

Main points.....63

Introduction.....65

Saskatchewan Association of Health Organizations.....65

 Our audit conclusions and findings66

 Segregation of duties67

 Receipts67

 Approval of reconciliations and adjustments to accounting records68

 Approval of payments.....68

 Approval of disability income payments69

 Contributions need monitoring70

 Financial reports for administered benefit plans needed71

 Investment policies needed.....72

 Verification of compliance with insurance agreements and plan texts73

 Service agreements need improvement.....74

 Security policies and procedures needed.....75

Five Hills Regional Health Authority—processes to achieve selected outcomes.....75

 Introduction75

 Background.....76

 Our audit objective and conclusion77

 Findings and recommendations by criterion.....78

 Show leadership commitment to planned outcomes79

 Promoting a focus on outcomes by senior managers79

 Providing learning opportunities about focusing on outcomes79

 Make expectations clear80

 Assigning responsibility and evaluating performance results81

 Using action plans and targets to guide activities81

 Communicating with partners about plans82

6

Health

Monitor results—measure, report, analyze	83
Measuring results.....	83
Reporting results—activities and outcomes.....	83
Analyzing results.....	84
Use performance information to support decisions	85
Using reports to align resources.....	86
Using reports to realign strategies.....	87
Using reports to manage risks.....	87
Selected references	89

Main points

In this chapter, we report the results of our audits of the Saskatchewan Association of Health Care Organizations (SAHO) and eight benefit plans for employees in the health system and an audit at the Five Hills Regional Health Authority.

To safeguard resources from misuse, SAHO must segregate the duties of its employees in the following areas:

- ◆ cash receipts and bank deposits
- ◆ entries to its accounting records
- ◆ agreeing accounting records to bank records
- ◆ payments to suppliers
- ◆ disability income payments

SAHO needs to strengthen its processes to safeguard the assets of its benefits plans by:

- ◆ monitoring the contribution revenue collected from participating members (e.g., regional health authorities)
- ◆ preparing and reviewing interim financial statements for the benefit plans
- ◆ developing investment policies for its dental, extended health, and group life insurance plans to manage risks and monitor performance
- ◆ ensuring payments made by its agent comply with the agreements with the agent and the plan texts

As reported in our 2005 Report – Volume 3, we have audited the processes two departments used to achieve their planned outcomes. As reported in this chapter, we carried out a similar audit at the Five Hills Regional Health Authority.

Focusing on the achievement of planned outcomes is an effective way to manage and is in use worldwide. Agencies within the Government, in recent years, have adopted this management approach. As with any significant change in management approach, we expect that it will take several years to make full use of an outcome-oriented approach.

We anticipated that the Five Hills Regional Health Authority, formed in 2002, would be at an early stage in applying outcome-oriented

management processes. Overall, we found the Region has an organizational culture that expects an outcome orientation. Some of its management practices are moving quickly towards an outcome orientation while a few are progressing more slowly.

We recommend the Region formally analyze results (i.e., activities completed and outcomes achieved) and use that analysis to support decisions. We also recommend it use a management development program that includes an outcome-oriented approach.

Introduction

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

In Chapter 2 of our 2006 Report – Volume 3, we reported the results of our audits of the Department of Health and related agencies for the year ended March 31, 2006, except for the audits of Saskatchewan Association of Health Organization’s (SAHO) rules and procedures to safeguard its and its benefit plans’ resources, compliance with its and its benefit plans’ authorities, and Group Life Insurance Plan financial statements (year ended December 31, 2005). This chapter reports the results of those audits. We have not completed our audits of the benefit plans for the year ended December 31, 2006.

Also, the chapter reports on the results of our audit to assess the adequacy of the Five Hills Regional Health Authority’s processes to achieve selected outcomes.

Saskatchewan Association of Health Organizations

The purpose of Saskatchewan Association of Health Organizations (SAHO) is to provide leadership, support, and services that will assist its membership in effectively delivering a comprehensive range of health services to the people of Saskatchewan. Services SAHO provides to its members include communications and advocacy, collective bargaining, human resources, payroll, materials management, workplace, health and safety, and education. Its members are various healthcare providers within the province. The largest members are the Regional Health Authorities (RHAs).

SAHO also provides administrative services for various employee benefit plans used by its members. The employee benefit plans include disability income plans, dental plans, extended health plans, and life insurance plans. SAHO is the central policyholder of the dental, extended health, and life insurance plans and the administrator of the four disability income plans on behalf of its membership and the applicable unions.

Chapter 6 – Health

For the year ended March 31, 2006, SAHO had total revenues of \$14.6 million, total expenses of \$15.0 million, an annual operating deficit of \$0.4 million, and held assets of \$11.3 million.

The SAHO Master Trust Combined Investment Fund holds the SAHO disability income plans' investments. For the year ended December 31, 2005, this fund had investment income of \$4.8 million and held net assets of \$76.7 million.

For the year ended December 31, 2005, the SAHO benefit plans had the following financial results:

	<u>Revenue</u>	<u>Expense</u>	<u>Increase (decrease) in Net Assets</u> (In 000's of dollars)	<u>Assets</u>	<u>Liabilities</u>
SAHO Disability Income Plan – C.U.P.E.	9,748	8,643	1,368	19,899	21,487
SAHO Disability Income Plan – S.E.I.U.	9,374	3,248	6,408	22,068	17,490
SAHO Disability Income Plan – General	7,561	6,204	1,583	19,967	20,122
SAHO Disability Income Plan – S.U.N.	7,130	10,371	(2,975)	18,485	24,439
SAHO Core Dental Plan	12,755	14,216	(1,461)	8,959	2,759
SAHO In-Scope Extended Health/Enhanced Dental Plan	34,098	23,780	10,318	19,664	4,317
SAHO Out-of-Scope Extended Health/ Enhanced Dental Plan	2,950	2,844	106	378	1,093
SAHO Group Life Insurance Plan	7,739	10,105	(2,366)	8,686	17,238

In this chapter, we report that SAHO needs to improve its management of resources.

Our audit conclusions and findings

In our opinion:

- ◆ for the year ended March 31, 2006, SAHO had adequate rules and procedures to safeguard its and its benefit plans resources except as described in this chapter
- ◆ for the year ended March 31, 2006, SAHO complied with the authorities governing its and its benefit plans' activities relating to financial reporting, safeguarding resources,

revenue raising, spending, borrowing, and investing except as described in this chapter

- ◆ **for the year ended December 31, 2005, SAHO's Group Life Insurance Plan's financial statements are reliable**

Segregation of duties

SAHO needs to segregate duties among its employees to safeguard resources from misuse. A separation of key functions so that no employees are in a position to commit and conceal fraud or error in the normal course of their duties is essential to good control. Good controls separate the custody or access to assets, the initiation of a transaction, the approval of a transaction, and the responsibility for recording or reporting the transaction. Failure to adequately segregate the duties of employees exposes SAHO to the risk of loss of resources.

Receipts

SAHO's processes require that two employees open the mail. The employees who open the mail do not immediately restrict cheques (i.e., stamp cheques for deposit only to SAHO's bank account) and record amounts received. Instead, the employees pass the receipts to another employee to record the receipts and prepare the deposit slip. Sometimes the employee who records the receipt also records accounts receivable and prepares or approves the bank reconciliation.

By not restricting and recording receipts immediately, SAHO increases the risk that receipts could be misappropriated. As noted above, the number of incompatible functions assigned to employees who handle and record receipts increases this risk.

SAHO collects approximately \$80 million annually including contributions received for its benefit plans.

- 1. We recommend that Saskatchewan Association of Health Organizations immediately record receipts and restrict cheques for deposit only to its bank account.**

- 2. We recommend that Saskatchewan Association of Health Organizations segregate the duties of employees handling receipts and recording entries into the accounting system.**

SAHO management told us it will implement these recommendations.

Approval of reconciliations and adjustments to accounting records

SAHO's processes require employees to agree (i.e., reconcile) its recorded bank balances to the bank's records each month so that all transactions are recorded properly. For this process to work effectively, reconciliations must be timely and independently reviewed and approved. Most of the bank reconciliations lacked evidence of independent review and approval. The lack of independent review and approval increases the risk that SAHO may not detect errors or misuse of resources.

SAHO's processes require the independent review and approval of entries that adjust the accounting records (i.e., journal entries). Many journal entries lacked evidence of independent review and approval.

The lack of independent review and approval of bank reconciliations and journal entries increases the risk that SAHO's accounting records and financial reports may not be accurate and complete. Also, a loss of resources due to fraud or error could be concealed.

- 3. We recommend that Saskatchewan Association of Health Organizations independently review and approve all bank reconciliations.**
- 4. We recommend that Saskatchewan Association of Health Organizations independently review and approve all journal entries.**

SAHO management told us it will implement these recommendations.

Approval of payments

SAHO has a policy that two of three authorized employees will sign all cheques. SAHO signs cheques using the electronic signatures of the authorized employees.

We found that SAHO's practice is for only one of the authorized employees to review payment support and approve the cheque listing. In that employee's absence, an individual who is not authorized to sign cheques reviews payment support and approves the cheque listing.

In addition, the employees who approve the cheque listing can also approve changes to records that establish eligible suppliers, approve invoices for payment, and enter payments to suppliers into the accounting system.

By not segregating approval for payments from the purchases and recording of those purchases, SAHO is at risk of spending resources for unauthorized purposes.

- 5. We recommend that Saskatchewan Association of Health Organizations follow its policy that payments be reviewed and approved by two authorized employees.**
- 6. We recommend that Saskatchewan Association of Health Organizations segregate the duties of employees that approve changes to eligible suppliers, record payments to suppliers, and approve payments to suppliers.**

SAHO management told us it will implement these recommendations.

Approval of disability income payments

Sometimes agencies assign incompatible functions to an employee and rely on review and approval of work and reports to detect errors or irregularities. Staff assigned responsibility for review and approval of management reports must consider the additional risks when reviewing the work and reports of an employee with incompatible functions.

SAHO processes approximately \$20 million in benefit payments to individuals on disability leave each year. It uses a computer system to process these payments. It has given some employees the ability to record new disability claims, make changes to claims, and authorize payments to claimants.

Adjudicators review and approve claims before employees make payments or changes in the system. The computer system requires an adjudicator to authorize a claim. During the year, the same employees who record new claims also record whether the adjudicator approved the claim and any other information requested by the adjudicator. There is no independent review of the information recorded for each claim.

A manager reviews detailed payment reports each payment cycle. These reports do not identify changes in the period for closer scrutiny, such as new or terminated claimants. This decreases the probability of detecting any errors or fictitious claims.

The review of the work and reports is not adequate to compensate for the lack of segregation of duties assigned in the disability income payment system. As a result, SAHO is at risk of misuse or loss of resources.

7. We recommend that Saskatchewan Association of Health Organizations segregate the duties of employees that record new disability income claims from those who approve these claims for payment.

SAHO management told us it will implement this recommendation.

Contributions need monitoring

SAHO needs to improve its monitoring of contribution revenue collected from participating members for the various benefit plans it administers. Annual contributions from members are approximately \$75 million.

SAHO collects contributions from member agencies (members) participating in its disability income, core dental, and in-scope extended health/enhanced dental plans. SAHO makes sure that each member remits a contribution each month. However, SAHO relies on members to pay the correct amount of contributions. For the group life plan, SAHO has arranged for members to pay contributions directly to an insurance company.

SAHO does not estimate how much each member will contribute each month (expectation) or compare actual contributions to its expectation estimate. Without such a process, SAHO does not know whether all

contributions owed are collected for the benefit plans it administers. This could result in less resources being available to meet plan needs or overcharging members to compensate for incorrect past contributions.

8. We recommend that Saskatchewan Association of Health Organizations determine, each month, that all contributions owed are collected for the benefit plans it administers.

SAHO management told us the anticipated implementation, in 2008, of the new benefits administration system will contain appropriate reports for review and monitoring of contribution revenue. Until then SAHO will perform annual analysis.

Financial reports for administered benefit plans needed

SAHO needs to review interim financial reports for its administered benefit plans. As part of this process, SAHO needs to update its accounting records (i.e., general ledger) on a timely basis.

As the administrator or policyholder of each of the benefit plans, SAHO is responsible for monitoring the finances of each plan on behalf of the plans' members. SAHO uses various reports on expenses, contributions, and investments to monitor the operation of the plans. Annually, it also reviews audited financial statements for each plan.

SAHO does not prepare and review interim financial reports for the benefit plans to provide a complete financial picture during the year. This increases the risk that inappropriate decisions could be made resulting in financial loss to the plans (e.g., poor return on assets, insufficient contribution rates, or undetected unauthorized expenses).

To prepare timely reliable financial reports, SAHO needs to update the accounting records for its benefit plans on a timely basis. For most of 2005, SAHO did not update the accounting records for the benefit plans until several months after year-end. This increases the risk that inappropriate decisions may be made.

9. We recommend that Saskatchewan Association of Health Organizations regularly update its accounting records for its administered benefit plans.

10. We recommend that Saskatchewan Association of Health Organizations use interim financial reports to monitor its administered benefit plans.

SAHO management told us it plans to keep its accounting records for its administered benefit plans up to date.

Investment policies needed

SAHO needs to develop investment policies for its dental, extended health, and group life insurance plans (benefit plans). SAHO has investment policies for the other benefit plans it administers.

SAHO manages money for the benefit plans that will be needed for future expenses. Currently, SAHO has invested money for each of the benefit plans in the same investment, a short-term, low-risk pooled fund. SAHO has not defined the investment objectives and risk tolerances for each plan. Without defining goals and acceptable risks, SAHO may expose the money to greater risk or to lower returns than is reasonable for each benefit plan. In addition, SAHO has not set out how it will monitor performance of the investments (e.g., set benchmarks).

Each benefit plan faces different circumstances and risks. To address the unique factors of the benefit plans, each benefit plan's investment strategy should be considered independently. In some cases, the objectives and risks of the plans may be similar, in which case SAHO may develop a similar investment policy for some of the plans. Each investment policy should be reviewed at least annually to determine that the policy continues to appropriately address the objectives and risks of the plan.

11. We recommend that Saskatchewan Association of Health Organizations have investment policies for its dental, extended health, and group life insurance plans.

SAHO management told us it will implement this recommendation.

Verification of compliance with insurance agreements and plan texts

SAHO needs to strengthen its processes to determine whether payments made by its insurance carrier for its dental benefits plans (i.e., Core Dental Plan, In-Scope Extended Health/Enhanced Dental, Out-of-Scope Extended Health/Enhanced Dental) comply with its agreements with its insurance carrier and its plan texts.

For its dental benefit plans, SAHO has contracted with an insurance company to provide administration and payment services. SAHO receives monthly reports from the insurance company that show activity for the month (i.e., amounts received, amounts paid, number of claims). SAHO, however, does not verify that the insurance carrier has complied with the terms of the agreements and the plan texts. SAHO does not receive and review claim forms given to the insurance company by healthcare workers to make a claim. Nor does SAHO (or an independent representative) each year go to the insurance company to review the claim forms and the process for making payments. As a result, SAHO cannot determine if payments made by the insurance company for SAHO's dental benefit plans complied with the agreements between SAHO and the insurance company and the plan texts. Therefore, SAHO may pay more for claims than required and have less resources for future plan needs. In addition, SAHO may agree to higher premium rates with the insurance carrier than needed to operate the plan.

We reported this matter in our 2005 Report – Volume 3. On March 9, 2006, the Standing Committee on Public Accounts considered this matter and agreed with our recommendation.

SAHO hired a consultant to do a review of claims processed by its insurance company for the period November 1, 2004 to August 31, 2005. At the time of our audit, the on-site review of claims was not complete.

We continue to recommend that Saskatchewan Association of Health Organizations strengthen its processes to ensure that payments made by its insurance company comply with the agreements with the insurance company and the plan texts.

Service agreements need improvement

SAHO needs a written agreement with all healthcare agencies for which it provides services.

Many healthcare agencies within the province, including 12 regional health authorities, use SAHO's payroll and benefit plan administration services. SAHO does not have service agreements with the healthcare agencies setting out each party's role. However, SAHO has memoranda of understanding with some healthcare agencies that expire in the near term. These memoranda do not meet all of the requirements of an adequate service agreement. For example, they do not set out service objectives for the services provided nor do they require SAHO to periodically report on its assessment of the control it has established to meet the healthcare agencies' objectives.

The service agreements with each healthcare agency should:

- ◆ Describe the authority and responsibility of SAHO and the healthcare agency.
- ◆ Describe the services to be provided and the healthcare agency's service-level objectives.
- ◆ Describe the privacy and security objectives.
- ◆ Describe the basis for paying for those services.
- ◆ Require SAHO to periodically report its assessments of the control it has established to achieve the healthcare agency's objectives. These reports should be audited by SAHO's auditor.

We reported this matter in our 2005 Report – Volume 3. On March 9, 2006, the Standing Committee on Public Accounts considered this matter and agreed with our recommendation.

We continue to recommend that Saskatchewan Association of Health Organizations make service agreements with each healthcare agency for all the services it provides.

Security policies and procedures needed

SAHO needs security policies and procedures for its information systems.

SAHO has made good progress in improving its security policies and procedures. SAHO's policies and procedures now identify who is responsible for the security of systems and data, define how access to systems is given or removed, and clearly identify the rules that staff need to follow. SAHO also did a security awareness training session for staff during the year.

SAHO has developed a plan for implementing its security policies and procedures. SAHO will need to ensure that it makes staff aware of and monitors compliance with its security policies and procedures.

We reported this matter in our 2005 Report – Volume 3. In March 2006, the Standing Committee on Public Accounts agreed with our recommendation.

We continue to recommend that SAHO prepare, approve, and implement written security policies and procedures for its information systems.

Five Hills Regional Health Authority—processes to achieve selected outcomes

Introduction

Focusing on the achievement of planned outcomes¹ is an effective way to manage that is used worldwide. Agencies within the government, in recent years, have adopted this management approach. As with any change, we expect that it will take these agencies several years to make full use of an outcome-oriented approach.

Historically, managers usually planned and monitored activities without focusing on whether the activities achieved what was expected (i.e., the planned outcomes). Managing activities is short term, most often within one year. Managing outcomes requires a long-term perspective and

¹ Outcomes are the consequence of activities; they describe the public benefit achieved through services.

emphasizes the use of performance measures, targets, program evaluation, and alignment of individual performance with agency objectives. If an agency does not have processes to achieve its planned outcomes, it might use its resources inefficiently, take longer to achieve its objectives, or not provide adequate or appropriate services.

In our 2005 Report – Volume 3, we reported on our audit of the processes two departments used to achieve their planned outcomes.² In this section, we report on the Five Hills Health Region's processes for achieving its planned outcomes.

Background

The Regional Health Services Act created the Five Hills Health Region (Region) in 2002. The Region is located in south-central Saskatchewan and includes the communities of Assiniboia, Central Butte, Chaplin, Craik, Gravelbourg, and Moose Jaw. It provides preventive, acute, and long-term healthcare services to a population of approximately 55,000. In 2005-06, the Region employed 1,800 staff and spent about \$95 million.

The Minister of Health provides the health sector with long-term direction for outcomes. The Minister expects the Region to align its long-term goals with goals outlined in the Department of Health's annual Performance Plan and other documents (e.g., *The Action Plan for Saskatchewan Health Care, 2001* and *A Population Health Promotion Strategy for Saskatchewan, 2004*).

As well, each year, the Minister gives the Region an accountability document that outlines what the Government expects in terms of services, provincial priorities, and monitoring of health outcomes. The accountability document also states the Minister expects the Region to consult communities to determine local priorities.

In 2004, the Region developed its overall Strategic Plan with input from the public, community committees, other agencies, physicians, and staff. The Region recognized that priorities of local communities, other

² Department of Corrections and Public Safety and Department of Highways and Transportation. For further details, see Chapter 10 – Managing for results of our 2005 Report – Volume 3.

agencies, and the Minister might differ from those the Region selected as most important.

The Region's plans set out its top ten strategic priorities. While these are consistent with provincial priorities, they also include priorities specific to the Region. In 2005 and 2006, the Region updated its strategic priorities. The strategic priorities include outcomes such as safety, access to care, and population health.

To achieve the Region's planned outcomes requires cooperation. The Region actively works with many other agencies. Managers in hospitals, nursing homes, and addiction treatment centres must work closely with those in primary health care and public health services. They must also secure the support of the other agencies. Also, the Region must use health-sector research to find methods that are most likely to achieve results.

Our audit objective and conclusion

The objective of this audit was to assess the adequacy of the Five Hills Health Region's processes as at December 31, 2006, to achieve planned outcomes.

We followed *Standards for Assurance Engagements* established by The Canadian Institute for Chartered Accountants to conduct our audit. To help us understand the Region's processes, we focused on the following three outcome areas as reflected in the Region's strategic priorities and plans:

- ◆ active communities (i.e., increasing physical activity for health and social benefits)
- ◆ injury reduction (i.e., reducing accidental injuries among seniors and youth)
- ◆ decreased substance use and abuse (i.e., reducing use of alcohol, tobacco, and illicit drugs)

In this audit, when we refer to "planned priority outcomes," we mean outcomes related to these three outcome areas.

We assessed the Region's processes using the criteria in Exhibit 1. We based these criteria on international literature and the work of other

auditors listed in the selected references. The Region agreed with the criteria.

Exhibit 1—Criteria for processes to achieve planned outcomes

To be adequate, processes to achieve planned outcomes should:

1. Show leadership commitment to achieving planned outcomes
 - 1.1. Promote a focus by senior managers on outcomes
 - 1.2. Provide managers with learning opportunities that support a focus on outcomes
2. Make expectations clear
 - 2.1. Assign responsibility for planned outcomes
 - 2.2. Set targets for planned outcomes
 - 2.3. Set out action plans to achieve the planned outcomes
 - 2.4. Communicate significant changes made to the performance plan
3. Monitor results
 - 3.1. Measure results
 - 3.2. Analyze results
 - 3.3. Report results regularly
4. Use performance information to support decisions
 - 4.1. Align resources with expectations
 - 4.2. Realign strategies with planned outcomes
 - 4.3. Manage risks that could prevent achieving outcomes

We anticipated that the Region, formed in 2002, would be at an early stage in applying outcome-oriented management processes. Overall, we found the Region has an organizational culture that expects an outcome orientation. Some of its management practices are moving quickly towards an outcome orientation while a few are progressing more slowly.

We concluded that, as at December 31, 2006, Five Hills Health Region had adequate processes to achieve planned outcomes except as follows. The Region did not formally analyze results (i.e., activities completed and outcomes achieved) and use that analysis to support decisions. Also, it did not have a management development program that includes outcome-oriented approach.

Findings and recommendations by criterion

For each criterion, this section describes what we expected (in italics) and what we found. The first paragraph after the italics is a summary of our significant findings for that criterion.

Show leadership commitment to planned outcomes

We expected the Region's processes to show that managers throughout the Region communicate the rationale for and success with an outcomes focus. We also expected the Region to provide managers with learning opportunities that support the focus on outcomes.

The leadership of the Five Hills Health Region shows its commitment to planned outcomes, communicates progress, and provides some training. The Region's leadership includes the board, the chief executive officer (CEO), and the management council (a group representing all major service areas and health care agencies that work directly with the Region).

Promoting a focus on outcomes by senior managers

The Region's written policy on leadership promotes the use of evidence-based decisions and accountability for outcomes. The Region expects staff to evaluate outcomes as set out in its planning framework. The CEO uses *Pulse*, the Region's monthly newsletter widely distributed to its staff, to explain progress toward outcomes. For example, the newsletter describes reduced smoking rates and increased injury rates to encourage further action. The CEO also uses *Pulse* to invite input into the strategic planning process including ideas for achieving the outcomes successfully. Also, the Region states its planned priorities as outcomes (e.g., reduced injuries, reduced substance abuse/use, and active communities). Furthermore, the CEO communicates this focus on outcomes to all managers through regular meetings of the management council.

Providing learning opportunities about focusing on outcomes

The Region expects managers and staff to identify their own learning needs. The Region then provides financial resources for relevant training.

To use an outcome-oriented management approach, managers must first have solid basic management skills. In 2005 and 2006, seven managers, along with staff from other health regions, attended an orientation to basic management skills (e.g., communication, delegation) and related health-sector issues. The Region has plans to start a leadership development program.

The Region has a voluntary training program related to outcomes. To manage the risk of not achieving outcomes and to improve quality, many managers and staff use an approach called the PDSA process³ (i.e., plan, do, study, and act). The Region provides training in this process to interested managers and staff who wish to learn how to achieve short-term outcomes. Also, in 2006-07, the Region budgeted \$400,000 to enable interested staff to attend training in “pursuing excellence”—a continuous improvement strategy that emphasizes efficiency and cost-reduction using, in part, the PDSA process.

The Region’s training programs or plans did not require managers to be trained on longer-term outcome-oriented approaches. Training on such approaches helps managers to select useful performance measures and targets and analyze progress by comparing present results (for outcomes or activities) to baselines, targets, or the results of similar agencies.

- 12. We recommend that the Five Hills Health Region routinely provide its managers with opportunities to learn about outcome-oriented management (i.e., about selecting useful targets, analyzing results in the short, medium, and long term, and using performance information).**

Make expectations clear

To provide guidance and accountability, we expected the Region to use processes that assign responsibility to managers. We expected the Region to set short-term targets for activities and medium and long-term targets for outcomes. We expected the Region to develop action plans that relate to outcomes. We anticipated that the Region would communicate with stakeholders and staff regarding significant changes to its plans.

The Five Hills Health Region’s planning processes made its expectations clear. Its action plans assigned responsibility for outcomes and performance appraisals of senior managers evaluated results. The action plans also included long-term targets for outcomes related to the Region’s priorities. The Region communicated significant changes to its overall Strategic Plan on its website and during a wide range of meetings.

³ The Health Quality Council promotes the PDSA process.

Assigning responsibility and evaluating performance results

To make accountability clear, the Region took advantage of existing human resources processes and used its action plans to assign responsibility.

The Region's job descriptions make clear that managers are responsible for outcomes. The annual performance appraisal process for senior managers reinforced that the Region expected senior managers to achieve results in their assigned program areas (i.e., complete activities and achieve outcomes). In 2006, the Region made it a policy that all managers and staff participate in a formal performance review at least every three years.

The Region had several written plans related to specific health services and outcomes. In this section, we call these 'action plans' to avoid confusion with the Region's overall Strategic Plan. Most of the Region's action plans contained objectives, progress measures, longer-term targets, strategies, and detailed work plans. The action plans made specific managers or work teams responsible for each objective. For example, the Region had the following detailed action plans:

- ◆ Population Health Promotion Strategic Plan 2004-2008
- ◆ Primary Health Care Strategic Plan 2003-2007
- ◆ Strategic Plan: Public Health Services 2005-2008
- ◆ Moose Jaw–South Central Region Drug Strategy 2006-2009
- ◆ Healthy Seniors Action Plan 2006

Using action plans and targets to guide activities

The Region had action plans for each priority outcome area. When developing action plans, the Region used internally-generated data, input from its partners, and identified research to select activities likely to help it achieve its outcome over the long term.

To give direction about these action plans, the Region used committees that focus on particular outcomes (see Exhibit 2). Other committees coordinated plans and activities for several priority outcomes and monitored progress.

Exhibit 2—Committees related to three selected priority outcomes

Committees for specific outcomes:

Population Health Promotion Working Group
Falls Prevention Project Committee
Moose Jaw-South Central Drug Strategy

Local community action committees:

Assiniboia, Avonlea, Central Butte, Chaplin, Craik, Gravelbourg,
Kincaid, LaFleche, Rockglen

Coordinating committees:

Regional Intersectoral Committee
LINKS Committee (Linking Integrated, Networked, Key Strategies)
Quality Improvement Unit

The Region consistently set targets for priority outcomes. Many of the Region's outcome targets were long term—often to be completed in three to five years and sometimes up to seven years. To set realistic targets, the Region used research evidence and considered fiscal realities. The Region's committees helped it to set targets that its partners had discussed and accepted as practical.

Communicating with partners about plans

The Region emphasized working with partners to help achieve its many objectives. Partners include representatives of various community groups and services.⁴ These partners helped develop strategies and provided feedback on draft plans and reports. In addition, the Region asked its employees to suggest priorities and ways to achieve success.

The Region advised partners, employees, and the public of significant changes to its Strategic Plan and action plans. In February 2005, the Region added a new strategic priority and used its website to inform the public (i.e., via March 2005 board minutes posted on the website). In February 2006, the Region used its website to communicate revisions to its top ten strategic priorities. During regular meetings, the Region's

⁴ Partners include school divisions, municipalities, housing authorities, community-based organizations, police forces, and the Government departments of Justice and Community Resources.

senior managers informed the community action committees and coordinating committees of changes in their action plans.

Monitor results—measure, report, analyze

We expected the Region to monitor results (i.e., activities and outcomes). We expected the Region's processes would measure results at regular intervals. We expected regular reports would help managers monitor results and explain why results differed from plans. We expected the Region would analyze its results by comparing baselines and actual trends to target outcomes. Analysis also could assess whether staff and committees completed activities on time and as planned. We expected the Region's analysis to help it to forecast when it would complete major actions and achieve outcomes.

The Five Hills Health Region measured and, in turn, monitored results primarily using short-term activity reports. Reports to managers and the board were regular but seldom explained differences from planned results. The Region's reports of results showed limited analysis with few comparisons to baselines, plans, or targets, and no forecasts.

Measuring results

The Region had a good foundation for measuring results. For example, when selecting new measures, the Region got advice from committees and expert staff including its epidemiologist to help it select useful measures and state them clearly. For each objective, the Region set a target and selected a measure to help monitor progress. It used action plans to link activities to the target.

The Region used the specified definitions and calculations for measures that it reports to the Department of Health. For many measures, the Region's plans identified a baseline or starting point or noted the intention to identify a baseline. In 2007, the Region plans to develop further measures that will help it to monitor outcomes.

Reporting results—activities and outcomes

The Region recognized that managing outcomes requires a long-term perspective and regular, meaningful reports. Reporting progress regularly on short-term activities and long-term outcomes for many objectives can

be difficult (and costly). Making reports meaningful for monitoring requires that reports explain the reason for unusual results.

To monitor short-term progress, the Region used a variety of reports to update its management council, board, and local communities. The most common were routine verbal reports and briefing notes that outlined activities completed since the last report. Verbal reports sometimes explained the reason for progress (such as careful work with communities takes longer but may help to sustain the results achieved). Each quarter, the board, through its Planning Committee, reviewed a list of ‘dashboard’⁵ measures. Most of these measures focused on financial and acute care issues rather than the Region’s planned priority outcomes.

Reports about activity results were reasonably regular. The CEO used an informal system to monitor the frequency of written briefing notes provided to the board on each priority outcome. At about six-month intervals, the Region provided written updates to the board on activities related to its two key planning documents—the Primary Health Care Plan and its Population Health Promotion Plan. Periodically, the Region, using a written update listing completed activities, reported results to each community.

The Region reported health outcome results at reasonable intervals. Every two to three years, the Region created health status reports. These reports provide historical trends and compare its progress on priority outcomes to provincial progress (e.g., the average of results in other health regions). Also, as the Minister of Health requires, the Region’s annual report shows, for each provincial indicator, its results, and the provincial results and target (if available). The Region managed the cost of reports on mid- to longer-term outcomes with periodic surveys or use of regional Statistics Canada reports.

Analyzing results

The Region had written policies that show its intention to evaluate its progress and programs and analyze whether it is achieving its targets. The Region had a detailed plan to evaluate its priority outcomes (e.g.,

⁵ All regions are required to report quarterly on a set of about 40 “dashboard” measures, in addition to other provincially determined measures that are reported annually.

surveys in 2008 and 2010). In 2006, the Region used primarily activity reports to monitor small steps toward long-term priority outcomes. These reports contained limited analysis.

The Region's quarterly 'dashboard' reports to the board did not include analyses or comments to explain differences between actual results and those planned.⁶ Although the Region's updates to committees showed what was done to date, they did not forecast completion dates or indicate what progress was expected. Without periodic analysis of results compared to plan, readers cannot tell if progress was sufficient to achieve the outcomes as planned.

To monitor its results adequately, the Region needs written reports at least annually that compare results to plans. Reports should include written analysis, a forecast of when the Region expects activities to be completed and outcomes achieved, and should explain key differences between actual results and plans. Also, written analysis would help the Region determine if its strategies are working and resources are adequate to achieve its planned results.

- 13. We recommend that Five Hills Health Region prepare, at least annually, written progress reports for its strategic priorities that include analysis of results (i.e., activities and outcomes). Analysis should compare actual results to baselines and planned targets, include forecasts, and explain why the results vary from the plan.**

Use performance information to support decisions

We expected the Region would use performance information (reports explaining results) to help it align resources to achieve expected outcomes. In addition, we expected the Region would realign its strategies when reports showed less progress than planned. We anticipated the Region would use its reports on results to help manage risks that could prevent it from achieving its priorities.

⁶ Dashboard reports visually present key data in summary format, in much the same way that a car dashboard works.

The Region clearly expects its senior managers to use performance information to monitor progress and inform decisions. The Region used available reports to modify action plans and help maintain the commitment of others, such as its community partners, to help it achieve its priorities. However, as previously noted, the Region’s performance reports were primarily activity reports with limited analysis. This limited analysis made the reports less useful for aligning human and financial resources, and managing risks. The Region has set up processes that will help it evaluate outcomes in the future.

Using reports to align resources

The Region’s policies and its CEO encourage managers to focus on evidence, measurement, and information to make decisions such as allocating human and financial resources. Its plans (such as the Population Health Promotion Plan and work plans) show the Region allocates resources (time and money) to its priorities.

Senior managers used available reports about results to plan; less often, managers used reports to monitor progress. For example, for the priority outcome of injury reduction, the Region noted that Saskatchewan’s 2003 rate of early deaths due to injuries was the highest in Canada.⁷ The Region had a good long-term plan to evaluate outcomes (e.g., using surveys). However, its processes to evaluate progress made little use of reports about outcomes—rather they focused on activities completed during the year. The Region did not analyze whether it had allocated sufficient resources to achieve the expected outcomes.

The Region has not yet evaluated whether it is making reasonable progress on its priorities by the dates planned. In part, this may be due to few short-term targets. Analysis of progress toward short-term targets (one to three years) would help managers to realign their strategies in a timely way. The Region has plans to improve its information about outcomes.

14. We recommend that Five Hills Health Region support its decisions to align resources to expected outcomes using reports that analyze progress toward planned priorities.

⁷ See potential years of life lost in “Supporting Evidence: Population Health Promotion Plan”.

Using reports to realign strategies

The Region used the input of local action committees to realign strategies to achieve its planned outcomes. During planning meetings, senior managers informed the action committees about proven strategies to achieve outcomes. Managers used draft plans and discussion to inform the committees.

As previously noted, the Region gave the local action committees updates on activities completed. The committees then decided whether they needed to realign their strategies to achieve the desired results. Written forecasts of expected future progress would help the Region to realign its strategies to achieve its planned outcomes.

The Region used a committee of senior managers (called the “Quality Improvement Unit”) to oversee quality improvement and risk management. It expects this Unit to use reports showing trends to identify and manage risks. This Unit looked for ways to improve service delivery and oversaw special projects that will improve health services and program strategies across the Region. For example, in 2006, the Unit trained two staff to use a reporting tool⁸ that helps identify issues and ways to measure outcomes. To date, the Unit has focused on process improvements and on maintaining the Region’s accreditation status.

Using reports to manage risks

In 2005, the Region adopted a risk-management framework and used it in 2006 to identify broad regional risks. To manage specific risks that could prevent it from achieving priority outcomes, the Region used two major processes.

First, the Region continued to work with its many partners to reduce risks that could prevent the achievement of its planned priorities. The Region used ‘update reports’ to inform its partners about risk and strategies to manage them. For example, the Population Health Promotion Plan Update (October 2006) outlines challenges facing the Region as it strives to achieve outcomes like increased levels of physical activity.

⁸ Continuous Accountability Reporting Tool.

Some risks identified were general (e.g., retaining staff, meeting the high expectations of the public). Other risks related to specific outcome targets (e.g., obtaining municipal support to make bike paths safer to achieve reduced injuries and increased physical activity). Identifying risks that are specific to each priority outcome helped the Region to use its 'update reports' to manage risks in a focused and timely way.

Second, the Region used a PDSA quality improvement process (i.e., plan, do, study, and act). Many managers used this process to manage risks. This process required managers to identify targets and collect performance information to focus attention on how to achieve planned outcomes most efficiently. For example, in late 2006, the Region's Falls Prevention Committee began to use the PDSA process to identify people at risk of falls and to set short-term targets for rapid progress in preventing falls. In December 2006 to January 2007, the Region also used the PDSA process to achieve a marked reduction in wait times for admission to the addictions program.

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Chapter 6 – Health

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