

June ~~5~~⁶, 2018

**Standing Committee on Public Accounts
Second Report of the Third Session, Sixty-fifth General Assembly
Committee Activities**

Mr. Speaker and Members of the Legislative Assembly:

Introduction

The Standing Committee on Public Accounts is pleased to present its second report of the Third Session of the Sixty-fifth General Assembly.

Mandate

The Standing Committee on Public Accounts is charged with matters concerning the public accounts of the province, the annual report of the Auditor General, and fiscal management. In addition, it may, by majority decision of its membership, meet to examine and inquire into such matters and things as the committee deems appropriate.

Membership

Permanent members of your committee are:

Bradley G. Trivers, Chair (District 18, Rustico-Emerald)
Allen Roach, Vice-chair (District 3, Montague-Kilmuir) *(as of January 16, 2018)*
Hannah Bell (District 11, Charlottetown-Parkdale) *(as of January 9, 2018)*
Kathleen Casey (District 14, Charlottetown-Lewis Point)
J. Alan McIsaac (District 5, Vernon River-Stratford) *(as of January 16, 2018)*
Steven Myers (District 2, Georgetown-St. Peters) *(as of March 1, 2018)*
Hal Perry (District 27, Tignish-Palmer Road)

Former permanent members of your committee include:

Peter Bevan-Baker (District 17, Kellys Cross-Cumberland) *(until January 9, 2018)*
Darlene Compton (District 4, Belfast-Murray River) *(until March 1, 2018)*
S. Forrest (Bush) Dumville (District 15, West Royalty-Springvale) *(until January 31, 2018)*
Hon. Chris Palmer (District 21, Summerside-Wilmot) *(until January 10, 2018)*

Substitute members included Hon. James Aylward (District , Stratford-Kinlock) at the March 7, 2018 committee meeting; Jamie Fox (District, Borden-Kinkora) at the April 18 and April 25, 2018 meetings; and Colin LaVie (District 1, Souris-Elmira) at the March 21, 2018 meeting.

Changes in Membership

Your committee has several changes in membership to report. On January 9, 2018, via letter from the Leader of the Third Party, Hannah Bell (District 11, Charlottetown-Parkdale) was appointed as a permanent member of your committee in place of Peter Bevan-Baker (District 17, Kellys Cross-Cumberland). In accordance with Rule 91, which states "Ministers of the Crown are not eligible for appointment to the Standing Committee on Public Accounts and may not attend its meetings other than as witnesses before the committee," Hon. Chris Palmer (District 21, Summerside-Wilmot) ceased to be a member of the committee upon his appointed to Executive Council on January 10, 2018. Allen Roach,

(District 3, Montague-Kilmuir) and J. Alan McIsaac (District 5, Vernon River-Stratford) were appointed as permanent members of your committee by letter from the Premier on January 16, 2018. Upon leaving a recognized party to sit as an Independent, and pursuant to rule 90(1), S. Forrest (Bush) Dumville (District 15, West Royalty-Springvale) ceased to be a member of the committee on January 31, 2018. By letter from the Leader of the Official Opposition, Steven Myers (District 2, Georgetown-St. Peters) was appointed as a permanent member of the committee in place of Darlene Compton (District 4, Belfast-Murray River) on March 1, 2018.

Update on Committee Activities

Since its last report to the Legislative Assembly (December 1, 2017), your committee met on six occasions: February 7, March 7, March 21, April 18, April 25 and May 31, 2018.

At its meeting of **February 7, 2018** your committee considered its work plan and agreed to examine several topics within its mandate, in the following order of priority:

- A review of the Public Accounts of the Province of PEI by the Auditor General;
- A briefing on internal trade by Kal Whitnell, Senior Director of Economic Research and Trade Negotiations in the Department of Economic Development and Tourism;
- Briefings on housing by Hon. Tina Mundy, Minister of Family and Human Services, and an individual or organization within the community able to discuss housing from a client-centered focus;
- Performance reporting as method of planning and achieving outcomes and its potential benefits in fiscal planning, starting with a briefing from Robert Hughes, Chief Administrative Officer of the Town of Stratford, on his experience with implementing a results-based budgeting and performance measurement process over the past several years; and
- Open data in government, with potential witnesses to be determined at a later time.

Your committee also identified several other topics for future examination, without assigning particular priority or identifying potential witnesses:

- A briefing on Island Investment Development Inc, including its legislative budgetary accountability frameworks and the information provided as part of the budgetary process, its loans, and its operations and activities
- Government contracting of legal services
- Client service and request tracking in government: who is responsible for it and how is it tracked and measured
- An update by staff of the Provincial Archives and Records Office on records information management (RIM) efforts arising from recommendations of the Auditor General
- Government's method of charging for lottery fees (i.e. percentage of earnings vs. flat fee)
- Software licensing in government and the future plan for licenses as technology develops and changes

The committee also agreed to request from the Auditor General an update on the status of any outstanding recommendations from previous reports.

At the **March 7, 2018** meeting your committee met to receive a briefing on internal trade from Kal Whitnell of the Department of Economic Development and Tourism. The committee also agreed to a

motion that Gordon MacFadyen, Comptroller, and Ian Burge, Manager of Procurement Services, of the Department of Finance be added as witnesses for the briefing. Following the briefing the committee agreed to request that Gordon MacFadyen, Comptroller, brief the committee on the *Public Accounts of the Province of Prince Edward Island For the Year Ending March 31, 2017*. The committee also identified further witnesses under two of its priority areas of examination: on the topic of performance reporting, Martin Ruben, a consultant in public sector governance; and on the topic of open data in government, Dan Campbell, Secretary to Treasury Board; Jane Mallard, Director of Policy and Strategy, Department of Economic Development and Tourism; Chief Superintendent Jennifer Ebert, Commanding Officer, RCMP L Division; and Peter Rukavina, consumer of open data. Finally, your committee agreed to write to the Standing Committee on Rules, Regulations, Private Bills and Privileges to request that that committee review the role of the Vice-chair on the Standing Committee on Public Accounts, and consider whether that role should be defined in the Rules of the Legislative Assembly of Prince Edward Island.

At the **March 21, 2018** meeting, your committee received a briefing on *The Public Accounts for the Province of Prince Edward Island For the Year Ended March 31st, 2017* by B. Jane MacAdam, Auditor General; Gerri Russell, Audit Director; and Sarah Rodgerson, Audit Manager. After reviewing the Public Accounts with the Auditor General, the committee agreed that it no longer required the Comptroller to appear on the same subject.

At the **April 18, 2018** meeting, your committee met to review the *Report of the Auditor General to the Legislative Assembly* dated March 7, 2018. Auditor General B. Jane MacAdam, and Audit Directors Gerri Russell and Barbara Waite were in attendance.

At the **April 25, 2018** meeting, your committee met to continue its review the *Report of the Auditor General to the Legislative Assembly* dated March 7, 2018. Auditor General B. Jane MacAdam, and Audit Directors Gerri Russell and Barbara Waite were in attendance.

At the **May 31, 2018** meeting, your committee met to consider its report to the Legislative Assembly.

Recommendation and Further Work

Your committee has not yet completed its review of the *Report of the Auditor General to the Legislative Assembly* dated March 7, 2018, nor its examination of various topics within its mandate as agreed upon in early 2018. Nonetheless, the committee puts forward the following recommendation based on its work to date this year:

1. Your committee continues to recommend that more detailed budgetary information for Government Business Enterprises be provided as part of the budget review process, as per the Auditor General's 2018 recommendation 9.28 and past recommendations.

In the *Estimates of Revenue and Expenditure*, information on six Government Business Enterprises (Charlottetown and Area Development Corporation; Island Investment Development Inc.; Island Waste Management Corporation; PEI Energy Corporation; PEI Liquor Control Commission; and PEI Lotteries Commission) is limited to a net consolidated surplus. This does not indicate how these enterprises propose to use their budgets to fund operations. These enterprises operate independently, but they have significant public responsibility as part of their mandates. Providing greater budgetary information for these enterprises would improve accountability and transparency.

Conclusion

Your committee thanks the witnesses that appeared before it for their efforts in briefing the committee and responding to questions. Your committee commends the work done by the Office of the Auditor General in the preparation of the 2018 report to the Legislative Assembly. As indicated, your committee has further work to do in reviewing the report. However, your committee strongly encourages all departments, agencies, and Crown corporations to avoid any delay in considering the recommendations of the Auditor General and their implementation.

Respectfully submitted,



Bradley G. Trivers
Chair, Standing Committee on Public Accounts