

2009 Report – Volume 3

Opening statement by Fred Wendel, Provincial Auditor, for his meeting with members of the press regarding the 2009 Report – Volume 3.

Thank you for joining me this morning. With me today are Bashar Ahmad, Judy Ferguson, Mike Heffernan, Jeff Kress, Ed Montgomery, and Deann Dickin.

Bashar, Ed, Jeff, Judy, and Mike led most of the work that is included in the report we are discussing today. Deann ensures that the results of our work are put together and published. She also coordinates my activities and this meeting.

Before I answer your questions, I will make a few opening comments. This Report covers 130 government agencies. Our 2009 Report – Volume 1 covered the rest of the approximately 265 government agencies. We released that volume last spring.

This report includes the results of our work to improve government agencies' management of risks to effective service delivery.

I want to put my comments about the Government's management of its service delivery risks in context. For the risks we examined, generally, government agencies had adequate controls to manage their risks. Most agencies that need to improve their controls were making satisfactory progress. A few agencies had serious control problems and need to fix these problems quickly.

My remarks today will centre on service delivery in five areas: protecting people, protecting the environment, protecting infrastructure, protecting computer systems, and protecting public money.

I will begin by talking about my Office's concerns with processes to protect children in the care of the Minister of Social Services, processes at the Ministry of Education to provide quality education to children, and processes at the Regina Qu'Appelle Regional Health Authority to protect patients.

Once again, we report that the Ministry of Social Services needs to do a much better job of ensuring children receive proper care when they are a ward and the responsibility of the Minister of Social Services. Ministry employees are not following established processes for the proper care of these children. The Ministry lacks timely information to know how many children are wards, who they are, and where they live.

The Ministry of Education did not have adequate processes to ensure that children received the instruction time required by the Minister. This deficiency could affect the quality of education that children receive.

The Regina Qu'Appelle Regional Health Authority had adequate processes for ensuring patient safety, and is actively working to improve its reporting processes.

Now, I want to talk about protecting the environment. Regulating people's impact on the environment is critical for the long-term achievement of social and economic benefits for present and future generations.

We looked at the Ministry of Environment's processes to protect the environment. In particular, we looked at reforestation, contaminated sites, and air quality. The Ministry needs to monitor forest operators' compliance with reforestation requirements. As well, the Ministry should verify that forest operators pay the required fees and use that money for reforestation.

In 2004, we reported that the Ministry's processes to regulate air emissions were not adequate and in 2008 we reported that the Ministry's processes to regulate contaminated sites were not adequate. The Ministry has made some progress in improving its practices for regulating air emissions and contaminated sites. However, much work remains to properly regulate air emissions and contaminated sites. For example, the Ministry did not have a complete and accurate tracking system for effective management of contaminated sites.

Now, I want to turn to the protection of the public's valuable infrastructure. Having the right infrastructure is necessary for effective service delivery.

We looked at the processes to manage infrastructure at the Ministry of Health and the Ministry of Tourism, Parks, Culture and Sport.

The Ministry of Health is in the process of developing electronic health records for citizens of the province. At March 31, 2009, the Ministry has spent \$235 million and expects to spend a further \$600 million to complete this system by 2014. The Ministry did not have a strategic plan and an operational plan to guide the development of this system. Such plans are essential to control overall costs, and to make sure that the computer system will meet user needs, and be completed on time.

The Ministry of Health uses buildings and equipment with a value of about \$1 billion to provide health services. Since 2002, we have reported that the Ministry lacks a capital asset plan for the health system. A capital plan is needed to make sure that the health system has the buildings and equipment to provide the services that citizens need.

The Ministry of Tourism, Parks, Culture, and Sport uses infrastructure with a value of about \$350 million to provide park services. The infrastructure includes such things as water and sewer systems, campsites, roads, bridges, buildings and equipment. The Ministry has a good start on a plan for protecting these assets. However, the Ministry still needs to set out principles to guide how it operates and maintains key capital assets. It should also estimate life cycle costs for its capital assets so that it can plan accurately for the resources required to operate the parks system.

Now, I want to focus on the protection of the Government's computer systems and networks. Computer systems and networks play a very important part of the Government's service delivery.

Almost every chapter in this report contains some control deficiency with respect to the computer systems and networks that government agencies use to provide services. These government agencies did not make sure that:

- Personal information is kept confidential

- Disaster recovery plans are in place
- Information in the computer system is accurate and complete
- Access to the computer systems and data is properly controlled

Government agencies need to better protect their computer systems and networks so that they can provide necessary services.

Now, I want to talk about my concerns with the controls over the collection, receipt, disbursement, and expenditure of public money. Poor controls can lead to loss of public money because of fraud or error.

The Public Service Commission has only obtained criminal record checks for about 70 percent of ministry employees. The Commission expects to obtain the rest of the criminal record checks by September 2010.

A number of government agencies included in this report did not follow basic financial controls such as segregating duties of employees and reconciling bank accounts. Proper segregation of duties means no one person or group of persons is in a position where their duties allow them to commit or conceal errors or fraud. Following are two of the most serious examples.

The Ministry of Environment still does not segregate the duties of employees with authority to disburse public money. The Ministry lost \$500,000 in 2005 from this same control deficiency.

The Saskatchewan Indian Gaming Authority still does not reconcile promptly transactions with automated teller machines to its bank accounts. In 2009, SIGA lost \$1.2 million because of this control deficiency.

In summary, I want to emphasize two things:

- First, for the most part, the 130 Government agencies covered by this Report have adequate controls to manage risks to public resources.
- Second, for those agencies that have problems, all but a few are making progress in fixing the problems. The Government needs to ensure that these improvements continue, and for those with more serious problems, it needs to make improvements more quickly.

This ends my opening comments. I would be pleased to answer your questions.