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Introduction

The mandate of the Department of Health (Health) is to provide leadership in defining and implementing a vision for health and healthy living, and a framework for health systems. The Department assesses, promotes and protects the health and well-being of the Saskatchewan population and ensures provision of essential and appropriate services to Saskatchewan residents. The Department carries out this mandate by working with a variety of partners, including regional health authorities and the Saskatchewan Cancer Agency.¹

Government spending on health

For the year ended March 31, 2007, Health received \$3.2 billion from the General Revenue Fund for its programs. Health also received other revenue of \$14.5 million from provincial laboratory services, federal government grants, etc. Health's annual report contains information about its revenues and expenses (see www.health.gov.sk.ca/).

Table 1 shows total health sector² revenues of \$3.5 billion by source for the year ended March 31, 2007. Table 2 shows total health sector costs of \$3.4 billion by program for the year ended March 31, 2007. The costs in Table 2 do not include health services paid directly by the Federal Government, nor the costs that individuals and private sector organizations pay directly for health services.

Table 1

Total Health Sector Revenues by Source for the years ended March 31
(in millions of dollars)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General Revenue Fund	\$ 3,203	\$ 2,991	\$ 2,774	\$ 2,516	\$ 2,343	\$ 2,200	\$ 2,076	\$ 1,956	\$ 1,789	\$ 1,677
Service fees revenue	143	136	126	121	113	110	109	99	97	99
Transfers from other governments	20	28	26	28	18	28	23	21	21	19
Ancillary revenue	19	19	17	26	22	20	18	17	16	15
Donations	17	19	16	15	18	15	17	12	16	15
Investment income	8	5	4	5	7	9	11	11	9	9
Other	<u>91</u>	<u>86</u>	<u>74</u>	<u>59</u>	<u>69</u>	<u>43</u>	<u>38</u>	<u>43</u>	<u>55</u>	<u>28</u>
Total revenues	<u>\$ 3,501</u>	<u>\$ 3,284</u>	<u>\$ 3,037</u>	<u>\$ 2,770</u>	<u>\$ 2,590</u>	<u>\$ 2,425</u>	<u>\$ 2,292</u>	<u>\$ 2,159</u>	<u>\$ 2,003</u>	<u>\$ 1,862</u>

¹ Saskatchewan Finance, *Saskatchewan Provincial Budget Estimates for the fiscal year ending March 31, 2007*

² The health sector includes the Department of Health, regional health authorities, and other Crown agencies.

Table 2

Total Health Sector Costs by Program for the years ended March 31
(in millions of dollars)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004*</u>	<u>2003*</u>	<u>2002*</u>	<u>2001*</u>	<u>2000*</u>	<u>1999*</u>	<u>1998*</u>
Acute Services	\$ 1,293	\$ 1,259	\$ 1,169	\$ 1,063	\$ 963	\$ 900	\$ 824	\$ 797	\$ 683	\$ 627
Supportive care services	673	634	585	554	512	507	482	447	417	389
Medical services and education	585	533	496	455	446	421	401	384	392	384
Community care services	329	314	286	277	305	276	252	235	218	205
Prescription drugs	246	229	212	194	173	156	141	128	115	98
Provincial health services	205	190	175	162	144	136	122	102	97	92
Central Support Services	49	50	44	46	23	21	16	32	22	22
Other	<u>31</u>	<u>30</u>	<u>26</u>	<u>34</u>	<u>44</u>	<u>60</u>	<u>43</u>	<u>38</u>	<u>39</u>	<u>23</u>
Total costs	<u>\$ 3,411**</u>	<u>\$ 3,239</u>	<u>\$ 2,993</u>	<u>\$ 2,785</u>	<u>\$ 2,610</u>	<u>\$ 2,477</u>	<u>\$ 2,281</u>	<u>\$ 2,163</u>	<u>\$ 1,983</u>	<u>\$ 1,840</u>

Source: *Public Accounts: Volume 2: Details of Revenue and Expenditure* (see www.finance.gov.sk.ca/public-accounts) and the March 31, 2007 financial statements of the RHAs and other government health agencies.

* Total health sector costs by program have been reclassified and restated to conform with Health's current expense categories.

** The Government's summary financial statements for the year ended March 31, 2007 show health costs of \$3,379 million, a difference of \$32 million from the total health sector costs in Table 2. This difference is due to inter-entity expense eliminations and adjustments within the summary financial statements not recorded in the health costs in Table 2.

We discuss health spending in the province in more detail in Part B of this chapter.

Crown agencies

Health is responsible for the following Crown agencies.

Year-end March 31

- 12 Regional Health Authorities
- Board of Governors, Uranium City Hospital
- Health Quality Council
- North Sask. Laundry & Support Services Ltd.
- Saskatchewan Association of Health Organizations (SAHO)
- Saskatchewan Cancer Agency
- Saskatchewan Health Information Network
- Saskatchewan Health Research Foundation
- Saskatchewan Impaired Driver Treatment Centre Board of Governors
(formerly St. Louis Alcoholism Rehabilitation Centre)

Year-end December 31

SAHO Disability Income Plan – C.U.P.E.
SAHO Disability Income Plan – S.E.I.U.
SAHO Disability Income Plan – S.U.N.
SAHO Disability Income Plan – General
SAHO Core Dental Plan
SAHO In-Scope Extended Health/Enhanced Dental Plan
SAHO Out-of-Scope Extended Health/Enhanced Dental Plan
SAHO Group Life Insurance Plan
SAHO Master Trust Combined Investment Fund

Our audit conclusions and findings

Our 2007 Report – Volume 1 reported that we had not completed the audit of the SAHO benefit plans' financial statements for the year ended December 31, 2006. We have now completed those audits.

We have completed the audits of Health and the Crown agencies listed earlier. Our audit opinions below include the results of Health and its agencies other than our audits of the 12 regional health authorities. The results of these audits are reported in Part C—Regional Health Authorities of this chapter.

In our opinion, for the year ended on or before March 31, 2007:

- ◆ **Health and its agencies had adequate rules and procedures to safeguard public resources except for the matters reported in this chapter**
- ◆ **Health and its agencies complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the matters reported in this chapter**
- ◆ **the financial statements for the agencies listed earlier are reliable**

Our Office worked with Meyers Norris Penny LLP (MNP), the appointed auditor for North Sask. Laundry & Support Services Ltd (NSL&SS). We

followed the framework recommended in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.³ MNP and our Office formed the opinions referred to above on NSL&SS.

The chapter provides an update on recommendations previously made by the Standing Committee on Public Accounts that are not yet implemented.

The following sections set out our detailed findings.

Findings – Department

Monitoring performance needs improvement

Health must ensure that agencies contracted to provide health services are achieving Health's objectives. To do this, Health needs to supervise the performance of these agencies. However, it does not receive and review financial and operational performance reports from contracted health agencies on a timely basis.

Health paid \$150 million to contracted health agencies and the University of Saskatchewan for health-related services such as medical education, northern health services, and addictions counselling.

Health makes annual service agreements with the agencies to deliver services on its behalf. Service agreements require the agencies to provide Health with quarterly and annual financial reports including a comparison of actual to budget and an explanation of differences. The service agreements also specify the dates Health is to receive the reports. Some service agreements also require quarterly operational performance reporting.

Many agencies did not provide the required information on time. We examined the agencies annual information (annual reports and audited financial statements) for the year ended March 31, 2006 and the agencies' quarterly financial and operational reports, where applicable, up to December 31, 2006. We found that the agencies submitted 50% of the annual information and 54% of the quarterly information late or not at all.

³ To view a copy of this report, see our website at www.auditor.sk.ca/rrd.html

Late reports, and consequently, late reviews of financial and operational reports could result in Health not taking timely corrective action. Because Health did not adequately follow its rules and procedures, it did not know on a timely basis if the money it gave to health agencies was used for the intended purposes.

1. We recommend that the Department of Health:

- ◆ **obtain timely and complete performance information from health agencies**
- ◆ **review the information to ensure that public money is used for the intended purposes.**

Control of capital assets needs improvement

Health uses over \$980 million of capital assets to deliver health care.

Control of capital assets

Health needs a capital asset plan to deliver essential health services effectively, efficiently, and economically.

Capital assets include buildings and equipment. A capital asset plan would document decisions intended to help ensure that Health has the capital assets required to deliver its services. A capital asset plan would help Health select the capital assets that have the best value and keep them in good working order.

Without a capital asset plan, Health risks not having adequate capital assets to deliver essential health services.

We reported this matter in 2002 and subsequent years. In June 2004, the Standing Committee on Public Accounts (PAC) agreed with our recommendation.

We continue to recommend that the Department of Health develop a capital asset plan to help ensure that it can carry out its strategic plan.

In 2007, Health told PAC it has contracted for an inventory of RHA health facilities including an assessment of their condition to determine the

appropriate level of investment and reinvestment in health facilities needed prior to finalizing a capital asset plan.

Capital construction process needed

Health does not have an established process to monitor capital construction grants provided to non-related parties (i.e., private sector agencies).

In March 2007, Health, through the Saskatoon Regional Health Authority, provided \$8 million to a private sector agency for an integrated community health centre in Saskatoon. The private sector agency will construct and own the facility.

Health has an established process for managing construction projects owned by the Government. The process covers each project from initial needs assessment and design development to construction and post-occupancy evaluation. Agreements with regional health authorities and other provincial health agencies cover the various phases of construction. Health monitors each project and approves each phase of the project before authorizing the agency to begin the next phase. When a phase is complete, Health pays for that phase.

Health does not have an equivalent process for monitoring capital construction grants to private sector agencies for privately-owned facilities. This increases the risk that the private sector agency will not design and construct the facility for the purposes Health intended.

- 2. We recommend that the Department of Health establish processes to monitor capital construction grants provided to private sector agencies.**

Verification of pharmacist services not performed

Health pays \$200 million a year to pharmacists to subsidize residents with low incomes, high drug costs, or with special needs for prescription drugs. Health does not have a process to verify that residents received the prescriptions that pharmacists claim they provided. Health needs processes to:

- ◆ deter pharmacists from billing Health inappropriately
- ◆ identify pharmacists who are inappropriately billing Health
- ◆ identify, for recovery purposes, inappropriate billings

Without a process to verify that prescriptions were provided, Health may be paying for inappropriate claims.

We reported this matter in 2006. In June 2007, PAC agreed with our recommendation.

We continue to recommend that the Department of Health implement a process to verify that residents received the prescription drugs the pharmacists claimed for payment.

Better control over employees' pay needed

Health needs to better control employees' pay.

During the year, Health reviewed its payroll costs during its review of monthly financial reports. However, Health did not adequately review the accuracy of key payroll data for each pay period prior to paying employees. As a result, employees' pay has not been approved in accordance with *The Financial Administration Act, 1993*.

This weakness increases the risk that employees may be paid incorrect amounts.

3. **We recommend that the Department of Health adequately review the payroll for accuracy prior to paying its employees to ensure that all employees' pay is approved in accordance with *The Financial Administration Act, 1993*.**

Internal audit needs strengthening

Health needs to ensure its internal auditor provides information on the effectiveness of Health's processes to safeguard public resources and that its revenues and expenses comply with the law.

Health needs to focus the work of the internal auditor on activities where Health is at greatest risk of loss of public money or spending money for unintended purposes. A risk-based audit plan would help Health assess if its processes are adequate. Health has not yet asked its internal auditor to prepare a risk-based audit plan for approval.

We reported this matter in 2005 and 2006. PAC agreed with our recommendation in March 2006.

We continue to recommend that the Department of Health focus the work of its internal auditor on the activities where it is at greatest risk of loss of public money or spending money for other than intended purposes.

Controls over Provincial Laboratory revenue needed

Health does not have adequate processes to track and collect fees for work done by the Provincial Laboratory (Lab). The Lab is a branch of Health. In 2006-07, it collected about \$1.1 million in fees.

Part of the Lab's services is water quality tests for which it collects fees. The revenue the Lab earns from this work goes to the General Revenue Fund. A properly functioning revenue invoicing and collection system is necessary to accurately track the tests performed, record the services invoiced and the receipts collected, and provide periodic monitoring reports.

Health does not have adequate controls over the revenue invoicing and collection system. The current system does not adequately segregate duties, and access to the computer system is not adequately restricted to only authorized users. These weaknesses allows staff to alter or delete records without detection increasing the risk of loss of public money due to error or fraud. We are unable to determine how much revenue, if any, the Lab earned but did not collect, because we do not know if any records have been altered or deleted.

We reported this matter in 2006. In June 2007, PAC agreed with our recommendation.

We continue to recommend that the Department of Health establish adequate processes to ensure revenue earned by the Provincial Laboratory is collected and paid into the General Revenue Fund.

In 2006-07, Health had personnel from the Department of Finance review the Lab's revenue system. Finance made a number of recommendations but Health has not yet implemented all the recommendations. Health is also making changes to the computer system to allow for better segregation of duties.

Salary overpayments made

In 1999, Health, the RHAs, and the three unions representing support healthcare workers agreed to undertake a job evaluation plan to address equal pay for work of equal value and pay equity. In 2004, all evaluations had been completed and the process of reconsiderations was begun. Reconsideration is the process where either the employee or the employer could appeal to a committee to have a job evaluation reconsidered. Reconsiderations resulted in some jobs being re-evaluated to higher or lower rates of pay. On average, reconsiderations to date have had a downward salary impact on 8% of initial job classifications.

In May 2004, Health directed the RHAs to pay all employees additional wages owed based on the initial evaluations, even if the final wage rates were not set due to the reconsideration process. Employees affected by the reconsideration process were told that they could take the additional wages but would be expected to pay them back if their positions were settled at a lower wage rate. The unions agreed to this condition. Not all employees chose to take the additional money prior to the final settlement.

At March 31, 2006, the RHAs had overpaid as much as \$4 million for wages due to job evaluations because of the average downward impact of the reconsideration process. Health did not have an agreed-upon process to collect back overpaid wages when it made the decision to pay employees before the appeal process was finished.

Health and the RHAs began to collect the overpayments. However, a Labour Relations Board ruling disallowed the collection process and the RHAs returned the overpayments to the employees.

Because Health has not yet established an agreed-upon collection process, it and the RHAs may not be able to collect all the overpayments. This may result in a loss of about \$4 million of public money.

We reported this matter in 2006. In June 2007, PAC agreed with our recommendation.

We continue to recommend that the Department of Health and Regional Health Authorities collect the overpayments resulting from the reconsideration of joint job evaluations.

Health told us it is waiting for a further ruling from the Labour Relations Board on how the RHAs can collect this money. The Board plans to consider this matter in March 2008.

Information technology security needs strengthening

Health needs to strengthen its security policies and procedures to ensure the confidentiality, integrity, and availability of information systems and data.

Information technology (IT) security policies and procedures help ensure the confidentiality, privacy, integrity, and availability of information systems and data. Health's information system contains sensitive data including personal health information of Saskatchewan's residents.

Health began amalgamating its IT services into one branch referred to as the Health Information Solutions Centre. We assessed whether the Health Information Solutions Centre had adequate controls to protect the confidentiality, integrity, and availability of client information technology systems and data for the period March 1, 2007 to August 31, 2007.

We determined that Health's security policies and procedures were not adequate. We report the results of this audit in Part F of this chapter.

Business continuity plan required

Health needs a written, tested, and approved business continuity plan⁴ (BCP) to help ensure that it can continue to provide critical services in the event of a disaster.

Health has documented some parts of a BCP. Health has an approved Business Continuity Planning policy. Health has assessed and prioritized its critical business functions. It has also set up a process to ensure that the BCP covers all the key components including emergency procedures, coordination with other agencies, communication, training, and testing. Also, senior management has approved a governance structure to specify the branches and agencies that will need to be involved in Health's business continuity planning processes. The governance structure sets out the accountability and communication relationships.

Health has not yet developed or documented all of the key components of a business continuity plan.

We reported this matter in 2005 and 2006. In March 2006, PAC agreed with our recommendation.

We continue to recommend that the Department of Health prepare a complete business continuity plan.

Human resource plan needs improvement

Health needs to improve its human resource plan. Effective human resource planning would help Health to have the right people, in the right jobs, at the right time.

Health has a human resource plan for its employees for 2007-2008. We assessed this plan against the key elements of a human resource plan.

⁴**Business Continuity Plan (BCP)**—Plan by an organization to respond to unforeseen incidents, accidents, and disasters that could affect the normal operations of the organization's critical operations or functions.

Disaster Recovery Plan (DRP)—Plan by an organization to respond to unforeseen incidents, accidents and disasters that could affect the normal operation of a computerized system (also known as a **Contingency Plan**). A DRP or contingency plan is only one component of the Business Continuity Plan.

A good human resource plan sets priorities and links to the agency's overall strategic direction. It also identifies key human resource risks and gaps that exist in current and future available resources. The plan should also set out strategies and implementation plans to address human resource risks and gaps.

Health's human resource plan sets priorities and identifies key human resource risks. The plan provides some details on gaps that exist between required and actual resources. It does not, however, quantify future human resource needs. The plan sets out strategies and broad action plans but does not give deadline dates. Half of the strategies have measurable indicators and targets.

We reported this matter in 2006. In June 2007, PAC agreed with our recommendation.

We continue to recommend that the Department of Health human resource plan:

- ◆ quantify its human resources needs
- ◆ provide measurable indicators and targets for all strategies

Findings – Saskatchewan Cancer Foundation

The Saskatchewan Cancer Agency (Agency) (formerly the Saskatchewan Cancer Foundation) provides treatment, supportive care, research, education, prevention, and early detection programs for the control of cancer in Saskatchewan. It had revenues of \$77 million in 2007 and held assets of \$53 million at March 31, 2007.

Information technology processes need to be strengthened

The Agency needs to strengthen the preparation, approval, and implementation of information technology (IT) processes to ensure the confidentiality, privacy, integrity and availability of information systems and data.

IT processes help ensure vital information is protected, accurate, complete, authorized, and available. IT processes should be based on a formal threat and risk analysis. A threat and risk analysis would allow management to identify the processes it needs to protect systems and data. After identifying all processes needed to protect systems and data, agencies must implement the processes.

During the year, the Agency substantially completed a formal threat and risk analysis. The Agency still needs to implement processes to address recommendations resulting from the analysis.

The Agency has implemented some IT processes based on strong industry practices. For example, the Agency has defined how it grants or removes access to its systems. Also, the Agency has processes for making changes to the systems.

Without adequate IT processes, the Agency risks the unauthorized disclosure of confidential information, reliance on incomplete and inaccurate information, and the loss of vital information.

We reported this matter in a previous report. In March 2006, PAC agreed with our recommendation.

We continue to recommend that the Saskatchewan Cancer Agency strengthen the preparation, approval and implementation of information technology processes for its information systems that are based on a formal threat and risk analysis.

Findings – 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.

For the year ended March 31, 2007, SAHO had total revenues of \$15.4 million, total expenses of \$15.3 million, an annual operating surplus of \$0.1 million, and held assets of \$12.4 million.

The SAHO Master Trust Combined Investment Fund holds the SAHO disability income plans' investments. For the year ended December 31, 2006, this fund had investment income of \$9.1 million and held net assets of \$91.7 million.

For the year ended December 31, 2006, the SAHO benefit plans had the following financial results:

	Revenue	Expense	Assets	Liabilities	Net Assets (Deficit)
(In 000's of dollars)					
SAHO Disability Income Plan – C.U.P.E.	11,036	11,965	22,709	24,059	(1,350)
SAHO Disability Income Plan – S.E.I.U.	10,369	8,538	26,762	18,967	7,795
SAHO Disability Income Plan – General	8,306	5,246	25,132	20,941	4,191
SAHO Disability Income Plan – S.U.N.	7,885	8,575	20,406	25,972	(5,566)
SAHO Core Dental Plan	13,112	15,204	5,789	1,680	4,109
SAHO In-Scope Extended Health/Enhanced Dental Plan	33,847	25,914	25,799	2,520	23,279
SAHO Out-of-Scope Extended Health/Enhanced Dental Plan	4,024	3,112	1,237	1,040	197
SAHO Group Life Insurance Plan	9,594	8,177	10,222	17,358	(7,136)

Financial reports for administered benefit plans needed

SAHO needs to update its accounting records (i.e., general ledger) for the administered benefit plans on a timely basis. SAHO then needs to prepare and review interim financial reports for the plans.

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 obtain a complete financial picture during the year. This increases the risk that SAHO could make inappropriate decisions 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 record the financial activities of its benefit plans each month. For 2006, SAHO did not do so until several months after year-end. This increases the risk of inappropriate decisions.

We reported these matters in our 2007 Report – Volume 1. In June 2007, PAC agreed with our recommendations.

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

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

Approval of reconciliations and adjustments to accounting records

SAHO's processes require employees to agree (i.e., reconcile) its recorded bank balances (i.e., general ledger) to the bank's records each month to know that all transactions are recorded properly. For this process to work effectively, reconciliations must be timely and reviewed and approved. As stated above, SAHO did not prepare the accounting records for its administered benefit plans until several months after year-end. Therefore, for all months in 2006, the bank's records for the employee benefit plans could not be reconciled to the recorded bank

balances until after the December 31, 2006 year-end. This increases the risk that a loss due to fraud or error could be concealed.

We reported this matter in our 2007 Report – Volume 1. In June 2007, PAC agreed with our recommendations.

We continue to recommend that Saskatchewan Association of Health Organizations review and approve all bank reconciliations.

Approval of payments

The Provincial Employment Strategy Committee (Committee) was established under collective agreement between the Canadian Union of Public Employees (C.U.P.E.) and SAHO on behalf of the Government of Saskatchewan.

SAHO provides administrative services to the Committee. SAHO collects money and pays expenses for the Committee. During 2006-07, SAHO paid about \$800,000 (unaudited) for the Committee. SAHO holds about \$2 million (unaudited) of the Committee's money in separate accounts on behalf of the Committee.

SAHO has a policy that two of three authorized persons will approve and sign cheques. Part of this process includes the review of adequate support (i.e., original records) for these cheques. SAHO applies this policy when processing cheques for the Committee.

We found that SAHO did not review adequate support for the cheques it processed for the Committee. By not obtaining and reviewing adequate support for payments made on behalf of the Committee, SAHO is at risk of spending resources for unauthorized purposes.

Because SAHO has not obtained and reviewed adequate support, SAHO does not know that payments made on behalf of the Committee are appropriate. Therefore, we are unable to determine if payments made on behalf of the Committee are appropriate and have been unable to complete our audit of the schedule of expenses of the Committee. We have informed SAHO's management that we will complete our audit when it has obtained and reviewed adequate support to determine whether payments made on behalf of the Committee are appropriate.

4. We recommend that Saskatchewan Association of Health Organizations follow its policy that payments have adequate support when making payments for the Provincial Employment Strategy Committee.

Furthermore, SAHO does not have a written service agreement with the Committee setting out each party's role.

The service agreement with the Committee should:

- ◆ Describe the authority and responsibility of SAHO and the Committee.
- ◆ Describe the services to be provided and the Committee's service-level objectives.
- ◆ Describe the privacy and security objectives.
- ◆ Describe the basis for paying for those services.

5. We recommend that Saskatchewan Association of Health Organizations make a service agreement with the Provincial Employment Strategy Committee for the services SAHO provides.

Findings – North Sask. Laundry & Support Services Ltd.

North Sask. Laundry & Support Services Ltd. (NSL&SS) is a wholly owned subsidiary of four Regional Health Authorities (Prince Albert Parkland, Prairie North, Kelsey Trail, and Mamawetan Churchill River). NSL&SS provides laundry services to various health authorities in northern Saskatchewan.

For the year ended March 31, 2007, NSL&SS had total expenses of \$3.9 million, an annual operating surplus of \$0.9 million, and held assets of \$3.7 million.

Revenue reconciliation needed

NSL&SS needs to ensure that it bills clients for all laundry services provided.

NSL&SS does not reconcile the revenue it bills clients to amounts of laundry shipped to its clients. Without this reconciliation, NSL&SS cannot ensure that all laundry processed has been appropriately billed.

6. **We recommend that the North Sask. Laundry & Support Services Ltd. have processes to bill for all laundry services.**

Public reports on health infrastructure—a follow-up

Background

Health sector infrastructure (e.g., hospitals, care homes) is essential for the delivery of health services to the public. In Saskatchewan, the Government uses over \$2 billion (original cost) in health sector infrastructure and spends significant resources each year to buy, improve, operate, and maintain it. Infrastructure includes property, buildings, and equipment.

In 2006, we audited the adequacy of the written information that Health and its other agencies (e.g., regional health authorities) publish about key infrastructure used to provide public services.

Our 2006 Report – Volume 1, Chapter 2 described the status of the health system’s public information on infrastructure. In that Report, we recommended that the Department of Health and other health agencies:

- ◆ publish adequate information about the *condition* and potential volume of services in their facilities and key equipment
- ◆ publish performance measures, targets and *results* that show the extent to which the use of their key infrastructure achieved their operational and financial plans

- ◆ publish adequate information about the strategies used to manage major *risks* facing their infrastructure and their actions to reduce those risks to an acceptable level.

In October 2006, PAC agreed with our recommendations.

Progress in reporting health infrastructure

We followed up on our recommendations in August 2007. Health has set guidelines and has begun to collect the necessary data to address the three recommendations we made in 2006.

In its *2006-07 Annual Report Guidelines*, Health set out how it expects regional health authorities and the Saskatchewan Cancer Agency to report on their infrastructure. The guidelines cover the reporting requirements of all of our recommendations.

Also in 2007, Health contracted for an inventory of RHA health facilities including an assessment of their condition. This review should provide a standardized assessment of the facilities. This information will provide a baseline for reporting on the capacity of health infrastructure.

In 2006-07, the RHAs did not have the information necessary to report on their infrastructure. Many of their 2006-07 annual reports indicate that RHAs are planning to identify performance measures and targets related to capital infrastructure to facilitate future reports to the public.

We will assess their further progress in a future report.

We continue to make the three recommendations noted earlier.

Status of other outstanding recommendations of the Standing Committee on Public Accounts

The following table provides an update on recommendations previously made by PAC that are not yet implemented and are not discussed earlier in this chapter⁵.

⁵ For the definitions of the key terms used in the table, see Chapter 25 – Standing Committee on Public Accounts pages 398 to 399.

Chapter 11A – Health

PAC REPORT YEAR ⁶	OUTSTANDING RECOMMENDATION	STATUS
Department of Health		
2002	CR5. The Standing Committee on Public Accounts recommends that the Department of Health continue to develop, as one component of resource allocation, processes that involve stakeholders and experts to identify and communicate priority health needs for the province, and health status objectives for the long term (e.g. 10 years or more) for the highest provincial health needs.	Partially implemented (as at March 31, 2007). The Department has determined priority health needs but needs to set specific health status objectives.
2002	PAC concurs: 1E-2 that the Department of Health should monitor and report the impact of resource allocation on the achievement of provincial objectives for service delivery and for health status.	Partially implemented (as at March 31, 2006). The Department has increased its capacity to monitor and report on the achievement of its objectives.
Department of Health (Health Sector Human Resources)		
2007	PAC concurs: 2-1 that the Department of Health should present information on significant shortfalls or surpluses in human resources in its health sector human resource plan.	Not implemented (as at March 31, 2007). The Department is planning a system to enable them to determine the human resource gaps.
2007	PAC concurs: 2-2 that the Department of Health should present information on succession planning and development strategies for its current workforce in its health sector human resource plan.	Not implemented (as at March 31, 2007). Public information has not yet been presented.

⁶ PAC Report Year refers to the year that PAC first made the recommendation in its report to the Legislative Assembly.

PAC REPORT YEAR ⁶	OUTSTANDING RECOMMENDATION	STATUS
Department of Health (Métis Addictions Council of Saskatchewan Inc.)		
2005	PAC concurs: 2E-3 that Board of Directors of the Métis Addictions Council of Saskatchewan Inc. should establish a long-term strategic plan and annual business and financial plans for the Métis Addictions Council of Saskatchewan Inc.	Partially implemented (as at March 31, 2006). MACSI prepared an annual business and financial plan. It has not yet prepared a strategic plan.
2005	PAC concurs: 2E-5 that Board of Directors of the Métis Addictions Council of Saskatchewan Inc. should provide governance training for its members.	Partially implemented (as at March 31, 2006). Health told us Board members will receive governance training when the new permanent Board is established.
2005	PAC concurs: 2E-6 that Board of Directors of the Métis Addictions Council of Saskatchewan Inc. should periodically assess its own performance.	Not implemented (as at March 31, 2006). Health told us this will be done when a permanent Board is established.
2005	PAC concurs: 2E-9 that Department of Health should work with the Métis Addictions Council of Saskatchewan Inc. (MACSI) to determine the amount that the former executive committee members of the board of directors owe MACSI and try to recover the money.	Partially implemented (as at March 31, 2006). Health has determined the amount of money that was misappropriated or not spent for the purposes intended. Health is considering how it will recover the money.

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PAC REPORT YEAR⁶	OUTSTANDING RECOMMENDATION	STATUS
2005	<p>PAC concurs:</p> <p>2E-10 that Department of Health should strengthen its processes to keep informed about any significant problems at community-based organizations (CBOs). The processes should include:</p> <ul style="list-style-type: none"> - Doing a risk assessment on all CBOs to determine the nature and extent of processes needed to monitor each CBO's performance; - Identifying objectives and performance measures for each CBO; - Reviewing each CBO's performance reports routinely; - Carrying out regular on-site assessments of high risk CBOs; and - Attending board of director's meetings of high risk CBOs. 	<p>Partially implemented (as at March 31, 2006).</p> <p>Implemented except that the Department has not done a risk assessment on all CBOs.</p>
2005	<p>PAC concurs:</p> <p>2E-13 that Department of Health should ensure the Métis Addictions Council of Saskatchewan Inc. (MACSI) implements recommendations 1-8 of this report.</p>	<p>Partially implemented (as at March 31, 2006)</p> <p>As noted above, some progress has been made.</p>
Department of Health (Saskatchewan Prescription Drug Plan)		
2005	<p>PAC concurs:</p> <p>4-1 that the Department of Health should develop a plan to monitor and evaluate drug use in the population.</p>	<p>Not implemented (as at March 31, 2006).</p> <p>Plan not yet developed.</p>
2005	<p>PAC concurs:</p> <p>4-2 that the Department of Health should set, evaluate, and report on performance measures for the Saskatchewan Prescription Drug Plan.</p>	<p>Partially implemented (as at March 31, 2006).</p> <p>Health has implemented a new system to collect statistical information on the drug usage.</p>