

2010 Report – Volume 2

Opening statement by Brian Atkinson, Acting Provincial Auditor, for his meeting with members of the press regarding the 2010 Report – Volume 2.

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

Bashar, Judy, Mike, Ed, and Jeff led most of the work that is included in the report we are discussing today. Candice ensures 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.

The Government delivers its services through about 290 agencies. We are responsible to audit all of them. This report covers our work on 131 of those agencies, mostly those with March 31 year-ends. Volume 1 of our 2010 report issued in June focused on agencies with December 31 year ends. In both of these reports, we focus on key risks the Government faces and on controls the Government uses to manage those risks.

For the most part, the agencies covered by this report have adequate controls to manage the risks to public resources. But there are also agencies that have issues they need to address, some urgently.

I will talk about the following four areas:

- Protection of people
- Clear reporting by the Government
- Safeguarding public resources
- Access to audit

Protection of people

To provide adequate patient care, regional health authorities must properly maintain medical equipment used to treat and diagnose patients.

By medical equipment, I mean intravenous pumps, ventilators, cardiac monitors, diagnostic equipment, beds, lifts, and such. Poorly maintained equipment can malfunction and potentially harm patients.

We audited Kelsey Trail Regional Health Authority's processes to maintain medical equipment used to treat and diagnose patients. Kelsey Trail has approximately 1,600 staff and 35 physicians. It has 116 acute care beds and 482 long-term care beds.

For the year ended March 31, 2010, we concluded that Kelsey Trail did not have adequate processes to maintain its medical equipment.

Kelsey Trail's policies and procedures were not complete or consistent with manufacturers' standards and legal requirements.

Kelsey Trail staff did not always know what preventative maintenance was required for medical equipment and who was responsible to do the maintenance. We found 28% of the equipment that we tested did not receive the required maintenance. For example, a ventilator in use had not been completely tested since 1998. And, a cardiac monitor had not had its annual required maintenance since 2007.

Kelsey Trail did not have a complete listing of its medical equipment and its location. A maintenance provider indicated it could not find about 16% of the equipment it needed to test. Kelsey Trail did not track down the missing equipment.

And finally, Kelsey Trail did not provide its Board or senior management with periodic reports on the state of Kelsey Trail's medical equipment.

We encourage other regional health authorities to assess the adequacy of their processes to maintain their medical equipment.

I also want to talk about the Ministry of Social Services and its processes to protect and care for children who are in the custody of the Minister. The Minister acts as a parent for these children (called wards) and has all the rights and obligations of a parent.

In 2008, we recommended that the Ministry implement a system to know how many children are the Minister's responsibility, who they are, and where they live. For the last two years, we have asked the Ministry to demonstrate that it has this information. We have not yet received a complete response. Recently, the Ministry told us it would be able to provide this information next year.

We examined the Ministry's processes for protection and placement of children. We found that employees did not follow the Ministry's policies and procedures.

For example, 47% of the files we examined indicated that employees did not have adequate contact with children in the Minister's care. Also, almost 75% of the files we examined indicated that senior managers did not review and re-approve having more than four children in a foster home every two weeks, which is a requirement.

The Ministry is responsible to monitor the care provided by First Nations agencies to children residing on reserves. To assess how well these processes work, we asked the Ministry to provide us its reports related to the monitoring of these children, its findings, and any corrective action taken.

The Ministry told us it has completed reviews for 16 out of 18 First Nations agencies. However, with the exception of one report, the Ministry did not give us the reports. Because of this, I am unable to tell you whether the children in the Minister's care residing on reserves are protected and receiving proper care.

Clear reporting by the Government

The second area I want to talk about is the lack of clear communication of the Government's financial plans and results. Since 2008, we have recommended that the Government use the summary reporting entity as the primary basis for reporting on financial performance. That means, we expect the Government to report on all its activities – not just some of them.

The Government continues to use the General Revenue Fund as the primary basis for financial reporting. This continued focus on the GRF causes confusion and misunderstanding about the true financial picture of the Government.

As an example, the Government's 10-11 Mid Year Report projects a deficit of \$326 million for the entire Government and projects a surplus of \$68 million for the GRF. The Mid Year Report's analysis focuses on the GRF although my auditor's report on the GRF's financial statements warns readers not to use the statements to understand the Government's management of public financial affairs. Also, the GRF's financial statements do not accurately report pension costs and transfers to and from the Growth and Financial Security Fund.

It is my experience that the public does not understand these conflicting messages and is confused about the state of our Government's finances. The Government lags behind other provinces – all the other provinces – in this regard. It is time for the Government to provide clear, unambiguous communications regarding its financial plans and performance.

Safeguarding public resources

The next area I want to talk about is the Government's processes to assess and collect all public money.

The Ministry of Agriculture is responsible to assess and collect revenue from petroleum and natural gas surface leases. Agriculture has about 6,500 petroleum and natural gas leases with annual revenues of about \$27 million. Agriculture did not collect sufficient information on land use to charge the correct lease rates. Since 2007, Agriculture estimates that it undercharged lessees \$600,000.

The Ministry of Tourism, Parks, Culture and Sport needs policies and procedures to guide staff in the collection of commercial lease revenues. Tourism offers commercial leases for operations, such as golf courses, in Saskatchewan's parks. Some lessees are several years behind in their lease payments totalling more than \$1 million. Tourism does not have policies and procedures to guide staff on how to collect this money and when to terminate leases in arrears.

The Ministry of Justice needs to improve its collection of money due for cost-sharing claims. Justice has a cost-sharing agreement with the Federal Government to administer the Aboriginal Courtworker Program. The agreement expects Justice to submit a claim for its eligible expenses each year. Justice has not submitted a claim for this program since 2006. At March 31, 2010, Justice had not claimed eligible expenses of \$1.8 million for this program.

Access to audit

Finally, I want to talk about my access to audit accounts related to public money. The Legislative Assembly requires my Office to audit all accounts related to public money. Occasionally, organizations do not agree that they manage public money or are not subject to audit for other reasons. When I do not have access to audit, I cannot report to the Legislative Assembly on whether agencies have adequate processes to safeguard public resources, whether agencies have complied with governing authorities, and whether their financial reports are reliable. In addition, I cannot report on such matters as incidents of fraud, misuse of public money, and expenditures without authority.

We continue to work with the Ministry of Tourism, Parks, Culture and Sport to gain access to the accounts related to public money administered by the Western Canada Lottery Corporation and Sask Lotteries. We also continue to work with the Ministry of Education to gain access to the Conseil des écoles francsaskoises No. 310.

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