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Executive summary

All First Ministers have agreed to publish reports on the performance of health systems of each provincial government and the Federal Government starting this fall. The First Ministers expect the reports to describe each health system's performance in 14 indicator areas. This reporting initiative is important because it will enable legislators and the public to compare the performance of their health system with the health systems in other jurisdictions.

The Assembly and the public will need to know that the Department's indicator report is reliable and comparable with other jurisdictions. Our 2000 Fall Report – Volume 3 and in our 2001 Fall Report – Volume 2 state that we are working with the Department to ensure that we are able to provide the Legislative Assembly with our report on the reliability of the indicator report this fall. We look forward to the Department's continuing co-operation in this important and difficult project.

In Chapter 6C of the 2001 Fall Report – Volume 2, we stated that we had not completed our audit of the Moose Jaw-Thunder Creek District Health Board (the District) for the year ended March 31, 2001. We had not completed this audit because we were unable to rely on the District's appointed auditor to determine whether the District had adequate rules and procedures to safeguard and control its assets and whether the District complied with the law. The appointed auditor did not do sufficient work for us to form our opinions on those matters.

We have now done additional work and have formed the opinion that:

- ♦ the District had adequate rules and procedures to safeguard and control its assets except as described in this chapter; and
- ♦ the District complied with the authorities governing its activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing except as described in this chapter.

Introduction

The Department of Health's mandate is to protect and improve the health of Saskatchewan people. To do this, the Department provides policy direction, direct services, and funding to health providers and health agencies.

In Chapter 6A of our 2001 Fall Report – Volume 2, we reported the results of our audits of the Department and its agencies for the year ended March 31, 2001. At that time, we had not completed our audit of the Moose Jaw-Thunder Creek District Health Board (the District). This chapter describes the results of our audit of the District for the year ended March 31, 2001.

As well, in that chapter, we described our work with the Department to ensure that the Legislative Assembly (Assembly) and the public receive reliable information on our health system's performance. The Department plans to report on 14 health indicator areas this September. We plan to audit the indicator report and tell the Assembly whether the report is reliable. We give an update of this important work below.

Department's indicator report

In September 2000, all First Ministers in Canada prepared a news release communicating to Canadians their vision of health: *Canadians will have publicly funded health services that provide quality health care and that promote the health and well-being of Canadians in a cost-effective and fair manner.*

In this communication, the First Ministers committed to preparing reports on the performance of health systems of each provincial government and the Federal Government starting in September 2002. The First Ministers expect the reports to describe each health system's performance in 14 indicator areas. The reports will allow legislators and the public to compare the performance of their health system with the health systems in other jurisdictions.

The Legislative Assembly and the public need to know that the Department's health indicator report is reliable and comparable with other jurisdictions. They also need to know that the independent audit

assurance provided on the indicator reports is credible and consistent across jurisdictions. We are working with all legislative auditors in Canada to ensure that we provide consistent audit assurance based on professional standards.

The Department's health indicator report will provide new and vital information to the Assembly and the public on the performance of Saskatchewan's health system. In our 2000 Fall Report – Volume 3 and in our 2001 Fall Report – Volume 2 we stated that we are working with the Department to ensure that we are able to provide the Assembly with our report on the reliability of the indicator report this fall. We look forward to the Department's co-operation in this important and difficult project.

Moose Jaw-Thunder Creek District Health Board

In 1993, Order in Council 837/93 created the Moose Jaw-Thunder Creek District Health Board under *The Health Districts Act*. The Act requires the District to deliver health services.

For the year ended March 31, 2001, the District had total expenses of \$57.9 million, reported an Operating Fund surplus of \$1.2 million and held assets of \$29.2 million. The District has issued financial statements to the Minister of Health.

Our audit conclusions and findings

In Chapter 6C of the 2001 Fall Report – Volume 2, we stated our audit conclusions and findings for the 10 district health boards that we audited for the year ended March 31, 2001. At that time, we had not completed our audit of the Moose Jaw-Thunder Creek District Health Board (the District). We had not completed this audit because we were unable to rely on the District's appointed auditor, Robert A. Tiede, Chartered Accountant, to determine whether the District had adequate rules and procedures to safeguard and control its assets and whether the District complied with the law. The appointed auditor did not do sufficient work for us to form our opinions on those matters.

Where we are unable to rely on the work and reports of an appointed auditor, *The Provincial Auditor Act* requires us to do additional audit work. Our additional audit work consisted of reviewing, evaluating, and testing

the District's internal controls to determine whether the District had adequate rules and procedures to safeguard and control its assets. We also performed tests and other procedures to determine whether the District complied with the law.

As a result of the additional audit work performed, our Office has formed the opinions referred to below.

In our opinion, for the year ended March 31, 2001:

- ◆ **the District had adequate rules and procedures to safeguard and control its assets except as reported in this chapter; and**
- ◆ **the District complied with the authorities governing its activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing and investing except as reported in this chapter.**

We organize our audit findings and recommendations into two groupings. These groupings reflect important responsibilities of the Board of Directors in its role of overseeing the District's operations. These are:

- ◆ setting direction and monitoring performance; and
- ◆ complying with authorities and ensuring adequate accountability to district residents and the Minister of Health.

Setting direction and monitoring performance

The Board needs to set health outcome targets and measures for the District. The Board then needs to receive reports from management showing the District's progress in achieving those targets.

In setting direction and monitoring management's performance, the Board needs to set out the health outcomes it expects and the targets and measures needed to monitor progress in achieving the expected outcomes.

The Board has not set expected outcome targets and performance measures. Once the Board has set targets and measures, it will have to

consider the effect this will have on the type, cost, and volume of District services. The Board will then need to receive reports showing what management did compared to what the Board expected. To prepare these reports, the District will need to design information and reporting systems to compare actual results to targets. We recognize this will take time and resources. Many publicly funded organizations face this challenge.

The reports that the Board received do not contain all the necessary information. The reports did not show the expected long-term health outcome targets and the District's progress in meeting the targets. As a result, the Board was unable to assess the effectiveness of its services in improving the health status of its residents. We recognize measuring and reporting on the health status of residents will take time and resources.

Preparing good internal reports for the Board will help it to govern better and will provide a sound basis for reporting on its performance to the Minister of Health and the public.

We also reported this matter in previous reports to the Legislative Assembly. In January 1999, the Standing Committee on Public Accounts Committee considered this matter and agreed with our recommendation for improvement.

We continue to recommend that:

- ♦ the Board continue to formally define and document what health outcomes it expects and the measures and targets needed to monitor progress in achieving the outcomes; and
- ♦ the District's internal reports on health outcomes compare actual performance for services delivered to planned performance.

Complying with authorities and ensuring adequate accountability

The Board needs to ensure management has established adequate rules and procedures to comply with legislative and related authorities including key agreements.

We note the following instance where rules and procedures were not adequate to ensure compliance with authorities.

Reporting required by *The Health Districts Act*

The District needs to continue to improve the information it submits to the Minister and the public to fully comply with *The Health Districts Act* (the Act).

Section 35(2) of the Act requires the District to report annually to the Minister on its services and activities and costs; the health status of its residents; and the effectiveness of its programs.

The Department of Health has issued guidelines for the preparation of the districts' annual reports, guidelines for the preparation of three-year strategic plans for districts, and guidelines for health services and outcome indicators for mothers and infants. These guidelines should help the District to meet the reporting requirements of section 35(2) of the Act.

As we noted earlier, the District also needs to improve its internal reports. Better internal reports would provide a sound basis for the preparation of the external reports to the Minister and the public required by the Act.

The District has started to give more information to the Minister and the public. The District has made progress by identifying objectives in its long term strategic plan. The District now needs to set outcome performance targets and measures to be able to report to the Minister on its performance.

We also reported this matter in previous reports to the Legislative Assembly. In January 1999, the Standing Committee on Public Accounts Committee considered this matter and agreed with our recommendation for improvement.

We continue to recommend that the District work with the Department to provide the Minister of Health and the public with the full range of information required by *The Health Districts Act*.

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