saskatchewan Government Insurance              | 2019 – Volume 1 | 11      | 4   |
|  | 2020 – Volume 1 | 23      | -   |
| Sask Gaming Corporation                        | 2019 – Volume 2 | 38      | -   |
| SaskPower                                      | 2019 – Volume 2 | 45      | -   |
| Standing Committee on Crown & Central Agencies | 2019 – Volume 2 | 48      | -   |
| SaskEnergy                                     | 2020 – Volume 1 | 11      | 3   |
| Saskatchewan Water Corporation                 | 2020 – Volume 1 | 31      | -   |



The Committee last reported to the Assembly about its review of our chapters on June 30, 2020 (i.e., *Ninth Report to the Twenty-Eighth Legislature*). This report contained 14 recommendations resulting from its review of relevant chapters for the period from September 11, 2018 to June 29, 2020.<sup>5</sup>

## 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 remains strong. By September 29, 2020, they fully implemented 89% of the Committee's recommendations, and partially implemented 33% of the remaining recommendations.<sup>6</sup>

**Figure 4** sets out the 12 outstanding recommendations agreed to by the Committee and their status at September 29, 2020.

**Figure 4—Status of Committee Recommendations Not Fully Implemented at September 29, 2020**

| Outstanding Recommendation by Corporation <sup>A</sup>   | Status   |
|--|--|
| <b>Saskatchewan Government Insurance—Only Qualified Drivers Remain Licensed</b><br>(2016 Report – Volume 1)  |  |
| 15-1 Establish written guidance outlining expected timeframes for entry of driver information into the computer system used to administer driver's licenses.   | Partially Implemented<br>(as of November 30, 2019) |
| <b>Saskatchewan Water Corporation—Purchasing Goods and Services</b><br>(2018 Report – Volume 1)  |  |
| 10-2 Require staff to include documented rationale for selecting non-competitive procurement methods for purchases over \$25,000 on purchase orders submitted for approval.                              | Partially Implemented<br>(as of December 31, 2019) |
| 10-3 Require staff to report regularly on purchases using sole sourcing to senior management and the Board.  | Partially Implemented<br>(as of December 31, 2019) |
| 10-6 Follow established procurement policies when approving the purchase of goods and services.  | Partially Implemented<br>(as of December 31, 2019) |
| 10-7 Track performance problems with suppliers in a way that this information is available to staff making purchasing decisions.   | Not Implemented<br>(as of December 31, 2019)       |
| <b>Saskatchewan Power Corporation—Maintaining Above-Ground Distribution Assets</b><br>(2018 Report – Volume 2)   |  |
| 25-1 Formally assess the risks associated with its inspection and preventative maintenance strategies for above-ground assets used to distribute electricity.  | Not Implemented<br>(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. | Not Implemented<br>(as of April 30, 2018)          |
| 25-3 Consistently maintain in its IT systems key information about its above-ground assets used to distribute electricity to support evidence-based decision-making.                                     | Not Implemented<br>(as of April 30, 2018)          |

<sup>5</sup> The Committee's previous report to the Assembly resulting from its review of our Reports was *The Sixth Report to the 28th Legislature* tabled on November 21, 2018.

<sup>6</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.

| Outstanding Recommendation by Corporation <sup>A</sup>  | Status                                    |
|---|---|
| 25-4 Maintain up-to-date information about the condition of its above-ground assets used to distribute electricity to support risk-informed asset planning.   | Not Implemented<br>(as of April 30, 2018) |
| 25-5 Formally prioritize its maintenance of above-ground assets used to distribute electricity to support risk-informed allocation of resources over the longer term.   | Not Implemented<br>(as of April 30, 2018) |
| 25-6 Where 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.                | Not Implemented<br>(as of April 30, 2018) |
| 25-7 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. | Not Implemented<br>(as of April 30, 2018) |

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

### 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>7</sup>

As of September 29, 2020, the Committee has reviewed all of the 2018–19 annual reports except one (Saskatchewan Opportunities Corporation).<sup>8</sup> The Committee had not yet started its review of the 2019–20 annual reports of CIC and its subsidiary corporations.

<sup>7</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>8</sup> Committee's Branch, Legislative Assembly Service, Standing Committee on Crown and Central Agencies, *Business Referred to Committee*.

