

Regional Health Authorities

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Introduction

The Regional Health Services Act (the Act) makes the 12 Regional Health Authorities (RHAs) responsible for the planning, organization, delivery, and evaluation of health services in their health regions.

In 2007, the RHAs had revenues totalling \$2.4 billion (\$2.1 billion from the Department of Health (Health)). They had a combined annual surplus of \$54.9 million. At March 31, 2007, the RHAs held total assets of \$1.2 billion. Each RHA's annual report contains its financial statements.

Our Office audits the Regina Qu'Appelle Regional Health Authority directly. The following is a list of the RHAs and their appointed auditors.

<u>RHA</u>	<u>Appointed Auditor</u>
Cypress	Stark & Marsh
Five Hills	Virtus Group LLP
Heartland	KPMG LLP
Kelsey Trail	Neumann & Neumann
Keewatin Yatthé	Meyers Norris Penny LLP
Mamawetan Churchill River	Deloitte & Touche LLP
Prairie North	Deloitte & Touche LLP
Prince Albert Parkland	Meyers Norris Penny LLP
Saskatoon	KPMG LLP
Sun Country	Meyers Norris Penny LLP
Sunrise	Parker Quine LLP

Our audit conclusions and findings

We carried out our audit responsibilities for 11 of the RHAs by working with their appointed auditors. When we work with appointed auditors, we follow the framework recommended in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* (www.auditor.sk.ca/rrd.html).

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

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

We also report one matter relating to the improper use of public money.

The RHAs' appointed auditors and our Office formed the opinions referred to above except the report of the appointed auditor of Kelsey Trail RHA did not report the need for the RHA to have information technology (IT) policies and procedures based on a threat and risk assessment. We describe this later under *Information technology policies and procedures needed*.

When we are unable to rely on the work and reports of appointed auditors, *The Provincial Auditor Act* requires us to do additional audit work. Our additional work consisted of reviewing IT documentation and discussing areas of concern with management.

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

Safeguarding public resources

Boards of agencies need to ensure that management has established adequate processes to safeguard public resources. We note the following instances where the RHAs' processes were not adequate to safeguard public resources.

Written policies and procedures required

The Regina Qu'Appelle Regional Health Authority Board did not have adequate, up-to-date written policies and procedures to achieve the RHA's objectives and safeguard public resources.

Written policies and procedures provide for the orderly and efficient conduct of business. They also reinforce the Board's delegation of authority and the responsibilities of all staff. Written policies and procedures help reduce the risk of errors, fraud, breakdowns in control, and unauthorized transactions.

The RHA did not have adequate written financial management policies covering budgeting, monthly financial reporting, and year-end procedures. The RHA also needs to update the documentation of its general accounting policies and procedures.

The RHA needs to ensure that there are written policies and procedures for staff to follow to safeguard public resources and ensure timely and reliable interim and year-end financial reporting. It is important that the RHA make these policies and procedures readily available to all staff. A lack of written policies and procedures may create confusion regarding delegation especially when turnover occurs.

The RHA has some policies and procedures and sends information to staff on budget and financial reporting requirements annually. The RHA also has begun the process of establishing and documenting Board policies. The RHA has implemented a written policy documenting signing authority procedures already in use. The RHA needs to continue this process until all policies and procedures are documented.

We reported this matter in 2003 and subsequent years. In June 2004, the Standing Committee on Public Accounts (PAC) agreed with our recommendation.

We continue to recommend that the Regina Qu'Appelle Regional Health Authority establish complete written financial management policies to cover budgeting, reporting, projections, and revisions to plans, as well as general accounting procedures.

Financial control over bank accounts needed

Mamawetan Churchill River RHA needs to follow its established processes to control its bank accounts when making payments to employees and vendors.

The RHA's established processes require management to approve all employee timecards that indicate the hours worked. Managers often did not approve the timecards until several months after the RHA paid the employees. This lack of timely approval could result in losses of public money due to the RHA paying employees for work not done.

The RHA's established processes require employees to prepare, and management to approve, purchase orders for purchases of goods and services. Employees often did not prepare purchase orders until after the RHA received the goods and services. This could result in losses of public money due to inappropriate purchases.

- 1. We recommend that the Mamawetan Churchill River Regional Health Authority follow its processes to control its bank accounts when making payments to employees and vendors.**

Cypress RHA needs to improve processes to ensure it pays staff only for work done.

Staff paid on an hourly basis record hours worked on time sheets. The recorded hours determine the amount an employee is paid. The records also update information such as vacation time used and available. If the time records are not accurate, the RHA may pay employees incorrectly.

The RHA did not require supervisors to approve time sheets. This could result in inaccurate time cards and inappropriate payments.

- 2. We recommend that the Cypress Regional Health Authority control its bank accounts when making payments to employees.**

Affiliate reporting required

The Saskatoon RHA needs to obtain the following required information from affiliated agencies.

An affiliate did not provide the RHA with auditor's reports on internal controls and on legislative compliance. The RHA requires these reports under its operating agreement with the affiliate.

The RHA carries out some of its services through affiliates (i.e., privately-owned hospitals and nursing homes). Without adequate reporting, the RHA cannot ensure that its affiliates are safeguarding public resources.

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

We continue to recommend that the Saskatoon Regional Health Authority obtain audited internal control and legislative compliance reports from its affiliated agencies.

Information technology policies and procedures needed

Five RHAs need to establish information technology (IT) policies and procedures (processes) to ensure the confidentiality, integrity, and availability of information systems and data.

Kelsey Trail, Mamawetan Churchill River, Prince Albert Parkland, Saskatoon, and Sun Country RHAs need IT processes that ensure vital information is protected, accurate, complete, authorized, and available. The RHAs should base their IT processes on a formal threat and risk analysis. A threat and risk analysis allows management to identify the processes it needs to protect its systems and data. For example, the IT processes should identify who is responsible for the security of systems and data, define how they will grant or remove access to systems, and clearly identify the rules that staff must follow. The RHAs also need to define how they will monitor compliance with IT processes and address weaknesses.

When the RHAs establish their IT processes, they need to carry out a security awareness program. Awareness training helps ensure staff

understand the security policies, the security risks, and their responsibilities for security monitoring.

Without complete IT processes, the RHAs risk the unauthorized disclosure of confidential information, reliance on incomplete and inaccurate information, and the loss of vital information.

As well, in Part F of this chapter, we describe how the Health Information Solutions Centre of the Department of Health (HISC) does not have adequate controls to protect the confidentiality, integrity, and availability of client information technology systems and data. The RHAs are clients of HISC. It provides many information systems that RHAs use to deliver health services.

We continue to recommend that the Kelsey Trail, Mamawetan Churchill River, Prince Albert Parkland, and Saskatoon Regional Health Authorities establish information technology policies and procedures based on a threat and risk analysis. In October 2005 and June 2007, PAC agreed with our recommendations.

3. We recommend that the Sun Country Regional Health Authority establish information technology policies and procedures based on a threat and risk analysis.

Disaster recovery plan needed

Five RHAs need written, tested, and approved information technology (IT) disaster recovery plans to ensure they can continue to deliver their programs and services if their critical IT systems are not available. The RHAs' risk assessment should include a prioritization of key programs and systems.

Although Keewatin Yatthé, Mamawetan Churchill River, Prairie North, Prince Albert Parkland, and Sun Country RHAs have processes to back up their systems and data, these processes may not be sufficient in the event of a disaster.

An IT disaster recovery plan should:

- ◆ set out the responsibilities of those who are to implement the plan

- ◆ include emergency procedures while the system is unavailable
- ◆ include steps for the recovery and restoration of the system
- ◆ be regularly tested and updated

We reported similar matters in past years. In June 2004 and June 2007, PAC agreed with our recommendations.

During the year, Prairie North and Keewatin Yatthé RHAs created disaster recovery plans, but they have not tested these plans to assess their effectiveness. We continue to recommend that the Mamawetan Churchill River, Prairie North, Keewatin Yatthé, Prince Albert Parkland, and Sun Country RHAs prepare information technology disaster recovery plans.

Physical computer security controls inadequate

Keewatin Yatthé RHA needs to secure its information technology (IT) systems and data from loss.

Good physical controls means protecting IT infrastructure from harm. Physical access controls protect all computers, network devices, disk drives, backup devices, and wiring from unauthorized access. For example, the RHA should physically prevent unauthorized users from entering its data centre. Good physical controls help ensure the RHA protects vital information and that the information is accurate, complete, authorized, and available.

The RHA does not physically prevent unauthorized access to its computer room. It leaves doors unlocked and open to prevent equipment from overheating. Without appropriately securing its computer room, the RHA risks the unauthorized disclosure of confidential information, reliance on incomplete or inaccurate information, and the loss of vital information.

- 4. We recommend that the Keewatin Yatthé Regional Health Authority adequately secure its computer room.**

Improper use of public money by a health care agency

During the year, Kelsey Trail RHA found that an employee of a health care agency it contracted to provide services misused approximately

\$24,000 of public money. The agency receives about \$115,000 annually from the RHA to provide recovery services to chemically dependent persons.

Inadequate segregation of duties allowed an employee at the health care agency to collect money, write cheques, alter journal entries and bank deposits, and pocket the collected money. The RHA discovered the problem through its monitoring procedures. The RHA has taken over providing the services directly and has discontinued its relationship with the health care agency. The RHA told us it has referred the matter to the local police.

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

The following table provides an update on recommendations previously made by the Standing Committee on Public Accounts (PAC) that are not yet implemented and are not discussed earlier in this chapter¹.

PAC REPORT YEAR ²	OUTSTANDING RECOMMENDATION	STATUS
Department of Health (Regional Health Authorities)		
2002	PAC concurs: 6D-1 that all RHAs should prepare capital equipment plans that contain the key elements for capital equipment plans in the public sector.	Partially implemented (as at March 31, 2007). Capital equipment plans are improving but still do not contain all key elements of good plans.

¹ For the definitions of the key terms used in the table, see Chapter 25 – Standing Committee on Public Accounts pages 398 to 399.

² PAC Report Year refers to the year that PAC first made the recommendation in its report to the Legislative Assembly.

PAC REPORT YEAR ²	OUTSTANDING RECOMMENDATION	STATUS
2005	<p>PAC concurs:</p> <p>2-1 that the Boards of Governors of the Regina Qu'Appelle and Saskatoon Health Regions should commit to workplace safety as a priority and that the boards should:</p> <ul style="list-style-type: none"> - set specific targets to reduce work-related injuries to care staff in the short term; - allocate resources to achieve the targets (e.g. staff or mechanical aids); - receive frequent reports about injury rates and actions to reduce injuries; and - hold senior managers accountable to reduce injuries. 	<p>Partially implemented (as at September 30, 2006).</p> <p>All partially implemented with slower progress by Regina Qu'Appelle.</p>
2005	<p>PAC concurs:</p> <p>2-2 that the Regina Qu'Appelle and Saskatoon Health Regions should analyze the unit staffing patterns that are associated with high and low injury rates, and implement the lessons learned.</p>	<p>Partially implemented (as at September 30, 2006).</p> <p>Both Health Regions have done some work on this but more is needed.</p>
2005	<p>PAC concurs:</p> <p>2-3 that the occupational health committees of the Regina Qu'Appelle and Saskatoon Health Regions should:</p> <ul style="list-style-type: none"> - monitor injury trends at least quarterly; - analyze the causes of injuries in areas with high injury rates at every meeting; and - make written recommendations to senior management and their board to fix unresolved causes of injuries. 	<p>Partially implemented (as at September 30, 2006).</p> <p>The Saskatoon Health Region has implemented this recommendation.</p> <p>The Regina Qu'Appelle Health Region still needs more improvement.</p>

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