

## **Backgrounder: Response to Recommendations in the Provincial Auditor's Report**

### **Global Transportation Hub**

The GTH accepts and welcomes the recommendations from the Provincial Auditor.

**Recommendation 1: The GTH require, for its Board's review and approval, the preparation of business cases for major land acquisitions or significant new initiatives.**

**Recommendation 2: The GTH require and keep documentation of review of land appraisal reports it uses when making offers to purchase land.**

The GTH is drafting policies for land acquisitions and significant new initiatives which will clearly identify key approvals and controls - including the requirement for a formal business case to be approved by its board.

Additionally, a checklist will be developed to capture the review of all GTH senior officials when reviewing land appraisals.

The GTH plans to have its new processes and controls in place by the end of the year.

The agency also appreciates the Provincial Auditor's recognition of the improvements it has already made to its business practices including:

- An appropriate approval process for land transactions;
- Ensuring a Code of Conduct is signed annually by both board members and employees; and
- Providing board members 7-10 days to review materials in advance of meetings.

The GTH looks forward to continually improving its business processes while at the same time, staying focused on driving investment and serving as an instrument of trade for the province.

### **Ministry of Highways and Infrastructure**

The Ministry of Highway and Infrastructure (MHI) is implementing all eight recommendations provided by the Provincial Auditor and has already made process changes to address several of them.

**Recommendation 1: Explore alternate approaches to optimize the timing of land acquisitions for major public improvement projects.**

Provincial Interest Regulations (Planning and Development Act) came into force in March 2012. These regulations grant powers to the Government of Saskatchewan to protect land through inclusion on an official community plan. In February 2016, MHI held a process improvement event to document processes for land protection that incorporates these legislative changes.

Land purchase for major projects will continue to be identified through the annual budget process and government wide capital planning process each year. As part of the early stage planning processes, MHI will consider land purchase and other protection techniques.

**Recommendation 2: Require staff responsible for acquiring land for major public improvement projects to periodically document potential conflicts of interest.**

The Provincial Auditor did not identify any conflicts of interest for MHI staff.

MHI is working with the Ministry of Justice and the Public Services Commission to develop a conflict of interest identification process including an annual declaration for staff involved with land purchases.

**Recommendation 3: Require staff to clearly document the results of review of appraisal reports used to acquire land for major public improvement projects.**

MHI is implementing a process to document review of appraisal reports.

**Recommendation 4: Clarify its policy for paying permanent damages for partial takings of agricultural land to landowners for major public improvement projects.**

The provincial auditor identified one landowner who should have received \$137,750 for the premium. MHI is taking steps to review the file and pay the outstanding amount to the landowner.

MHI is providing additional clarification about the application of the premium for staff involved in land purchase.

MHI will prepare information explaining the policy for land owners.

**Recommendation 5: Follow written approved policies in effect related to determining compensation associated with land acquisitions for major public improvement projects and keep related supporting documents.**

MHI has developed and implemented a checklist to ensure each file contains rationale for offers and supporting documents.

MHI staff will follow written policies. If there is a unique situation, a formal policy deviation will be required and approved by the appropriate senior manager (as indicated in MHI's delegated signing authority).

**Recommendation 6: Provide for an internal review of compensation performed by a second person other than the preparer associated with land acquisitions for major public improvement projects prior to making offers to landowners.**

MHI has already started requiring approval of proposed offers by the appropriate signing authority before the offer is provided to landowners. This approval process includes a detailed breakdown of the offer components and supporting documentation.

**Recommendation 7: Follow its delegated signing authority when acquiring land for major public improvement projects.**

MHI has implemented processes to ensure staff follow the delegated signing authority. The senior executive that signed the agreements above his delegated threshold is aware of the error.

**Recommendation 8: Publish information to help landowners understand their property rights and how it determines due compensation for land for major public improvement projects.**

MHI will place additional information on its website about compensation policies.