

Board information for financial decisions—follow-up

5E

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Introduction to recommendations

This section describes the action taken by the Department of Health and by health districts on recommendations that arose out of an audit our Office carried out in 1999-2000.

Our audit assessed whether boards of health districts received adequate information to make financial decisions. In Chapter 2D of our 2000 Fall Report – Volume 3, we described our findings. We found that three of the six health districts that we audited received adequate information. In light of our conclusion, we made the recommendations listed below.

1. Boards of health districts should improve the relevance of financial and program information they receive by requesting:
 - ◆ timely reports. Boards should request that they receive reports as soon as possible after the end of the reporting period, preferably within 30 days, and at least one week before meetings;
 - ◆ reports that describe progress towards goals and objectives. Boards should continue their efforts to define performance measures and should focus their efforts on defining a limited set of key measures that monitor progress toward these boards' most critical objectives; and
 - ◆ reports that help them look ahead. Reports should include projections or forecasts (e.g., of results, service delivery volumes, staffing levels).
2. Boards of health districts should improve the reliability of financial and program information they receive by ensuring that:
 - ◆ reports include information about the financial position and program effectiveness of significant affiliates;
 - ◆ reports disclose significant assumptions used in preparing projections or forecasts; and

- ◆ districts standardize the way they collect and safeguard information.

On May 30, 2001, the Standing Committee on Public Accounts agreed with these recommendations.

In 2002, the Government replaced Saskatchewan's 32 health districts with 12 regional health authorities. As with the health districts, the regional health authorities deliver health services. They are responsible for planned spending of almost \$1.5 billion annually.

The boards of these regional health authorities require adequate information to make financial decisions. As leaders of new organizations, the boards of regional health authorities have an opportunity to set clear expectations for the information that they require. Our recommendations will help boards to request useful information for more informed financial decisions.

Action on the recommendations

Accountability for board information is shared. Board members, managers, and the Department all have a role in ensuring that boards have adequate information to make financial decisions.

Our Office shared the results and recommendations of our audit with all of the accountable groups. We provided the audit report and recommendations to the chair of every health district board. We met with several health district boards to discuss the recommendations directly with them. We also met, as a group, with the chief financial officers of the health districts to describe the audit, our results, and our recommendations.

Action by districts

We asked all health districts if they acted on our recommendations to obtain better information for making financial decisions. Health districts responsible for about 60 per cent of total health district spending responded to our request and provided examples.¹

¹ As a proportion of spending for the year ending March 31, 2002

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The responding districts told us that they acted on the recommendations. The districts reported that they had taken positive steps to improve the information given to their boards for making financial decisions as follows.

Relevance of information

- ◆ Improved timeliness of information given to the board.
- ◆ Provided more information to help the board look ahead including forecasts and reports of emerging issues.
- ◆ Provided better information to help boards monitor district performance (both financial and operational):
 - increased use of performance measures;
 - explained differences between what was planned and what was achieved; and
 - integrated operational information (e.g., service volumes) with financial information.

Reliability of information

- ◆ Increased completeness by including information regarding district affiliates (e.g., in quarterly reports).
- ◆ Disclosed assumptions underlying information.
- ◆ Improved systems to collect more standardized information (e.g., regular reports of key financial and service statistics).

Action by the Department

Some of the information that boards require is influenced by the Department of Health. The Department told us that it plans to bring all chief financial officers of the new regional health authorities together regularly. The Department advises that it plans to provide guidance about information for financial decisions at those meetings.

The Department had planned to complete and release new written guidance on board information. It has not yet done so. We urge the

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Department to provide written guidance during 2003 on the information that boards of regional health authorities should receive.

Next steps

Health spending accounts for a large proportion of public spending. The regional health authorities play a key role in spending public resources to deliver health services. Their boards need good quality information on which to base their decisions. Our Office plans to continue to monitor the information received by the boards of regional health authorities.