



# **News Release**

## **Provincial Auditor**

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### **Government must improve supervision, says Auditor**

For immediate release

REGINA, December 7, 2006—To protect public money, the Government needs to better supervise the staff and agencies working for it, according to Fred Wendel, Saskatchewan's Provincial Auditor. "In most cases, Government agencies have improved their policies to safeguard public assets," said Wendel. "They now need to focus on making sure that policies are followed."

The Auditor made the comments in connection with the release of Volume 3 of his 2006 Report. The Report covers nearly 125 Government agencies with March 31, 2006 year-ends. The Auditor observed that most of the agencies have good practices for managing public resources and have complied with the laws governing their operations. "But where problems remain, the Government needs to move quickly to fix them."

Past audit reports described the need for the Department of Environment to segregate duties—making sure that the same individual cannot initiate purchases, receive goods, and approve payments. Failure to segregate duties allowed losses to occur. While the Department now has adequate policies, audits found that employees were not following them. "The Department must improve its supervision so that employees follow policies," emphasized Wendel. The Department also must follow its policies for verifying annual returns from forestry companies. Delays in verifying the returns have caused delays in collecting fees and could result in loss of public money.

The Department of Community Resources has improved its policies to help ensure that only eligible people receive aid. But the Department must improve its supervisory practices to make sure that employees comply with the policies. The Report observes that the Department has embarked on a quality improvement program and has strengthened its internal audit function. "These measures should help the Department make needed progress," said Wendel.

The Report also describes how SaskPower lost about \$190,000 in public money over four years. The loss was primarily due to poor supervision of and ineffective direction to staff, and lack of segregation of duties. Although controls were in place, employees did not follow the established processes.

The Auditor also reports other losses or potential losses of public money. The Department of Health directed regional health authorities to pay additional wages to employees before final wage rates were determined. As a result, regional health authorities overpaid employees as much as \$4 million. The ability of the Government to recover the overpayments is unclear.

Saskatchewan Crop Insurance Corporation did not have adequate processes to guard against overpaying claims. The Corporation paid \$773,000 to three producers when they were entitled to \$487,000 under the terms of their policies. This resulted in a loss of public money of \$286,000.

The Government must also supervise agencies that receive and spend public money. In 2005-06, the Department of Community Resources paid over \$86 million to community-based organizations to deliver services. The Department does not require these organizations to set performance measures or targets, so the Department cannot know if the organizations are achieving what the Department intends. Nor do all the organizations provide the Department with required financial reports. The Department needs to receive financial and operational reports from these organizations to know that the money it provides them is used for intended purposes and achieves desired results. Where the reports indicate problems, the Department needs to act quickly to fix them.

The Saskatchewan Association of Health Organizations (SAHO) uses outside agencies to help it manage payroll for about 37,000 people. It is important that employees are paid the correct amount and on time. SAHO needs to improve how it monitors the work done by the outside agencies to know that payroll systems are secure and that payroll information will be available when needed.

It is important that Government agencies be able to deliver critical programs and services in the event of a disaster. The Auditor found varying degrees of readiness, with many Government agencies not having assessed their business continuity needs. "To be able to provide essential services," said Wendel, "agencies should have written, approved, and tested business continuity plans."

Past audit reports highlighted human resource challenges that the Saskatchewan public sector is facing. In this Report, the Auditor describes how many Government agencies must improve their human resource plans. "Government agencies must have good human resource plans to manage coming challenges," noted the Auditor. "These plans are necessary to assist agencies to have the right people, in the right jobs, at the right time."

Immunization is an essential primary health service that reduces the incidence of disease, severity of illness, and the frequency of hospitalization. The reported immunization rate of two year old children in the Prince Albert Parkland Regional Health Authority is 67%. This is significantly lower than the Public Health Agency of Canada's recommended ideal rate of 95%. The Auditor examined whether the Authority had adequate processes to achieve recommended immunization rates. The audit found that the Authority needs to improve how it works with others to create opportunities to immunize. The Authority also needs to improve its processes to monitor coverage.

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The *2006 Report—Volume 3* is available on the Internet at [www.auditor.sk.ca](http://www.auditor.sk.ca).

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