



News Release

Provincial Auditor

Auditor's report focuses on people and infrastructure

For immediate release

REGINA, May 25, 2006—Provincial Auditor Fred Wendel today released his *2006 Report—Volume 1*. In the Report, the Auditor focuses on human resource issues facing government agencies and on the need to manage Saskatchewan's infrastructure. The Auditor also described a loss of public money.

The Auditor warned government agencies to start planning for their future workforce. "Saskatchewan faces potential shortages of skilled workers," said Wendel. "This is a risk for the Government and for the economy as a whole." Government agencies employ about 50,000 people. As the population of Saskatchewan ages, many government agencies must cope with increasing numbers of retirements. "Replacing these experienced and knowledgeable workers will not be easy."

The Saskatchewan Institute of Applied Science and Technology (SIASST) will play an important role in managing the challenge of having a skilled workforce. SIASST prepares people for work in areas such as the trades, health sciences, and technology. The Auditor looked at SIASST's processes to build its own human capacity. The audit found that SIASST needs to do a better job analyzing its workforce to see where there are gaps in the competencies it requires. SIASST needs to inform its Board about these gaps and propose plans to address them. SIASST also needs to better coordinate its human resource strategies across the entire organization.

One sector facing human resource challenges is the health sector. The Saskatchewan Health Workforce Action Plan provides guidance and direction to health care agencies for preparing their own human resource plans. Saskatchewan was one of the first provinces to produce a public plan of this type. The Auditor examined whether the Plan contained the key elements of a sound human resource plan. The audit found that the Plan needs to provide more information on expected gaps in human resources. The Plan also needs to better describe strategies to meet these gaps.

Another government agency facing human resource challenges is SGI. SGI expects up to 50% of its managers will retire over the next 10 years. The Auditor found that SGI has adequate succession planning processes for key positions.

"Government agencies need good human resource plans to help them have the right people with the right skills available at the right time," said Wendel. Good human resource plans help agencies reduce their risks.

The Auditor's *2006 Report—Volume 1* also describes the large investment the Government has made in infrastructure such as roads, dams, buildings, gas lines, and power plants. The Government needs an effective infrastructure to deliver services.

SaskPower depends on its infrastructure to supply enough electricity to meet Saskatchewan's electricity needs. The Auditor looked at SaskPower's processes to plan for its power production needs. SaskPower has nearly \$2 billion invested in power production infrastructure. The audit found that SaskPower needed to improve its processes to help ensure it consistently analyzes alternative energy risks and strategies.

The Auditor also evaluated SaskWater's processes to maintain its infrastructure. SaskWater treats and distributes water to over 50 towns and villages and to various industries across the province. SaskWater's infrastructure has an estimated replacement cost of \$250 million. Adequate maintenance of this infrastructure will help SaskWater reduce costs while increasing the efficiency and reliability of the supply of water. The Auditor found that SaskWater needs to prepare detailed records of its infrastructure and its condition. SaskWater also needs to prepare a comprehensive maintenance plan.

"The Government needs to protect its large investment in infrastructure," said Wendel. One way to do this is for government agencies to report on the key infrastructure they use to provide services. The Auditor examined the adequacy of information on infrastructure that the Saskatchewan health sector provides to the public. The audit found that health sector agencies need to improve the information they provide. The agencies should provide more information about the capacity of their key infrastructure, the extent to which the infrastructure helped the agencies achieve objectives, and the strategies they used to manage major risks to infrastructure.

The Report describes a loss of public money at Coachman Insurance Company. Coachman is owned by Saskatchewan Government Insurance (SGI). Coachman lost \$9.7 million on an insurance policy where it permitted an agent to administer claims under that policy. The Report describes how Coachman did not have adequate processes to monitor claims under agents' administration.

The Auditor's *2006 Report—Volume 1* covers approximately 150 government agencies with December 31, 2005 year-ends. The Auditor's *2006 Report – Volume 3* will focus on agencies with March 31, 2006 year-ends and is expected to be released in December 2006.

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The *2006 Report—Volume 1* is available on the Internet at www.auditor.sk.ca.

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