

8:30 a.m.

[Mr. White in the chair]

THE CHAIRMAN: Good morning, ladies and gentlemen. I would like to welcome aboard a new member, Mr. Howard Sapers, from the Liberal caucus. Otherwise I believe we have the regular crew back again. Yes, we do.

We have an agenda before us. If we could have a motion to the effect to approve that agenda. Someone? Dr. Pannu. Is it agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: It's carried.

We also have a handout here with the expected meetings this fall. The secretary will hand this out to you. Of course, Mr. Peter Valentine, the Auditor General, is today and a week hence, and then on to the Provincial Treasurer, the Ministry of Health, and then Transportation and Utilities should we get that far.

Might we have approval of the minutes as circulated from the last regular meeting of April 29, 1998?

MS BLAKEMAN: Yes.

THE CHAIRMAN: Thank you. Is it agreed? It's carried.

Now we have before us today the Auditor General of the province of Alberta, Mr. Valentine. You have a number of things to do, not the least of which is to introduce the array of staff that you have here. It would take us a good deal of time to introduce every single soul, but take it if you will.

MR. VALENTINE: Thank you, Mr. Chairman. I'll introduce my colleagues sitting with me first. They represent the office's five assistant Auditors General. On my right is Nick Shandro, with responsibilities for a number of ministries, the largest being Health, Advanced Education, Education, and Family and Social Services. Next is Ken Hoffman, who has overall responsibility for performance measurement and the ministries of Executive Council and Public Works. On Ken's right is Brian Corbishley, responsible for the office's systems audit methodology. Brian has advised on and led a number of projects that are included in this year's report. On my immediate left is Jim Hug, whose portfolio includes Treasury, Energy, and Municipal Affairs. Beside Jim is Merwin Saher, who is responsible for the office's professional practice and the production of the annual report.

I'd like to just make a remark or two about the United Way. The small but important office of the Auditor General takes the United Way campaign very seriously. In doing so, we have challenged the megaorganization of the department of Treasury to a wagon race competition over the last three years at the United Way kickoff. Observers should recognize that the department of Treasury is six times the size of the OAG on a manpower basis and has a budget that's over 700 times that of our small and compact organization. Unfortunately, the megadepartment of Treasury saw fit this year, after two successive defeats, to use imported talent from our sister province of Mpumalanga, South Africa, to assist in the competition, and this massive display of talent overpowered the tiny office of the Auditor General.

We want the Assembly to be aware that we will be back again next year to add to our four platinum awards and one gold award. Unfortunately, Mr. Chairman, this year Goliath slew David in the competition, but we will be back to support the United Way and the public sector involvement in the 1999 campaign, and further challenges will be offered, and David will win. My loss is to wear this shirt today.

Also in the gallery this morning are in excess of 20, I think almost 30, members of my staff, and they're here to witness your use of their work. They all made a significant and important contribution to this year's annual report, so I'm delighted that they're here.

Mr. Chairman, your committee starts a new series of meetings today. You act on behalf of the members of the Assembly in examining the government's management and control of its public resources. This is important work. The purpose of my office is to identify opportunities and propose solutions for the improved use of public resources and to improve and to add credibility to performance reporting, including financial reporting, to Albertans.

The annual report before you is designed to assist you in your work of holding the executive accountable. The report also serves to assist government and public agencies in improving their performance.

The other primary input to your deliberations is the public accounts themselves. In a way, today's meeting is an historic meeting as it is the first meeting of the Public Accounts Committee following the release of what I will call the new public accounts. The government's traditional set of public accounts in four volumes has been replaced with the annual report of the government of Alberta, including the province's consolidated financial statements and 18 ministry annual reports. These annual reports contain information on results achieved measured against expectations set out in plans, discussion and analysis of these results, and the audited financial statements. In conducting your work, you can now turn to reports that tell the story of what was accomplished with the money entrusted to government.

On October 6, 1998, I released my 1997-98 annual report. My colleagues and I will now provide you with an overview of that report. There are 51 numbered recommendations that require a formal government response. That number is up from 28 last year. We do not think that one should attempt a macroanalysis of the state of the province's financial administration based on these raw numbers. Rather, the specific work that we were able to undertake and complete has led to, for this year, a greater number of recommendations.

One of the reasons that I number certain recommendations is to draw them to your attention as being the ones that are the most significant. In effect, I'm signaling what the committee may choose to focus on. The report, on pages 4 and 5, presents an analysis of the recommendations in the context of the accountability framework in which the government works. Those recommendations are grouped as follows: governance is 8 percent of them, planning what needs to be done to achieve goals is 36 percent of them, doing the work and monitoring progress, including managing contracted work, is 29 percent of the recommendations, and reporting on results is 16 percent. Then lastly there were six recommendations, or 11 percent of them, dealing with Y2K.

From this analysis you can see that the planning and doing areas require more attention by departments and ministries. It is also interesting to note that the recommendations directed to Executive Council, Health, Education, and Treasury account for 56 percent of the total.

Mr. Chairman, with your permission, I'll have Merwan Saher take you through the recommendation that I've indicated in the report as being particularly crucial to the government's accountability to Albertans.

MR. SAHER: Thank you. Mr. Chairman, I would have preferred to tell you this morning that the government had been convinced by the persuasiveness of our argument to expand the financial reporting entity to include regional health authorities, universities and colleges, and school boards. Unfortunately, we continue to

recommend that the province's consolidated financial statements be prepared in accordance with generally accepted accounting principles for the summary financial statements of a government.

The accounting standards that should be applied were established with consultation and input from controllers, auditors, other professionals, and the general public. In simple words, we are asking the government to give Albertans the clearest picture of all the assets and liabilities and all the revenues and expenses for which the government is ultimately responsible. Based on our understanding of legislated responsibility, the reality of the actual operations that we observe, and the accounting standards appropriate to the judgment, we believe the provinces' financial statements are incomplete. The debate is centered on the issue of control. The debate is, however, stalled in Alberta.

The argument against including these board-governed organizations is that were they to become a part of the consolidated financial statements, board autonomy would be at risk. We hold the view that consolidated reporting does not affect the operating autonomy of a controlled organization. Consolidation should not change a relationship; rather consolidation assists in understanding the authority that permits the relationship. The fact that one controls an organization does not mean that one must interfere in the day-to-day management of that organization. We are neither trying to diminish the autonomy of boards nor increase the responsibilities of ministers or MLAs. The accrual accounting that we advocate is a tool to improve decision-making.

Although the audit office and the government disagree on the issue of expanding the financial reporting entity, we do agree on the need to expand the debate in Canada. We are taking steps to encourage the Canadian Institute of Chartered Accountants to revisit the relevant standards as a matter of priority.

Mr. Chairman, I'll now hand over to Ken Hoffman, who will brief you on the recommendations in the Executive Council section of the report.

MR. HOFFMAN: Thank you. Mr. Chairman, business plans and annual reports are the two main forms of public communication required by the Government Accountability Act. The business plans create a contract with Albertans, communicating to the public what the government intends to achieve. Due to the linkage with the budget the public is also provided with the expected cost. In Alberta the implementation of a three-year business planning model created the opportunity to look beyond the immediate year. The government must now look at least three years ahead in planning change and determining goals. Planning for more than one year is essential in a large, complex organization such as the province.

8:40

In the last audit cycle we examined government and ministry business plans and reviewed the business planning process. It is evident that the government has improved its plans since the first set was published in February of 1994. Also, we noted that ministries were at different stages of development in the planning process. We concluded that the government can improve its plans and its planning process and thereby gain more value out of the plans.

There is a suite of six recommendations this year on government business planning. The main message is a need for greater emphasis on the long term and a clearer picture of ministerial contribution to government initiatives. Specifically we recommended placing a greater emphasis on the third year of the business plan, providing a long-term context for business planning by setting and communicating long-term strategies for ministries, requiring the ministries to share their business plans amongst each other early in the process, requiring the examination of performance targets to

ensure that they are sufficiently challenging, providing elaboration on key cross-governmental initiatives in the government business plan including information on expected changes in key factors affecting the business plans and providing information by component and improving the financial information.

In its October 7 initial response to our recommendation the government indicated that it only partially accepted recommendations 5 and 6. Any discussion of these recommendations by the Public Accounts Committee will be factored into our follow-up work.

With respect to the year 2000 issue, on which there are six specific recommendations in the report, our message is simple. There is little time left for corrective action. There needs to be a focus on contingency planning. What will we do if adverse consequences arise? This item caught the imagination of media and became a theme for the coverage of the report. In this regard I want to draw your attention, Mr. Chairman, to the comments on page 10 of the report. MLAs

should not conclude that an entity is Year 2000 compliant because the Auditor General has not made any suggestions to management. It is management's responsibility to take reasonable steps to ensure that the entity will cope with, and survive the year 2000 issue. It is not [the Auditor General's] responsibility to ensure that the entity is prepared for the year 2000 date change. [We] do, however, believe that [we have provided] a useful client service by encouraging management to assess the extent of the problem and to develop appropriate plans to mitigate the risks.

I'll conclude my overview comments by drawing your attention to comments on client satisfaction surveys. More and more, such surveys are used as a form of performance measurement by government. In the 1997-98 ministry annual reports eight out of 17 ministries reported client satisfaction survey results, and 12 plan to report such information next year. In addition to serving as an instrument of accountability, surveys are used internally to set performance targets and develop action plans to improve performance.

While government organizations have done a commendable job of identifying key program areas in which client satisfaction is important, we have identified a general lack of skill and resources in survey design, execution, and reporting. Therefore we have recommended that steps be taken to ensure that client satisfaction survey methods produce valid, reliable results and that the government develops standards for reporting survey information. Surveys must not be used to manipulate or window-dress reported performance, and as auditors we will examine the key criteria, validity, precision, confidence, and freedom from bias.

Now, Nick Shandro will brief you on Health.

MR. SHANDRO: Thank you. Mr. Chairman, before talking of Health specifically, I want to raise the issue of infrastructure. We have identified the lack of adequate capital infrastructure planning in the ministries of Advanced Education and Health. A measurement of deferred maintenance is important. The issue is particularly important when you realize that funding for replacement of equipment and its maintenance must be provided out of the normal income in the university, college, or health authority. Deferred building maintenance is also expected to be provided out of the normal income of a university or a college. Unless these organizations understand and make provisions for these expenditures, a potential financial crisis is inevitable.

Our examination revealed that regional health authorities generally do not include equipment amortization or future equipment needs in determining a balanced budget. This may result in funds implicitly provided for equipment through formula funding being

spent on other operating costs. As a result, there's a risk that regional health authorities will not accumulate sufficient funds for capital purchases. The government and its institutions have a responsibility, we argue, to ensure that adequate capital planning is achieved. Recommendations 10, 11, and 28 speak directly to risks in deferred maintenance and capital planning.

The decentralized and complex structure of health systems challenges the Department of Health to orchestrate many stakeholders in the achievement of goals and improvement of the health system. Central direction is required in balance with self-managed health authorities. In this environment, the achievement of goals and strategies requires efficient and effective business planning and the communication of relevant performance information. Accountability is about setting expectations, measuring results and costs, and taking action to improve results. Clear, timely, and useful information is the key.

We made seven numbered recommendations to the Ministry of Health aimed at achieving more cost-effective health services. These recommendations include:

- Business plans need to be in place in a timely manner.
- Improvements to systems are required for allocating funds to regional health authorities and to better anticipate the funding required to meet health service demands.
- A framework is needed for managing human resources in the health system. Information to plan the health work force is [currently] missing.
- Greater emphasis should be given to accounting for the quality of health services, in particular the measurement of service outputs and patient outcomes.
- Progress has been made on the development of a health information strategy for Alberta. However, management processes should ensure that a Province-wide information [initiative] (wellnet) will deliver beneficial results at an affordable cost.

Our report discusses this initiative in terms of risk management, and this is important in light of the investment amount required. Our comments may raise concerns about the feasibility of this initiative. Such concerns call for an understanding of the fundamental issues in moving to a modern, information-based health service system. The issues are complex, but they involve matters of life and death, people and possible changes to their livelihoods, and the personal information of Albertans. The volume and complexity of health information is growing, and this information needs to be collected, retrieved, and communicated quickly. This cannot be done easily with the current, often manual systems. How often are doctors totally dependent on a patient about what medication the patient is taking? How often are patients in emergency rooms kept waiting while their medical records are in the process of being located? Simply adding more staff is not likely to resolve the problem. My wife, who is a registered nurse and in the blood collection system, tells me that up to two-thirds of their nursing time is now spent on information collection and management. These issues need understanding. Although we addressed a recommendation to the department, there is also a need for health boards to take a more active role and a stronger role in managing the risks related to this initiative.

Our other recommendations deal with:

- A process is needed to report the progress of health authorities in removing the Year 2000 risk that is embedded in equipment and systems.
- A new agreement with physicians lays a foundation for dealing with concerns reported [in the last few years] with regard to physician funding and fee-for-service rates. Performance under the agreement should be

monitored by the Department of Health to ensure that the agreement is working as expected. Action is also required to improve systems for paying health practitioners and reducing the risk of incorrect payments for health services.

And finally

- Improvements in financial reporting can be made through consolidated reporting of regional health authorities and better use of financial analysis in the annual reports of health authorities.

Brian Corbishley will now brief you on recommendation 30.

MR. CORBISHLEY: Thank you, Mr. Chairman. Mr. Shandro has drawn your attention to the Wellnet initiative and in the context of need for improved information in the health care system. I want to focus a little bit more on that initiative, particularly because while it has the potential to have a significant impact on the health of Albertans, it also exhibits some significant risks. In our opinion, it is a major undertaking that deserves your critical attention.

Wellnet is a provincewide network to enable information sharing among patients, doctors, pharmacists, hospitals, regional health authorities, and of course your Department of Health.

There's a strategic blueprint that's being developed which identifies 20 initiatives, each of which is composed of several projects. Last year the department spent about \$15 million on Wellnet and now plans to spend about \$25 million this year. The entire undertaking is forecast to cost about \$600 million over the next six to 10 years to develop and in the order of \$200 million to \$230 million per year to operate.

8:50

There are many risks that need to be addressed in order to ensure that Wellnet stays in control and produces benefits at an affordable cost. We've grouped these risks into three categories. First are risks that are inherent in any large information system: the risks of running over budget, the risks of taking too long to deliver, the risks of not meeting user needs. As Nick has already stressed, the value of information and information technology to the success of the health care system is not in doubt. At the same time, success is by no means assured. Across North America information systems developments in all sectors have a very high failure rate in meeting budgets and meeting user needs.

The second risk area is the capability, readiness, and willingness of all the stakeholders and the health care providers to participate fully in Wellnet. One of our main concerns is the commitment of stakeholders to Wellnet. For it to succeed it must have the support not only of Alberta Health and the regional health authorities but physicians, pharmacists, the public, and indeed MLAs. It requires that support also because there is a substantial up-front investment before some of the benefits can be realized.

Now, a third area of concern in terms of risk is the challenge of ensuring accountability in this multistakeholder environment. These stakeholders not only have to participate but have to be accountable for delivering their part of Wellnet.

Wellnet has put processes in place to manage these risks and is continually monitoring their effectiveness. In our report we've urged the Department of Health to ensure that as Wellnet develops, there are solid business cases for all the initiatives, there's effective project management to bring them to conclusion, there's strong user commitment to each project, and that adequate skills are used in the design, management, and delivery of complex projects.

So our recommendation 30 on page 140 is

- that the Department of Health ensure that management processes maximize the prospect of meeting expectations and keeping the cost of [Wellnet] affordable.

Jim Hug will now give an overview of recommendations made to

Treasury.

MR. HUG: Mr. Chairman, there are reservations in the Auditor's reports on the 1997-98 financial statements of all the ministries, all of the departments. The accounting standard we have used to assess whether these financial statements are presented fairly is generally accepted accounting principles. Accordingly, we have recommended that the Treasury Department initiate changes to the corporate government accounting policies in order to eliminate these reservations in our Auditor's reports.

Whereas we doubt that the reporting entity issue will be resolved promptly, we are encouraged by Treasury's response to other matters. For example, we understand that the teachers' pension plan liability and expense, that were incorrectly recorded in the Treasury ministry, will now be moved to the Education ministry. The liability of that plan was \$3.8 billion at March 31, '98, and the 1997-98 expense was about \$200 million.

Another matter giving rise to reservations in the Auditor's reports was the failure to include all costs in an organization's financial statements. Various ministries provide goods and services without charge to other ministries. An example is accommodation and telecommunication services provided by the Department of Public Works, Supply and Services. To the extent that the provider contributes these goods and services without charge, the associated costs are excluded from the reported costs of the recipient. Therefore, because the recipient's reported costs do not include the full cost of program delivery, we have qualified the Auditor's opinion.

I am pleased to report to the committee that the government has established an interministerial committee to review the issue of cost allocation. This committee has developed a draft framework that identifies the types of costs that should be allocated and how allocation should be determined.

Finally, we are concerned about the efficiency of financial reporting and have recommended that the Treasury Department develop its strategies to improve year-end reporting processes for ministries and their agencies. The evidence of 1997-98 and recent years shows that good financial management practices have not always been applied during the year. At the year-end there is a significant volume of adjustments, estimated in the hundreds, requested and made during the year-end accounting process. In addition, some ministries produce many draft financial statements prior to the final version. This means that unnecessary time and effort is consumed because initial information is not accurate and timely. Also, it would appear that financial information for year-end closing is an add-on activity only relevant at year-end rather than an essential integrated element of the ongoing business reporting process. In our opinion, a priority would be to focus initially on publicly reporting accrual-based interim quarterly results, which is also discussed in our report.

Now back to you, Peter.

MR. VALENTINE: Mr. Chairman, before concluding our overview, I want to draw your attention to the audit of Alberta Registries performed jointly with the office of the Information and Privacy Commissioner. This work led to a considerable number of recommendations, the most significant of which are reported starting on page 229. This unique pooling of resources of the two offices was a first, and the audit results were well received. I trust that our opening comments will help the committee members in their preparation for meetings with management groups from the ministries.

We are now ready for your questions, Mr. Chairman, and thank you for your attention.

THE CHAIRMAN: We have a speaking order here commencing with Mr. Sapers, Mr. Hierath, Ms Olsen, and Mr. Melchin.

Do recall that we are dealing with the '97-98 report of the Auditor General, and this is dealing with the financial history of the province, not current policy. Just to review, so everybody remembers that. Thank you.

Mr. Sapers, please.

MR. SAPERS: Thank you, Mr. Chairman. Mr. Valentine, good morning. To your deputies and to the unsung heroes behind me, welcome and thanks very much for all of your work on behalf of the province. It certainly makes my job easier in some respects, a little more challenging in others.

Mr. Valentine, the 51 recommendations, I think, are as many as have come forward in any single year, at least of the reports that I've reviewed. I notice that overall there is the theme about consolidation and the fact that not one department got a clean audit. I think some of my colleagues may focus in on that.

I wanted to ask you some questions in particular about your review of the Alberta Treasury Branches. That may not come as a surprise to you this morning. Your report recommends that Alberta Treasury Branches review its lending guidelines and provide additional training where appropriate to ensure that all loans of connected companies are considered when reviewing, analyzing, and approving connected loan account.

The recommendation is on pages 223 and 224 of the current report. I wonder if you could tell us what types of deficiencies were identified in the course of your audit as it relates to ATB approval and monitoring processes for companies operating as a single unit but within this framework of connected accounts. In your answer, if you could reflect on the type of information that is still not being collected by the Treasury Branches for cash flow and security purposes as they relate to these connected accounts, I'd sure appreciate it.

MR. VALENTINE: Mr. Chairman, this question is a due diligence question. What we are asking Alberta Treasury Branches to do is to improve the extent of their due diligence in the loan process. The question is the scope for improvement; it's not so much the various deficiencies. I'll not enumerate the deficiencies because I don't think it's appropriate in these circumstances to give you that based on the test nature of our examination, but what we've attempted to do is to assist the client into bringing into focus the lending practices that need improvement.

Now, it's well recognized within the organization that this was an area that needed a great deal of attention. The new CEO and the new board of directors saw that very early in their inception, and they've done some things about addressing it. They do have a long-term plan, and they know where they want to go in the long run. I think that given there is no unqualified opinion on the financial statements and that we're talking about management practices here, that's about all I would want to say about it at this time.

9:00

MR. SAPERS: Thanks.

MR. VALENTINE: I would like to make a comment with respect to the number of recommendations. If you take the numbered and unnumbered recommendations together as a whole -- bear in mind that we number them so that you understand which are the important ones, and then the unnumbered ones are of lesser importance but still important -- there were 69 recommendations in total in 1997, and there were 74 in 1998, not an appreciably different total.

MR. SAPERS: Thanks. Never argue numbers with an auditor.

Mr. Chairman, I understand the process is I have one supplemental in this committee.

I guess I'm not entirely satisfied with the lack of enumeration of those deficiencies. I feel like I'm sort of being teased here a little. So let me ask a specific question about the connected accounts. I'm going to make the assumption that the majority of those connected accounts are in the commercial and other loans portfolio of ATB. You can correct that assumption if you care to. I specifically want to know if your concerns about connected accounts relate to the 401-plus million dollars in guarantees that are reported by the ATB as of the end of the fiscal period, March 31, 1998.

MR. VALENTINE: Two things. One, I can't support your assumption because we didn't do that analysis to determine that. Number two is that ATB's loan management processes, their systems are in need of improvement. They recognize that. That's been recognized ever since I have held this job. There is progress being made to develop a much better loan management system. The major charter banks have those systems pretty well in place today, and if you happen to deal with a major charter bank, you will recognize that they have connected all of the transactions that you have with them on a regular basis. ATB is behind but catching up in the area.

So connected accounts is only one of the areas that need attention in a systems-driven way, and that's why it was used as an example here. Now, in a number of situations all of the connected accounts information is available, but as they work through a very large portfolio, some \$8 billion, some of which is mortgages and some of which is agricultural based and some of which is personal lending and some of which is commercial lending and some of which is real estate lending, they are slowly working away at the total portfolio. I can tell you that the attention is driven to the risk areas first, leaving the lesser risk areas for later follow-up.

THE CHAIRMAN: Thank you.

Mr. Hierath, please.

MR. HIERATH: Thank you. Peter, I noticed that in your report in many places your recommendations talked about performance measures. With regard to the public works department particularly, in recommendation 38 you are recommending improved reporting on performance measures and so on. A lot of the departments probably are a little bit hard for comparative private-sector performance measures, but in this one it would seem to me that it probably would be easier for performance measures on comparative costs per square meter, that kind of thing. Are you thinking of in the future doing any kind of value-for-money audit on some aspects of government departments?

MR. VALENTINE: As related to performance measures?

MR. HIERATH: Yes.

MR. VALENTINE: Our big plan for performance measures is to be able to render an assurance opinion on performance measures that are disclosed in annual reports of departments, ministries, and in the government as a whole by the year 2001. The work that's proceeding in Canada and elsewhere leads us to believe that we have a good chance of achieving that. If we do achieve it -- and there is one significant area that I'll come back to and tell you where the difficulties are -- then you'll have an audit report not unlike the financial audit report that's related to the annual financial statements. Readers will be able to understand that the attributes of

good performance measures are met. In other words, it'll say something to the effect that these performance measures present fairly the performance of the organization.

The most significant difficulty is to attest to the attribute of relevancy. A performance measure should be relevant. The opposite, a nonrelevant performance measure, should not be publicized. That is the area where those that are involved in developing the methodology behind it are having some difficulty, although I'm happy to say that in our own office I think we've got leading-edge thinking on the subject. But there's lots of other people at play in it. So that's the big goal.

With respect to what we're doing now, we do render what's called a specified procedures opinion on the performance measurements of each and every department, and a certificate that indicates the extent of our work and the findings from that work is included with the performance measures that are listed in the annual report.

So at the end of the day I think we're getting there. Everybody has a keen interest in it, and I only recently have joined a group with the Canadian Institute of Chartered Accountants that has a significant interest in this. I am representing the public-sector side of it, and the rest of it is the private-sector side. I'm hopeful that the deliberations at that board will further the advancement of coming to the point at which we can render an assurance opinion on performance information.

MR. HIERATH: That's all.

THE CHAIRMAN: Thank you, Mr. Hierath.

MS OLSEN: Good morning, Mr. Valentine and all his staff. Again, I see the value in us coming and being able to ask questions and, again, certainly the value in your report. Certainly many of Mr. Hug's recommendations I think we heard last year.

I'm going to follow up on the issue of connected accounts from my colleague Mr. Sapers. You talk about connected accounts, the need for review "together for cash flow and security purposes," in the annual report on page 223. I would like to know what guidelines were established by the ATB during '97-98 to review the adequacy of security in cash flow prior to the approval of connected accounts. To follow on that question, how would the ATB guidelines in '97-98 treat those connected accounts in which loans are collateralized by security outside of Alberta and including the United States?

9:10

MR. VALENTINE: Well, I think that's a question that should be addressed to the management of ATB, and I don't represent them.

MS OLSEN: Thank you.

THE CHAIRMAN: Does that mean you have no opinion on the subject?

MR. VALENTINE: It's management's assertion that the financial statements are complete and accurate, and it's my job to opine on them. Management can tell you the answer to that question, and I think it's only appropriate that they do that. There will be the day, I think two weeks from now, that the Treasury Department will be here. You can ask them.

THE CHAIRMAN: That leaves the chair with a little bit of a dilemma. As I understand, the role of the Auditor General is just to comment on the claims, the assertions, the reporting of the departments, the *raison d'être* of your department or your agency. It would seem to me that you may choose not to have an opinion for lack of information or some other reasons. But not to have an

opinion by reason that somebody else is still reporting, one of the agencies is reporting, or the department is reporting leaves me at a little bit of a loss as to the reason for this committee.

MR. VALENTINE: Well, I think, Mr. Chairman, my mandate is threefold. The first one is to opine on the 200-odd financial statements of organizations that are contained within the government entity. The second one is to opine on whether or not there has been a compliance with legislative authorities in the expenditure and collection of moneys. The third one is to determine if there are appropriate systems in place to manage the business and, if those systems are there, if they are working. Those are the three statutory responsibilities that I have.

The question was directed: how does ATB keep their books? That's a question that management can easily provide you the answer for, with all due respect, Mr. Chairman.

THE CHAIRMAN: Okay. I guess we'll carry on this debate some other time.

MS OLSEN: I'll just rephrase this question.

THE CHAIRMAN: Ms Olsen, your supplemental.

MS OLSEN: Well, if the Auditor General can't answer that question, maybe I can just clarify then. You stated in your report:

To protect Alberta Treasury Branches' security position and minimize risk of loss on connected loan accounts, loans should be reviewed for adequacy of security and cash flow prior to approved connected loan account applications.

Now, can you tell me if there are any guidelines, any recommendations from the Auditor General's office in relation to that, considering that you're recommending that connected loan accounts be reviewed?

MR. VALENTINE: I think in any financial institution you would be working in the dark ages if you didn't have a system whereby all of the connected accounts could come forward. Now, you would hope that when you do your due diligence on a loan application, you get all of that information from the client or the prospective client. In doing your due diligence, one of the things you'll do is determine whether or not you got all that information to the best of your ability. But I can assure you that at the end of the day it's a process whereby the truth and integrity of the client come to bear, and if you can't satisfy yourself on that score, then I think it likely you should advise the client that they shouldn't be doing their banking in your organization.

Now, as a management tool you should have a process whereby all the connected accounts are readily available to the lending officers. That kind of information is available to the lending officers in a very sophisticated way in today's world. Because money moves so quickly and assets can get pledged more than one time, if you don't satisfy yourself that you've got the proper security in the lending process -- and what we're saying is that that process should start at the beginning of your relationship with a client, not halfway through or not near the end when the trouble starts.

I think it's fairly well recognized that prior to the change in the administration of ATB, there were some substantial lax lending practices. As I said, there is a substantial loan portfolio; it's \$8 billion in size. To work their way through the application of more modern banking financial management procedures is a process that's taking some time. But as I said in my earlier response, what they've done is approach it on a risk basis, so they went after the areas of risk first -- and I think those areas of risk have drawn some substantial headlines -- and they'll work their way through to the

areas of less risk at the end of the day.

THE CHAIRMAN: Thank you.

Mr. Melchin, followed by Ms Blakeman and Mr. Shariff.

MR. MELCHIN: Thank you, Mr. Chairman. To Mr. Valentine and your staff, I guess the first question I have of great importance is: how is it that the Auditor General's department could allow the Treasury to get away without some long-term eligibility criteria and performance measures for this race that you conduct each year? Sorry; that's not my question.

MR. VALENTINE: Well, you'll always find out at the end of the day what you need to improve on. Our skills at wagon racing need drastic improvement.

MR. MELCHIN: Okay. I'll go into the real question. In respect to consolidation, I know you've been saying for some time what needs to be consolidated, which departments and the like, and I have a couple of things with regard to consolidation that are not clear enough with myself. When you take education, for example, if we went back to the old formula, they were funded almost half through property taxes requisitioned at the local level. Would that, then, have said that they would not have been consolidated? Or look at advanced education. I remember talking to them at Mount Royal, where they said that only 43 percent of their funding came from the provincial government. The rest was from the private sector, certainly tuition and other kinds of revenues that they raised through courses and the like, services that they provided. So when you get into the consolidation, when you look at these institutions of advanced education, certainly in education itself, where they have other elected boards, and then even the other jurisdictions, why should they be consolidated, and are any other jurisdictions even consolidating those entities at this stage in Canada?

MR. VALENTINE: I'll come from the back to the front and will ask Merwan Saher to supplement my response. With respect to all jurisdictions in Canada, historically we've reported on the government's consolidated financial statements with an as-disclosed basis opinion. So note 1 to the financial statements of an as-disclosed basis opinion would set out the criteria for the reporting, and that generally would say that some things are in and some things are out, and that's the way it is in governments.

The concept of using an as-disclosed basis of opinion as an escape for not using a generally accepted accounting principles opinion is falling on troubled ground, and the Canadian Institute of Chartered Accountants is proceeding to do away with the acceptability of that kind of opinion. In other words, you'll have to give either a generally accepted accounting principles opinion or you'll have to have a qualification or a reservation, depending on the significance of the failure to follow generally accepted accounting principles.

In other jurisdictions in Canada last year, the year ended March 1997, the province of British Columbia consolidated all of the entities in the education, advanced education, and health authority areas, and an unqualified generally accepted accounting principles opinion was rendered on those financial statements. The government in B.C. doesn't support that any longer, so the Auditor General of British Columbia is going to render a reserved opinion on the accounts of the province of British Columbia for 1998. So they're stuck in the mud, if you like, on the issue.

We continue on the province's consolidated financial statements for reasons that are found in the literature to render an opinion on an as-disclosed basis in the province's consolidated accounts, and that's permissive under the public sector accounting standards board's

rules at the consolidated level. The public sector accounting standards board does not support that kind of opinion in the various ministries or departments. So when looking at the opinion that should be rendered on those accounts, one needs to look at generally accepted accounting principles and hence the reservations and qualifications that have occurred on the individual ministry and departmental accounts.

9:20

Dealing with Education, Advanced Education, or Health and elected boards and nonelected boards, the matter is whether or not it meets the definition of control. As you are well aware in the handbook literature, whether it's the blue book or the magenta book, the fact of the matter is that there are certain authorities that ministers have with respect to these organizations that represent a form of control. In the case of Advanced Education it's my understanding that the minister has to approve all new programs, all changes in programs, and all withdrawals of programs. It's a substantial control element. What we're saying is that to advance this issue and resolve it is a new look at the accounting principles that are presently contained within the literature.

Let me just close, and before Merwan makes a comment, by giving you one little example of an area where some consolidation would be nice, because we think we know what the numbers are and you may be sort of interested in this example. If you think that the cost of rendering health care in the Capital health region is displayed in the financial statements of the authority, I would remind you that there are no costs for the doctors in those financial statements. So if you're saying the cost per citizen or per capita or the cost per square foot or square mile or whatever criteria you're trying to look at, you don't have one of the very significant costs in the provision of health care in this region, nor do you have it in any other region either, but this one would be significant.

So there are some issues to deal with with respect to consolidation so that readers of the financial statements have the total picture. I do not think for a minute -- and I haven't been convinced so far -- that because an advanced educational institution is consolidated with the province's consolidated results it represents some form of control that isn't already existent in the sector. What we're doing is preparing a financial picture, as Merwan said in his remarks, that is complete.

You want to add something, Merwan?

MR. SAHER: Yes. Mr. Chairman, I think it's easy for this discussion to perhaps get bogged down in talk of standards and generally accepted accounting principles. The point we're making is that we're quite convinced that applying the existing standards would require the consolidation of the entities we're talking about. As that standard generally across Canada is not being applied, then clearly there's a problem with the standard, and the standard setters have to look at it. I would assume that any review of that standard could do nothing but confirm it, because the standard we talk about is rooted in fundamental accounting concepts. Essentially what we're saying is that for MLAs to understand the business affairs of a particular sector -- the health sector, the advanced education sector, the education sector -- you need a complete picture. You need to be able to pick up one financial statement which will show you the complete revenues, the complete expenses of that sector, and the whole infrastructure that is in use in that sector.

Now, anyone could attempt to do such a consolidation themselves. The government might argue that all of the information is there to enable you to do it. We just don't think that's practical or reasonable, that individuals should have to perform their own consolidations. The act of consolidation is a technical matter. The accounting members of the Public Accounts Committee will

understand that eliminations have to be made to deal with inter-entity transactions. But the whole purpose is to arrive at a picture which represents that economic group's relationship and activities with the outside world. We believe that's the first piece of information that you as members should have presented to you to allow you to formulate your decision-making.

For example, in decisions as to the allocation of resources between sectors, it would be very difficult for any one of you I think at this time to instantly obtain information as to what is the total net book value, for example, of the capital assets in use in the health sector. What is the written down value of the equipment that's currently used in the education sector? These are all numbers you could get at through diligent research. But our point is that there is a means, tried and tested over time, for providing that information to you, and it's called consolidated financial statements.

Our recommendation, if you will, could be viewed as essentially a practical matter. The debate gets taken off into issues of control, that doing such a consolidation would in some way affect the way in which the sector behaves. We believe there's really no substantive evidence to support that assertion. If someone were to ask me, "Well, on what basis would you make such an assertion?" I would reply that the private sector has from time immemorial consolidated the activities of groups of entities. It's standard practice to allow the shareholders of the organization to take a view of the total picture to allow the shareholder to understand the total picture before going into the detail.

Thank you.

THE CHAIRMAN: Mr. Melchin, a supplementary?

MR. MELCHIN: Yes. I'd like to just follow-up. Just one quick example then. Let's say that in a college or even a health facility there's substantive private-sector funding to raise dollars to put together a new structure, a new building, a new department, a new something. The substantive dollars are really for the most part private-sector dollars and not from the Alberta government. Now, that's another building, and there are some operating grants, but you've got all the fees that come from the students, all of their tuition fees. You've got some programs that they sell to the private sector for courses and training and the like. Most of the capital dollars may have come from the private sector. Does that building and the program and everything and all the fees associated with the program delivery then become a consolidated entity inside the provincial government? I'm not certain about the control. I understand what you said, but I'm not certain in a lot of these areas that the control is with the provincial government and that the private sector and other entities aren't viewing that they don't have some control over this.

MR. SAHER: If I could just perhaps start with that, and I think Nick would like to add to it. In the example that you use of funds from the private sector being used to fund a capital asset for example, the way I understand the accounting, that particular asset would indeed form a part of the consolidated assets of the province. But the other side of the entry would in fact be a liability in the sense that those funds had been received specifically for capital assets, and until they were consumed, the consolidated entity, that is the province, in point of fact has an ongoing obligation to the party that provided those funds. So within the total picture, yes, I would see an asset on one side of the balance sheet and the other side of the balance sheet would represent the unconsumed funds which had in fact been derived from the private sector. That would in fact be the reality.

MR. VALENTINE: You know, here's a classic example in the

relationship of BCE and Northern Telecom. Northern Telecom provides BCE with a huge amount of hardware and software to run telephone systems. Northern Telecom also sells its product to a variety of other customers. Northern Telecom is a partially owned subsidiary of BCE and has quite separate and different shareholders and quite separate and different debt obligations. When you look at the BCE consolidated financial statements, you see the minority interest in Northern Telecom. There's a very large number on the right-hand side of that balance sheet. So the accounting for minority interests, if you like, if you want to relate that to the private-sector investment in the college, to me is no different.

I must say that it's nice to have an intellectual discussion about accounting principles.

9:30

MR. SHANDRO: The key here is understanding why consolidation -- that is, the need for the overall information, the integrated information -- is absolutely necessary. It's very easy to analyze your revenue and say that this is what we got from government and then think that government doesn't have an influence on tuition fee policies and so on when it clearly does. It's very easy to say that somebody gave a capital grant and forget that the capital grant in turn generates operating costs of other sorts and so on which need to be all factored into the overall picture in understanding what the operations of the sector really are. Because education is a key Alberta system, systemwide it's important to get information on the complete picture. Just focusing on one issue sometimes does damage, I think, in the sort of analysis that we do.

THE CHAIRMAN: Thank you, Mr. Shandro.

MS BLAKEMAN: Good morning and thank you for coming to elucidate for us. I appreciate it and the presence of all of the staff.

I'm going to try to follow on this conversation that's just happened here. I can certainly understand what's being said about the need to consolidate the RHAs and school boards and colleges and that MASH sector and the DAOs using the GAAP. This recommendation has been made a number of times. Where do we go from here? How does the Auditor General press this point to carry this further? Are there examples that can be brought forward? What else is being done to carry this point, besides another recommendation and another year's worth of Auditor General reports?

MR. VALENTINE: Well, I certainly acknowledge that leaving it at the level of a Mexican standoff is not success for anybody. Several things have happened. One, the officials in the Treasury Department and I have asked the Canadian Institute of Chartered Accountants to advance the issue of the definition of the government entity on their agenda. We continue to dialogue with members of the Treasury Department on the issue and how it might be resolved. Through the organization called the Conference of Legislative Auditors, or COLA, as we refer to it, which is all of the legislative auditors in Canada, we have a study group which is looking at the issue from the legislative auditor's point of view.

I don't think that anybody is being irresponsible about the issue, and I don't think that anybody has become entrenched about it. We're open-minded to seeking a solution that would work if we can get it adopted by the standard-setting authorities and get the leadership there as it should be and that we not have people running off ignoring an accounting standard, which is in and of itself inappropriate.

Did you want to add something to that, Merwan, about where we think we can go?

MR. SAHER: No. Just to confirm that, as Peter has said, there is a standard that is out there, and it's not good when a standard is ignored. I think the standard-setter has to understand why that is happening. Perhaps the standard is faulty. I mean, Peter is sort of signaling that perhaps we are missing something. So that's where we've started, is to put it right back to the standard-setter. The standard-setter will either confirm, reconfirm the existing guidance or perhaps add to it. Perhaps there are some ways through this matter.

One of the issues is budgeting. I don't want to get into that. The province's legislation at the moment prohibits the entities that we're talking about being included in the central budget, but we think there are ways that one could arrive at consolidated financial statements even with that situation in place. So, you know, we continue to talk.

Going back to I think the point the member was making, essentially the audit office is here for the long term. There have been recommendations that we have made for any number of years, and we'll keep making this recommendation, I believe, until we're satisfied that it's inappropriate for us to continue to do so. But each year there is fresh discussion, and I think the views of members -- these matters do get debated in the House; questions are asked. All of that adds to, I think, a better understanding of the underlying problem.

MR. VALENTINE: Let me just close on that by saying that the issue of recording unfunded pension liabilities was first raised by the office in its annual report in 1979, and it was there for a long, long time before the Financial Review Commission occurred. Now we have proper and appropriate accounting for unfunded pension obligations. That was a big hurdle. The next big one is consolidations.

MS BLAKEMAN: Okay. Thank you.

There's been some discussion around RHAs and colleges in this discussion around the consolidated financial statements. I'm wondering if there are specific concerns around the delegated administrative organizations and their inclusion in consolidated financial statements, again using GAAP principles.

MR. HUG: Well, with respect to the Department of Labour we did raise the issue there, and it's a similar concern as well. Essentially when you look at the relationship between the DAO and the department, there are arguments which can be made to consolidate those organizations with the department's activities. I mean, without going through all the arguments, they're similar to the ones that can be made for RHAs and other sectors, and for those reasons we believe they should be consolidated as well.

MS BLAKEMAN: Good. Thank you very much.

THE CHAIRMAN: Thank you.

MR. SHARIFF: Welcome to Mr. Valentine and staff. I had some questions, and there have been partial responses to what I'm about to ask, so I beg your indulgence if there is some repetitive questioning therein.

I'm looking at pages 6 and 7 for my first question, and it's the fourth bullet on page 6, which talks about, "Politicians . . . have more to do." You talk about more informative reports and meeting the challenges of better reporting, and you're also talking about "continued championship" on the part of the Treasurer and political leaders. My first thoughts are: do we have an analysis on a ministry breakdown basis to understand which ministries are more progressive?

9:40

Then I go on to page 7, where I look at your fourth bullet again, where you indicate that Albertans are not given the clearest picture, and you're talking about again what I believe has been referred as a consolidated report here. In my understanding, every one of these organizations would have its own annual report, and I think you made reference to those reports existing and information being available. I'm still scrambling in my mind to understand how the picture can be presented so all Albertans can understand. As an average citizen, prior to public life this thing was not even part of my life to understand, except for the accountants that look at it. Could you explain to me how the average Albertan can make sense out of a much bigger picture than what already exists?

Could I have some comments on those points, please?

MR. VALENTINE: As to the issue of which ministries are more progressive, let me comment that the leadership in accounting principles and in disclosure has been taken by the department of Treasury, which continues to do that, to ensure that there are commonly applied principles and practices throughout the sector. I think that's appropriate, and I think that in fact it is one of the roles of controllership within government and that that should continue. To answer your question as to which are more progressive, I would say that it's a tie race, because the leadership is provided by Treasury.

To deal with the question of the layers of entities that form a consolidation, readers of the financial statements of the Alberta Research Council, which in and of itself is a small consolidation -- they have a number of little entities that fall under it -- and the annual report that goes with it would be reading for a particular interest as to the business activities of that entity. On the other hand, people that wanted to have a more complete understanding of the entire ministry of science and research would want to read the consolidated financial statements of the ministry, which brings in and includes a variety of other entities and the department itself. So consolidation is appropriate for the purpose at that level.

People who are in the business of rendering credit ratings and dealing with the government as a whole will want to see the entire and complete package of the government's activities. So they would be looking with interest at the consolidated accounts of the province.

I hope I've sort of helped you get to the pyramid there.

Merwan wants to supplement.

MR. SAHER: If I could just supplement and try to bring this down to the simplest level. I think people might assume that because of my work I could tell them: what's the total revenue of the health sector; how much revenue does the advanced education sector have available to it to deliver its programs? These are questions that I can't answer. I could invest the effort to attempt to do a consolidation, but I think these are basic questions that should be available to Albertans. I think it's basic information that should be available to the Assembly as it makes its decisions.

I don't want to seem to be repeating myself, but essentially the consolidation issue is just one of bringing together in a conventional and simple way the total assets, total liabilities, total revenues, and total expenses from all sources so that a total picture can be got. It's really the starting point for intelligent debate and discussion about a sector.

MR. SHARIFF: If I may then continue with the same thought, the next question is along the same lines. You move on to page 8, where you do give the government credit for the Government Accountability Act and indicate that we have been "a leader in measuring and reporting performance." Then you go on to say that

"standards become generally accepted . . . through practice." The impression I'm left with here is that we have to continually be progressive and improve our reporting procedure, which is good. However, now I'm looking at the picture that has been presented to me in the consolidation reporting format, where we will start including entities such as advanced education, health, postsecondary, and so on. An example I'd like to use is if you had Harvard University here in Alberta. My understanding is that the budget of Harvard University is larger than the entire budget of the province of Alberta. We can foresee situations and scenarios where there are pension funds, salaries of employees, and all kinds of other entities attached to these different institutions you have highlighted. If they are taken as a consolidated report, would they not skew the picture of government accounting? I'm not sure how that would make sense.

MR. VALENTINE: Well, first of all, we don't have an institution that size in Alberta, so I'm a little hard pressed to comment on a theoretical issue. The second problem I would have with Harvard is that it's not state funded in any way; it's entirely funded from endowment and the private sector. Certainly I wouldn't want anybody to think that we're arguing that institutions that are private in nature and receive their funding either from denominational support or whatever should be included. We are suggesting that the present accounting standard calls for the inclusion of those entities which are in government control and which receive their principal and significant funding -- in other words, they're economically reliant on the province. I don't disagree with you that we could talk about examples that would skew the thing such that the reporting no longer presents fairly, and that should be of concern to whoever the auditor is that's trying to opine on that situation.

I don't want to leave an impression in your minds that we have a rigidity on this issue. We don't have a rigidity on this issue. What we're saying is that there's an accounting standard out there now. Professionally, we don't believe that the province is following it, and it should be followed. On the other hand, the government, the client if you like, is of the view that the definition of a government entity is not as we see it. That is leading, I think, to some excellent dialogue and consideration, and as I said earlier, we've been able to get that back on the agenda amongst the standard setters. I, for one, intend to keep it on the agenda and keep the burner underneath it so that we get a resolution to the issue.

MR. SHARIFF: To get clarification of the point you just made when you talked about being substantially funded by governments. For example, Mount Royal, which relies 57 percent on nongovernment funding, I presume from your explanation, would not be part of the government budget, then, or part of the consolidated report.

9:50

MR. VALENTINE: No, I wouldn't say that. I think that at a minimum Mount Royal College continues to be economically dependent upon the funding it receives from the government; therefore, there's an economic reliance. At the same time, you're in control of the program that's delivered through that organization. The minister has certain responsibilities and authorities with respect to that. At the end of the day we think that meets the test of inclusion in the definition of a government entity.

It's not for any purpose of trying to achieve some form of control that doesn't already exist. I want to underline that. We do not subscribe to that thesis, although I know that thesis is out there. In fact, I know the president of Mount Royal College extremely well. I think he's one of the very few learned men I've ever known in my life, and I like to debate with him.

THE CHAIRMAN: Ladies and gentlemen of the committee, we have the Auditor General back next week, so it's my suggestion that the list that I have be in fact carried on as it is. Otherwise, we must start all over again. I know for sure that Mr. Yankowsky, Mr. Sapers, Mr. Stevens, Ms Olsen, and Mrs. O'Neill are on the list right now. If that's agreeable, we'll do that.

Mr. Sapers has written me a note that he wants to give notice of motion. I suspect we can do that, receive your notice of motion as opposed to reading it into the record. We'll receive it as pure written notice to save some time, if that's permissible, because Mr. Pannu is champing at the bit in order to get some questions and to finish it off. So with the committee's permission we'll do just as I've outlined.

DR. PANNU: Thank you, Mr. Chairman. Mr. Auditor General, I want to commend you and your staff for doing excellent work, particularly the section I want to ask a question about, the deferred maintenance section starting on page 39. You have two recommendations, 10 and 11. The picture that you paint here is an alarming one, not because you have anything to do with making it look like it is, but certainly the effects that you bring out for us to look at alarm me. It appears to me that the deferred maintenance costs may be borne by the next generation, who are presently paying skyrocketing tuition fees. I'm very, very concerned about it, so thank you for bringing this matter up for our attention.

My question has to do with the first paragraph on page 40. You draw attention to the infrastructure renewal grant, the amount you call significant. In my judgment it's utterly inadequate given the scale and scope of the problem that you outline here, significant though the numbers may seem at face value. You also then say that even if we assume that all that \$105 million will be used up, taken up by institutions, assuming that they are able to find the matching funds to the tune of 40 percent, an assumption itself which I have serious concerns about, we'll still be left with \$165 million worth of deferred maintenance costs for the urban institutions alone. I think that's what you're saying: large urban institutions. Then you say that that backlog would be at the end of three years 54 percent. I understand these large urban institutions are six, three in Calgary and three here: SAIT, NAIT, Mount Royal, Grant MacEwan, the University of Calgary, and the University of Alberta. My question: would you be able to tell us by giving us a breakdown what proportion of this 54 percent is associated with each of these six institutions -- the University of Alberta, the University of Calgary, and so on -- with respect to the maintenance backlog? I would like to know that.

THE CHAIRMAN: Before the answer, time being short. There are a number of questions that are asked here that when the departments come before us to answer questions, they're unable to give a complete answer in the time that's allotted here, so it is actually permissible to file a report with the secretary, which will be circulated to the members and will become part of the record. So that is an avenue in order to answer this or other questions also, to give a complete answer to Mr. Pannu's question. Thank you.

MR. VALENTINE: Well, I'm not sure whether our files contain the breakdown of that. The ministry's files would. The files that we audited would. We may or may not have extracted that kind of information. I don't know. I'm quite sure the ministry can provide it, because we were working with ministry information at the time. But we will look and see what's in our files.

DR. PANNU: Okay. And would you contact the ministry to get this information for me, or are you leaving it to me?

MR. VALENTINE: Well, I think so far as this report is concerned I might suggest that the ministry communicate with you. But if we didn't retain it in our audit files, we may not have concluded that the allocation amongst the various institutions was necessary for our audit comment, Mr. Chairman. But whatever is there we'll get back to you on, and we can do that next week.

THE CHAIRMAN: We're getting painfully close to time. I assume, then, that the answer to the question posed, whether it's possible to return or not, will come through via the secretary in a written form and be able to be delivered hopefully prior to next week.

MR. VALENTINE: If that's your wish, or alternatively I can give you a verbal answer next week.

THE CHAIRMAN: Do you have any preference then?

DR. PANNU: My preference would be to have it before we meet next week and, if it's possible at all, in written form. That'd be fine with me.

THE CHAIRMAN: Well, I'll leave that to your discretion, then, as to whether you wish to read it now or a week hence. All right? We'll come back a week hence and pick up where we left off.

DR. PANNU: I would have a supplementary starting next week?

10:00

THE CHAIRMAN: Yes, that's the form. Then of course it will be Mr. Yankowsky and then Mr. Sapers and Mr. Stevens.

I think the time for the meeting that has been allotted has now expired. I want to thank those members for coming and certainly thank the full staff, not the complete staff but the full staff, of the Auditor General's department for coming today. Thank you, sir. You now have done penance, and you've done service to God, Queen and country, and the department that outshone your agency.

Ladies and gentlemen, without anything further, the next meeting as per your agenda is Wednesday next, again with the Auditor General's report.

Might we have a motion for adjournment? Mr. Stevens. Is it agreed? It's carried.

[The committee adjourned at 10:01 a.m.]