

[Chairman: Dr. Carter]

[11:53 a.m.]

MR. CHAIRMAN: Regrets from Mr. Thompson and Mr. Hiebert. Mr. Hiebert is at a funeral; Mr. Thompson has another commitment.

I apologize for calling us back together so soon. You will recall from our last meeting that Louise was to check with Creative Services about the time line for being able to prepare the position profile so we could immediately send it out in response to any people who apply. Because of that time line -- do you want to bring us up to date on that, Louise?

MRS. EMPSON: They'll need eight to 10 days to get it produced. If the advertising goes out on June 15 and people request position profiles right away, as we did for the Chief Electoral Officer -- it made us look bad that we didn't have it ready. So it should be ready this time. If we get it in the works this week, we'll have it in time.

MR. CHAIRMAN: Along the same line, Terri, have we got any information as to when those professional journals go to print, as to whether our ad can make the June issues?

MISS PREVISICH: We called Baker Lovick and we've missed the deadlines for the June issues. They require a month's lead time. So we will make the July issues for the three journals, the CA magazine, the RIA magazine, and the CGA magazine.

MR. CHAIRMAN: Thank you. That's at the bottom of the second page. So our time line is that we still go out in mid-June on the newspaper ads.

MISS PREVISICH: Yes. Baker Lovick has the list of journals for insertion and is prepared to go ahead with the ad for that time.

MR. CHAIRMAN: We can't do other than get it into those three trade journals for July, and they've also got the ads appearing in the major newspapers. I'm sure most of them keep an eye on the Globe and Mail in particular.

MISS PREVISICH: Something that Dave and I discussed with regard to this is the possibilities of running another round of advertising, on a

limited basis, sometime during the June 15 to August 15 period. We will have a closing date of August 15, and we may want to look at the possibility of running either another Bulletin ad or something in Alberta over the summer -- another round. That is just a suggestion.

MR. CHAIRMAN: That's right. It does occur in our own Bulletin, doesn't it? We can make a note to look at that again when we meet in the first week of July. I guess that's when we will have to have one more meeting. Any problems with all that? Good.

MR. MILLER: When will the ad be prepared, Terri?

MISS PREVISICH: It's gone to Baker Lovick this morning, with the changes to the advertisement that were identified by the committee. We didn't get a time from them. I imagine they should be ready to go within the next few days. Their turnaround time is fairly good.

MR. MILLER: You don't see any need for us to have another meeting to review it. You'll take care of that?

MISS PREVISICH: I don't think so. I think it will follow the same general format as that of the Chief Electoral Officer in terms of the logo and the setup. If the committee approves the revised ad, we can probably ensure that there is sufficient white space, et cetera, around the ad. It will probably be set up exactly the same as the ad for the Chief Electoral Officer.

MR. CHAIRMAN: Hopefully, because I think that was a good style. Let's take half a moment and reread that corrected advert.

Okay? It seems all right.

MISS PREVISICH: If I could take your attention to the first paragraph, the second line from the end. In discussing the ad with Mr. Rogers, he indicated that "information systems" would probably be the more appropriate term. That didn't go in this time, but that will go in as a correction to the ad.

MR. CHAIRMAN: Where does that occur?

MISS PREVISICH: The second line from the

bottom, at the end of the first paragraph: "legislative authorities, information systems weakness and deficiencies . . ."

MR. CHAIRMAN: Okay. That's good. To be technically correct, would one of you move we approve the advertisement as circulated, with that one word addition?

MR. GURNETT: I so move.

MR. CHAIRMAN: Thank you, Jim. All in favour? Carried unanimously.

With respect to the agenda item: Salary Range for the New Auditor General. I spoke to Lou Hyndman, and we felt that when we do get into these conversations, the salary range would be somewhere from \$90,000 to \$97,000, give or take in terms of experience. But at least that gives you an opening gambit. Does that give you sufficient to work with? Plus the benefits.

MISS PREVISICH: I think so. That's a fairly reasonable salary range.

MR. CHAIRMAN: The other item I have is the review of the position profile, which is the main reason for bringing us together. I understand that the previous position profile -- we have draft 2 in front of us. Does this incorporate the changes that were suggested by Mr. Rogers and people from Treasury?

MISS PREVISICH: That's right. Mr. Rogers and Mr. O'Brien. I believe Mr. Collins really has nothing to add. He reviewed the profile and didn't have any comments on it.

MR. MILLER: Mr. Chairman, if we could go back to the salary range. It seems to me that it's quite high. I recognize that Mr. Rogers is one of the higher paid civil servants, not only because of his position but because of the number of years he has spent in that position. But \$90,000 as a starting salary seems like a lot of money. I'm not sure if that's our decision or not. In your discussions with the Treasurer, is this what he indicated would be the start?

MR. CHAIRMAN: Yes. As legitimate background to this, I know that in the last week the government lost a potential first-class deputy minister. His minimum asking price was \$125,000. What it points out is that we're now

into this problem in this province, which affects everybody at this table -- at both tables -- that, having gone into that salary freeze and having kept the lid on so tightly, we're now in danger of losing more good staff and having to rely more and more on people's falling behind but staying with us as a Legislature -- hopefully, some of us as a government too -- because of their loyalties, because they enjoy what they're doing. I think David McNeil had new challenges, but to get a 25 percent pay increase to go there is very significant.

This is a function of what we're into. We've waited too long in terms of salaries across the board, and that's a nonpartisan comment, Jim. I think that crunch time is here. It isn't next year; it's right now. When the change is going to take place, I don't know. Of course, it would be legitimate for the opposition to yell and scream that we'd be paying people too much. But at the same time I think they also know in their heart of hearts that there comes a time when you're in danger of having very excellent people taken away from under your noses.

I think that relates to this conversation with regard to the Auditor General. I believe that sometime in the next year or 18 months there have to be significant increases across the board. So it's in that context that Mr. Rogers, even with this salary -- and I believe that he had some increases. If not, we certainly know that it's coming to the Leg. Offices Committee for us to decide. Even with his being the highest paid civil servant in the province, he's not being paid enough. We're in a catch-22.

MR. GURNETT: This salary range you're talking about now is one that would be competitive in Canada?

MR. CHAIRMAN: I can't say yes to that, Jim. I guess we have to look at Auditor Generals' salaries across the country. In your function on Leg. Offices Committee, Louise, have we done that recently?

MRS. EMPSON: No, we've never done it for the Auditor General. We've done it for the Chief Electoral Officer only.

MR. CHAIRMAN: In our other committee, we have your office, Terri, doing some sounding across the country, or did that end up back with you having to do it?

MRS. EMPSON: No, it never came back; not for the Auditor General. Terri's office did it for the CEO.

MR. CHAIRMAN: Would you be good enough to try to get some sounding across the country for us, please? My gut level response is that I don't think it's competitive. But that's where we are for an opening gambit. If you pick up someone who is indeed a principal partner in a major practice, I'd hate to imagine what they're pulling down -- \$400,000.

MR. MILLER: I know lots over \$200,000.

MR. CHAIRMAN: The thing we'll probably bump into a bit -- we have indeed bumped into it with the Chief Electoral Officer search -- is that some of the applicants are making much more than what they would be making as Chief Electoral Officer. With respect to all three Legislative officers, it may well be that we will hit upon someone who wants a change of life-style, a change of challenge, and is willing to come and do this and to work, in part, for the love of it. But that seems a strange way to run a province.

When you check on that, would you also see if we can discover, via someone like Mr. Rogers, what some of the principal partners are making, some of the firms in Alberta, for example?

MR. MILLER: It's a key position, and you have to have the best man available.

MR. CHAIRMAN: Or woman. You're right. I was really quite taken aback last week with this other example of deputy ministers.

Position profile, draft 2. Most of us have our draft 1 with us. Would you like to highlight the changes?

MISS PREVISICH: We had a conversation with Mr. Rogers by conference telephone on Friday afternoon. He was calling from Saskatchewan. Being the meticulous sort of individual that he is, he took us along on this line by line. So I think they are fairly comprehensive changes.

Under (A)(i) there was a change after "departments" to include "regulated and revolving funds." Under (ii) the first phrase "observed instances of non-compliance with legislative and related authorities." The next

major change occurs in the second paragraph under (B), Relationship to the Legislative Assembly. There was a change in the second line after "The Committee reviews" to include "and subsequently recommends or authorizes as the case may be in respect of the annual budget estimates, and various administrative matters." In the third line from the bottom, following "elected members", Mr. Rogers inserted:

The Chairman of the Select Standing Committee tables the annual report of the Auditor General in the Legislative Assembly.

The following is also new:

Following the tabling of his/her annual report in the Legislative Assembly, the Auditor General gives evidence before the Select Standing Committee on public accounts on matters contained in the report. He/she subsequently attends all meetings of the Public Accounts Committee and when required, gives evidence before other committees of the Legislative Assembly.

MR. MILLER: Terri, this must have changed since I sat on the Public Accounts Committee. At that time the Auditor General wasn't required to be there at all times. I understand that he is now, or just at the request of the committee?

MISS PREVISICH: I believe it's just at the request of the committee. I think it's following the tabling of the report. Probably the Auditor General may give evidence. I'm not sure of that, Bud. I'd have to check with Mr. Rogers.

MR. MILLER: Are you on Public Accounts, Jim?

MR. GURNETT: I am, but since Ray is chairing it, I haven't attended the meetings. We just don't have time.

MR. CHAIRMAN: I'm there. That's something we'll check with Ray Martin. There have been occasions when he isn't there. But on the other hand, I also see in my mind's eye where he's there most of the time, just sitting there in case of backup. You could also check that with Ann Conroy in Louise's office.

The other items that far seem to make --

there's nothing contradictory. If we might go on from there, please.

MISS PREVISICH: Under (C), Major Responsibilities, section (2), second line, "statements of the Crown . . .", the portion in parentheses is new:

(including the consolidated financial statements together with the financial statements of the general revenue funds, regulated funds, revolving funds and provincial agencies)

Section (3), second paragraph, third line, "shall call attention to" — this is new: "any matter that he/she considers should be brought to the notice of the Assembly." Under section (8) . . .

MR. CHAIRMAN: So far, in section (2), that's just further amplification. It is quite fair to give notice of that to the people who are going to receive the document. That other paragraph is fine. Agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Subsection (8).

MISS PREVISICH: "Review with the Audit Committee his/her annual report and any other matter that he/she considers should be brought to their attention." The following line, "Subsequently, the Audit Committee may report to the Executive Council on matters considered by the Audit Committee," I was asked to check with the committee in terms of whether they would be aware.

MR. CHAIRMAN: This came from Mr. Rogers?

MISS PREVISICH: Yes, it did.

MR. MILLER: Who is the Audit Committee?

MR. CHAIRMAN: You picked up one of the questions I had down on this first draft. I don't know who the Audit Committee is. This really doesn't define who the Audit Committee is. That would be one thing to be . . .

MR. MILLER: Here it is.

The Audit Division is administered by three Assistant Auditors General, each of whom is responsible for approximately one

third of the audits performed by the Audit Office.

It's an internal group.

MR. GURNETT: But there it's called the "Audit Committee", not the "Audit Division". It almost identifies two separate groups. If it is the same group, the same words should be used.

MR. MILLER: That's right.

MR. CHAIRMAN: If you could pick that one up, Terri, with his office. If he isn't there, I'm sure Salmon can give you a definition of that. If they are not coterminous, we can float in another line as to what the Audit Committee is, even if you have to do it with an asterisk and then define who they are at the bottom of the page. Then again, given the way you can float stuff around on screens, you don't need an asterisk.

As for the rest of (8), is that all right?

HON. MEMBERS: Agreed.

MISS PREVISICH: Yes. Subsection (9), second-last line, there is inclusion of "regulated fund, revolving fund, provincial agency or Crown-controlled organization." There's just that addition.

Subsection (11), there is an addition to indicate:

may be specified by the Legislative Assembly or by the Executive Council where such duties do not conflict with or impair the exercise or performance of his/her powers and duties under the Act.

Mr. Rogers felt that expanding that to indicate that special duties were accepted as long as there was no conflict in terms of his stated responsibilities . . .

Under Organization, there is only one change: the first line, "The Auditor General reports for administrative matters to the Legislative Assembly through the Select Standing Committee . . ." That's all on that page.

MR. CHAIRMAN: EDP occurs in the second paragraph of The Audit Division. Again, we should do away with the use of initials in every case and have that expanded.

On top of page 4 in draft 2, The Administration Division, first paragraph, second

sentence -- I think I'm missing something -- "provides a variety of administrative services to" -- I assume "the" rest of the Audit Office.

MISS PREVISICH: Right.

MR. CHAIRMAN: Okay. We're back to your taking us by the hand, please.

MISS PREVISICH: Page 4, under (E), Financial and Human Resource Management, after the second line, we placed a period after "professional accountants". "The office has an annual operating budget of approximately nine (9) million dollars." There was a change to break out the staff complement and the operating budget. Mr. Rogers felt more comfortable with stating a figure that was under the present almost "10 million". He decided that nine million was probably the more accurate figure.

MR. CHAIRMAN: I think we'll go along with having the Auditor General being more precise with his own financial figures.

MISS PREVISICH: Under section (F), third paragraph: The Auditor General also plays an "active" role -- there's a word change there. At the end of that paragraph, "the Conference of Legislative Auditors" replaces "Advisory Committee on Computer Auditing".

Still on that page, under (G), Issues, and moving onto page 5 as well, Mr. Rogers suggested that we start by saying "Among the many issues which the Auditor General will face are". Then there is a change to the first one:

Concerns regarding a possible overstatement of the surplus reflected in consolidated and general revenue fund financial statements.

Moving to (2):

Questions relating to the valuation of government assets due to the effect of unrecorded pension liabilities from both a business and accounting perspective.

He added two additional issues:

(3) Implementation of computer software designed for management and control of all phases of an audit.

(4) Development of practical approaches to auditing of activities assigned by government to the private sector.

MR. MILLER: Terri, in regard to (4), would that indicate that he feels that the grants we give to agricultural societies or recreation boards should be subject to audit by the Auditor General?

MISS PREVISICH: I don't believe that's the intent. In my understanding, that's not the implication under (4). I believe the general explanation -- and I wasn't involved at the outset -- is that there are conditions under which the government is presently assigning auditing activities to the private sector, to have them carried out by the private sector under specific circumstances, specific instances. I believe that's what that refers to.

MR. CHAIRMAN: Can you think of a specific?

MISS PREVISICH: No, I can't.

MR. CHAIRMAN: What happens with AOSTRA, for example? Do you have your own audit performed by the private sector or does the Auditor General get into that one?

MR. MILLER: I think the Auditor General audits AOSTRA. That's a Crown corporation.

MR. CHAIRMAN: Does this refer to the situations where they then contract out to the -- no, because he's talking about government.

MR. MILLER: I wonder if he is referring to the auditing of one of those irrigation . . .

MISS PREVISICH: He didn't specify.

MR. CHAIRMAN: He himself, as Auditor General, subcontracts to the private sector to do the audit on such things as the irrigation districts. That's why I'm getting down another sidetrack when he says "assigned by government". He's not the government. He's the Auditor General. Does he see himself as being the government? Terri, would you phone and query and give us an example of what that really means? Failing that, when we get him before the Leg. Offices Committee, we'll have to deal with that one. But we need to have an example of what that really means.

MISS PREVISICH: Yes.

MR. CHAIRMAN: At both ends of the sentence.

MISS PREVISICH: Under Terms and Conditions, the second paragraph, "The position of Auditor General carries similar benefits to those of Deputy Ministers" replaces "terms and conditions". That's just a term change. There was a correction to spelling in the third paragraph: "Legislative Offices", whereas the original had "Legislative Officers".

The Person: under Academic, "The candidate must be a member in good standing with a Provincial Institute or Order of Chartered Accountants in Canada" is the recommendation of Mr. Rogers.

MR. CHAIRMAN: It's his recommendation, but does it say that in the Act? That's why we brought the Act over. Let's leave that noted and carry on while I sort of scrounge around in this for a while.

MISS PREVISICH: Under Technical Knowledge/Experience, second phrase, "Extensive knowledge/experience of large scale computerized information systems"; third phrase, "Experience in development and use of computer assisted audit techniques"; and fifth phrase, "Interest/experience in accounting and auditing standards setting would be a distinct asset." Those are the only changes on that page.

MR. CHAIRMAN: We're going to have to bring in a fast Bill before the end of session, saying that the Auditor General must be a chartered accountant. It doesn't say it.

(1) There shall be appointed pursuant to this Act an Auditor General who shall be an officer of the Legislature.

(2) Subject to section 6, the Lieutenant Governor in Council shall appoint the Auditor General, on the recommendation of the Assembly . . .

(3) The Auditor General is eligible for reappointment . . .

may resign, may be removed. Section 6 is the means of putting the report in.

MR. MILLER: A member in good standing with a provincial institute — that may allow CGAs, RIAs, or others.

MR. GURNETT: No, it wouldn't, because it's the Institute of Chartered Accountants. The other ones have their own organizational names, but they're not called "institutes". Those words are all very specific. With that wording he is definitely limiting it to chartered accountants.

MR. MILLER: Jim, do you have the first one we had, which read, "The candidate must possess a Chartered Accounting designation"? You were saying it hasn't changed, that just the wording has changed.

MR. GURNETT: That's right.

MR. MILLER: Well, that doesn't solve our problem.

MR. GURNETT: No. It's the same discussion we had last time.

MR. CHAIRMAN: I think we've got a hole in the Act.

MR. MILLER: I don't feel that we should be exclusively looking at chartered accountants.

MR. CHAIRMAN: I think all we can do is suspend judgment on this. You and I, as chairman and vice-chairman, will have to have a consultation with the Provincial Treasurer as well as the Attorney General as to the interpretation of the Act. That's what we're legally up against here. We can't have this go out if it is not indeed specified, no matter how we may tip that way individually. All we can do now is put it on notice on the minutes to have to be picked up, and then we'll have to deal with it by consensus in the House. If we find we don't have consensus, we'll have to get back together and resolve it. Agreed?

MR. MILLER: Do you have a recommended way of saying this, describing the person we're looking for? I wasn't sure that a provincial institute didn't include CGAs. I thought it might, but you say it doesn't.

MR. GURNETT: No. Each of the other groups, the industrial accountants and the general accountants, have another word, and they've been very careful to protect that. "Institute" is the word that's reserved for chartered accountants.

MR. MILLER: Why is the word "or" in there?

MR. GURNETT: With an "Institute or Order of Chartered Accountants." What he's saying is that they have to be a member in good standing with the provincial institute or a provincial order of chartered accountants. In both cases, he's still talking about chartered accountants.

MR. CHAIRMAN: Pending our discussions, we'll just find out that the Auditor General -- we'll just get on with it: the Auditor General must possess technical knowledge and experience. We don't define the academic qualifications. That might be the way we have to word it. I don't think the Auditor General can tell us to put into this what is not specified in the Act no matter how much sympathy we may have for the case.

MR. MILLER: I agree with you, David.

MR. CHAIRMAN: It's similar to a previous Ombudsman who was trying to go beyond his legislation. We'll have a consultation, and then I'll consult with each member of the committee and the House. Hopefully, we can solve it that way on consensus, rather than call another meeting, so we can keep the whole thing going. Is that the extent of the corrections, or do we still have two more pages?

MISS PREVISICH: No. I will just take you to the final page under Personal Qualities, which is an addition. This refers to a request from Mr. Miller, I believe, that there be a statement made to the effect that positive auditing is desirable. We discussed this with Mr. Rogers, and he felt that as it was not mandated under the Act that positive reports be provided, we could put it under Personal Qualities as a balanced audit. So we came up with the indicated paragraph:

It is desirable that the individual presents a balanced view in the reporting of audit results in terms of highlighting both positive and negative results of audit investigations.

And then the final paragraph:

Beyond the technical and managerial requirements . . . the ideal candidate should possess common sense, maturity, fairness, perseverance, integrity and sound judgement.

MR. CHAIRMAN: And walk on water. That first paragraph picks up your concerns? You're happy enough with that?

MR. MILLER: Yes.

MR. CHAIRMAN: That gives a chance to question each of the short-listed candidates along that line too, to bring home the point. In the personal interviews, we found that we as a committee were able to get some points across about how the Leg. Offices Committee felt the role could be much more positive. I think we'll be doing the same thing with the Chief Electoral Officer, and it could certainly happen here. Grant was very helpful that way.

We have only one outstanding issue, to be determined tout de suite. Would one of you make a motion that we approve draft 2 as amended, with the exception of the one point, which is number such and such?

MR. MILLER: I so move.

MR. CHAIRMAN: Thank you, Bud. Carried unanimously.

MRS. EMPSON: Did you want someone to check into the Audit Committee?

MR. CHAIRMAN: Yes, thank you. There were two issues: the Audit Committee definition, and in this case it would be The Person, subsection (1) Academic. Any other outstanding issues with regard to this committee? Date of the next meeting is still at the call of the Chair, but I would estimate that we don't need to do it until after we've had the first batch of applicants come in. So I would think a brief meeting the last week of June or the first week of July. When are you going to disappear on holidays?

MRS. EMPSON: July 5.

MR. MILLER: We had the 2nd tentatively.

MR. CHAIRMAN: Let's hold onto it.

MR. MILLER: Jim, have you got that?

MR. GURNETT: I'm not sure I have. I think I come back from our convention in Ottawa on the 2nd, but I can be here. I can probably leave

on the 1st and get back.

MR. CHAIRMAN: Well, we'll check again when the House goes out, because we'll be meeting together as the Leg. Offices Committee, and we'll firm up some more of those dates.

Motion to adjourn?

MR. MILLER: I so move.

MR. CHAIRMAN: Thank you all.

[The committee adjourned at 12:41 p.m.]