

# Chapter Highlights

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## Chapter Highlights

The chapters in this report result from a variety of work such as:

- ◆ Annual audits, where we provide opinions on the adequacy of internal controls, compliance with authorities and the reliability of financial statements. This work may involve working closely with appointed auditors of government agencies.
- ◆ Performance audits that conclude on the adequacy of key results or processes.
- ◆ Follow up work where management's action on recommendations from prior audits is examined to determine if recommendations have been implemented.

The work performed covered 145 government agencies. Most had March 31 year-ends (see Appendix 2 for entities audited in this reporting period). Chapters contain information on entities where there are reportable issues.

This report contains 78 new recommendations. We conducted follow up work on 220 recommendations from past audits. These are contained in a number of the chapters. Of those recommendations, 83 have been fully implemented. The remaining recommendations have been either partially implemented, or have not yet been implemented.

As an Office, we trust that our work provides the Members of the Legislative Assembly, the Standing Committee on Public Accounts and the Standing Committee on Crown and Central Agencies with useful information to assist them in serving the citizens of Saskatchewan.

This chapter provides a synopsis of the contents of the related chapter.

### **Chapter 2 – Advanced Education, Employment and Immigration**

The mandate of this Ministry is to foster the attraction, development and retention of an educated, skilled and productive workforce to meet the needs of a growing and innovative economy.

The Ministry provides various services to the Ministry of Labour Relations and Workplace Safety. We recommended that the Ministry sign a memorandum of understanding for shared services with the Ministry of Labour Relations and Workplace Safety in compliance with the requirement under the *Financial Administration Manual*.

As part of our audit of the Ministry, we reviewed the issues that arose regarding Carlton Trail Regional College (Carlton Trail). We made six recommendations. Three recommendations were directed to Carlton Trail and three recommendations were directed to the Ministry. The recommendations focused on strengthening college governance and accountability.

### **Chapter 3 – Agriculture**

The purpose of the Ministry of Agriculture (Agriculture) is to enable a prosperous market-driven agricultural industry through a supportive legislative framework, policies, and programs and services.

This chapter contains the results of our audits of Agriculture and its agencies with years ended March 31, 2011. Agriculture and its agencies had adequate rules and procedures to safeguard public resources except that Agriculture needs to:

- ◆ monitor cash receipts from land sales
- ◆ improve its information technology (IT) processes for password protection, preparation of an IT plan, preparation and testing of a disaster recovery plan for critical IT systems, and monitoring the adequacy of IT services handled by the Information Technology Office
- ◆ improve its processes when making its significant accounting estimates

We followed up the premium rate-setting process at the Saskatchewan Crop Insurance Corporation (SCIC). SCIC needs to establish processes for making its significant accounting estimates.

We conducted an audit of Agriculture's irrigation infrastructure maintenance. Our objective was to assess the adequacy of Agriculture's processes to maintain its irrigation infrastructure at Lake Diefenbaker between April 1, 2010 and March 31, 2011.

We concluded that Agriculture's processes to maintain infrastructure at Lake Diefenbaker were not adequate in the following respects. The Ministry needs more information about the condition of its irrigation infrastructure. Documenting long-term objectives and maintenance plans would help the Ministry keep its infrastructure in good repair. As well, regular reports would support the Ministry in making timely decisions for effectively maintaining its irrigation infrastructure.

## **Chapter 4 – Corrections, Public Safety and Policing**

In this chapter, we provide a number of recommendations to improve internal controls. The Ministry needs to ensure that the policies and procedures for paying employees are followed.

This chapter also contains the results of our audit of the Saskatchewan Police Commission's processes to monitor municipal policing. We also examined the Ministry's processes, where applicable. We concluded that for the 12 months ended August 31, 2011, the Ministry of Corrections, Public Safety and Policing and the Saskatchewan Police Commission should have had more effective processes to monitor municipal policing, in order to ensure that municipal police services uniformly safeguard the communities they serve. We provided six recommendations.

## **Chapter 5 – Education**

The Ministry of Education (Education) provides strategic and collaborative leadership to the early learning and childcare, Pre-kindergarten to Grade 12 education, literacy, and library sectors.

This chapter reports the results of our 2011 audits of Education, the Technology Supported Learning Revolving Fund, the School Division Tax Loss Compensation Fund, and the Prince of Wales Scholarship Fund. The results of the August 31, 2010 audits of the school divisions were reported in our 2011 Report – Volume 1 – Chapter 4.

Education had adequate rules and procedures to safeguard public resources except Education needs to:

- ◆ approve school division operating and capital grant payments in accordance with its delegation of authority
- ◆ enter into written agreements with school divisions setting out the terms and conditions of its capital grants that support its expenses

This chapter also includes a follow up of our 2009 audit of Education's processes to achieve compliance by school divisions in delivery of instruction time. In 2009, we made four recommendations. Education has made some progress, but has more work to do to meet these recommendations.

## **Chapter 6 – Energy and Resources**

Energy and Resources is responsible for overseeing and managing the province's resource sector. Its responsibilities are set out in numerous acts and regulations that govern Saskatchewan's natural resources. It has a regulatory role with industry, and develops and administers various tax and royalty structures related to resources.

During our audit of Energy and Resources, we noted that it needs to follow its procedures to ensure only authorized staff have access to its computer systems and data.

This chapter also includes our report on Energy and Resources' project management processes for its Process Renewal and Infrastructure Management Enhancements (PRIME) project. Energy and Resources is replacing its 25-year-old oil and gas information technology systems with one integrated system.

We concluded that for the six-month period ended September 30, 2011, the Ministry had adequate project management processes for its PRIME Project except that it should:

- ◆ document its plans for measuring and reporting on the expected benefits of its new oil and gas system
- ◆ include in its project status reports to senior management the actual development and maintenance costs incurred to date compared to the project's percentage of completion
- ◆ prepare an analysis on the merits of conducting an independent risk assessment on the PRIME project

## **Chapter 7 – Enterprise and Innovation programs**

This chapter reports on our audit of Enterprise and Innovation programs. Enterprise Saskatchewan administers these programs including the Ethanol Fuel Tax Rebate program on behalf of the Minister of Enterprise. As part of our internal control work, we reviewed how Enterprise Saskatchewan estimates the cost of ethanol fuel tax expenses. We recommended that Enterprise Saskatchewan document its analysis and the assumptions it uses to estimate ethanol fuel tax expenses.

## **Chapter 8 – Environment**

The Ministry is responsible for working with Saskatchewan stakeholders to protect the water, air and natural resources to achieve a high environmental standard and to support sustainable development in the use of these resources.

This chapter contains the results of our audit of the Ministry. We also followed up on the recommendations from three previous audits: regulating air emissions (2004), regulating contaminated sites (2007), and regulating reforestation (2009). Environment is making some progress addressing the recommendations from those audits. Fifteen recommendations remain outstanding.

Environment needs to establish adequate processes to secure its systems and data, enter into adequate agreements with the Information Technology Office and the Public Service Commission, and complete a business continuity plan.

Environment has eleven forest management funds used to collect fees from forest operations and other licensees based on the number and type of trees harvested under *The Forest Resources Management Act*. These funds (approximately \$8.5 million) are held by the forest operators or their trustees. Environment needs to ensure that all operators of forest management agreements and term supply licenses collect and pay the correct fees into the relevant forest management fund for reforestation and for other activities. Environment also needs to ensure that forest operators used the money for its intended purposes.

## **Chapter 9 – Finance**

This chapter sets out the results of our audits of the Ministry of Finance and its agencies for the year ended March 31, 2011. Finance and its agencies had adequate rules and procedures to safeguard public resources except for the following. The Ministry needs to:

- ◆ establish a process to better estimate resource surcharge revenue so that it records the revenue it earns in the proper period
- ◆ establish a current service agreement with the Public Service Commission for the provision of human resources services
- ◆ establish market-based benchmarks for its sinking fund investments to help evaluate whether it earned an effective return on these investments

Finance continues to improve its business continuity plan. It is working with the Information Technology Office to obtain better information to help it monitor its information technology systems.

Three significant pension plans administered by the Public Employees Benefits Agency (a division of Finance) continue to make progress on completing their business continuity plans but more work remains. The Public Service Superannuation Board needs to establish rules and procedures to ensure that all retired members who are receiving a pension and who return to work for the Government are paid in accordance with *The Superannuation (Supplementary Provisions) Act* or, alternatively, the Board should seek changes to the Act. The Office first made this recommendation in 2001.

This chapter includes our follow up of recommendations outstanding from two previous audits. Finance made some progress in implementing our 2009 recommendations about its processes for oversight of information technology, but still has work to do. Finance has implemented three of our five recommendations about its processes to select businesses for provincial sales tax audits and has plans to address the remaining two recommendations.

### **Chapter 10 – Financial reporting–Public financial reporting–the need to change**

This chapter provides information to legislators and citizens about the nature of financial reporting in Saskatchewan.

It explains why public reporting on a government's financial results should be based on all agencies that a government controls. This information is only available in a government's summary financial statements. Only summary financial statements should be used to assess a government's performance in managing Saskatchewan's financial affairs and public resources.

This chapter explains the significant errors in the General Revenue Fund financial statements. It highlights why a government should not use these statements as the primary financial statements for public reporting.

Other provincial governments and the Federal Government are using summary financial statements as their primary financial statements for communication of financial information to the public.



## **Chapter 11 – Financial reporting–Summary reporting practices–from an entire government perspective**

This chapter examines Saskatchewan’s current practices for public reporting on the financial plans and results of a government. Once a government adopts the Summary Financial Statements as the basis for its public reporting, it will need to improve its key accountability reports on the entire government. This would involve:

- ◆ preparing a summary detailed budget to provide legislators with complete information on the planned use of public resources within the government reporting entity
- ◆ including year-to-date and actual results compared to a summary detailed budget in mid-year and annual reports
- ◆ preparing a more complete annual report for the entire government

## **Chapter 12 – Financial reporting–Financial status of pensions–an update**

In this chapter, we provide an updated summary of the financial status of Government pension plans.

Over the last five years, Saskatchewan’s pension debt grew by almost \$2 billion to \$6.2 billion at March 31, 2011. Since 2006, the Government reduced its other debt (primarily by increasing the amount it has set aside as investments in sinking funds). In the last five years, pension debt relative to the Government’s total debt has increased from 15% in 2006 to 43% as at March 31, 2011. Saskatchewan uses a “pay-as-you-go” strategy to fund the Public Service Superannuation Plan and pays contributions to Teachers Superannuation Plan based on a formula set out in law. Because the costs of these pension plans have increased faster than the Government’s contributions, the pension debt has grown.

Because of Saskatchewan’s strong financial performance over the last five years, the Government can better afford its pension debt in 2011 than it could in 2006. However, careful financial management is still needed. Pension payment requirements as a percentage of Summary Financial Statement total revenues are increasing. Pension payments are not expected to peak until 2021. The Government continually needs to consider the impact of pensions projected cash flows on the Government’s overall cash flow, borrowing needs, and pension funding status.

### **Chapter 13 – Government Services**

The mandate of the Ministry of Government Services is to support government program delivery by providing accommodation and property management, transportation, purchasing, risk management, records management, telecommunications, and mail distribution services.

This chapter summarizes our audit conclusions and findings on the audit of the Ministry of Government Services. The Ministry needs to implement processes to monitor the validity of credit card fuel purchases, have an adequate agreement with the Information Technology Office, appropriately monitor security and have a complete business continuity plan.

### **Chapter 14 – Part A – Health**

The Ministry of Health oversees the provincial health care system. Health also regulates the delivery of health care. Health and its agencies had adequate rules and procedures to safeguard public resources except it needs to:

- ◆ implement a process to verify that patients received the medical services for which doctors bill (Health pays about \$464 million annually to doctors for medical services on a fee for service basis)
- ◆ update its risk assessment for agencies delivering healthcare services to help monitor their performance
- ◆ develop a capital asset plan (the healthcare system uses over \$1.2 billion of capital assets (buildings and equipment) to deliver healthcare)
- ◆ revise its human resource plan to quantify its human resource needs and provide measurable indicators
- ◆ prepare a business continuity plan

This chapter includes recommendations for North Sask. Laundry and Support Services Ltd. for controlling payroll and purchasing.

### **Chapter 14 – Part B – Regional Health Authorities**

*The Regional Health Services Act* makes 12 regional health authorities (RHAs) responsible for the planning, organization, delivery, and evaluation of health services in their health regions. This chapter reports the results of our annual audits for 10 RHAs. Regional Qu'Appelle RHA and Saskatoon RHA are reported in separate chapters.

RHAs continue to make progress in strengthening their processes, but they need to complete and test their disaster recovery plans. As well, some RHAs need to do more to protect their information technology systems and data.

We provided a number of recommendations for Keewatin Yatthe RHA. It needs to count its capital assets and compare the results to its accounting records and it needs to obtain Ministry of Health approval before spending money on capital projects. All RHAs need capital asset plans. As well, three RHAs need improvements in payroll and payment processes.

In this chapter, we report on our follow up on the recommendations from two previous audits: Prince Albert Parkland RHA–Immunization for young children and Sunrise RHA–Hospital acquired infections. Both Prince Albert Parkland and Sunrise have implemented our past recommendations.

### **Chapter 14 – Part C – Regional Qu’Appelle Regional Health Authority**

Regional Qu’Appelle Regional Health Authority is responsible for planning, organization, delivery, and evaluation of health services.

This chapter sets out the results of our 2011 audit of Regina Qu’Appelle and our follow ups on patient safety and reducing workplace injuries.

Regina Qu’Appelle had adequate rules and procedures to safeguard public resources except that it needs to implement an internal audit function, strengthen its information technology security, establish and test a disaster recovery plan, develop a capital equipment plan and improve its human resource planning.

Regina Qu’Appelle has implemented all of the outstanding recommendations from our previous audits on patient safety and reducing workplace injuries.

### **Chapter 14 – Part D – Saskatoon Regional Health Authority**

Saskatoon Regional Health Authority (Saskatoon) is responsible for planning, organization, delivery and evaluation of health services.

Saskatoon had adequate rules and procedures to safeguard public resources except that it needs to complete its development of comprehensive IT policies and procedures and its capital equipment plan. As well, during the year, Saskatoon paid for an affiliate’s remaining portion of capital project costs without obtaining approval of the Minister of Health. As such, Saskatoon did not comply with *The Regional Health Services Act*. We provided three recommendations in the chapter.

Additionally, we report in this chapter on the processes leading up to the establishment of a service agreement between Saskatoon and Amicus Health Care Inc. We found that the agreement with Amicus was a sole-sourced arrangement. Neither Saskatoon, nor the Ministry of Health sought any formal expression of interest from existing affiliates or other organizations. The agreement reached with Amicus was unique. The Ministry retains risk for capital debt repayment and facility operating costs once construction is completed. We recommended that the Ministry of Health and Saskatoon establish policies for use when seeking interest from private sector healthcare providers to build healthcare facilities. We also recommended that they establish criteria to use when selecting private sector healthcare providers to build healthcare facilities. They should also provide the established criteria to all interested private sector healthcare providers.

Saskatoon is currently developing comprehensive IT policies and procedures and a capital equipment plan. It is working on its disaster recovery plan.

**Chapter 14 – Part E – Saskatchewan Cancer Agency**

The Saskatchewan Cancer Agency (Agency) provides treatment, supportive care, education, prevention, early detection programs and conducts research for the control of cancer in Saskatchewan. The Agency operates cancer treatment centres in Regina and Saskatoon.

The Agency had adequate processes to safeguard its public resources except that it needs to strengthen the preparation, approval and implementation of its IT processes. Although the Agency had developed some policies and procedures and provided staff with information on potential IT security risks, this work is not complete.

**Chapter 14 – Part F – Prairie North Regional Health Authority:  
Hospital-acquired infections**

Prairie North Regional Health Authority (Prairie North) serves a population of nearly 100,000. It has six hospitals: two regional hospitals (North Battleford, Lloydminster), one district hospital (Meadow Lake), two small community hospitals (Maidstone, Turtleford), and the provincial psychiatric rehabilitation hospital. During 2010-11, these hospitals admitted about 11,000 patients.

The objective of this audit was to assess if Prairie North Regional Health Authority had effective processes from August 1, 2010 to July 31, 2011, to protect patients from hospital-acquired infections. The audit focused on processes in the three largest acute care hospitals (North Battleford, Lloydminster, and Meadow Lake).

We found that Prairie North had effective processes to protect patients from infections except in a few areas. Prairie North needs to improve its accountability process, training plan, monitoring practices, and reporting of information about hospital-acquired infections to help analyze and report emerging risks. We made six recommendations to strengthen these processes.

### **Chapter 15 – Highways and Infrastructure**

The Ministry of Highways and Infrastructure manages and provides for the future development of an integrated provincial transportation system. Its strategic transportation policy seeks to promote the safe and efficient movement of people and goods.

The Ministry had adequate rules and procedures to safeguard public resources except, consistent with prior years, it needs better service level agreements with its providers of information security services.

Highways also needs to follow its established procedures to promptly remove access of former employees to its computer network.

### **Chapter 16 – Information Technology Office**

The mandate of the Information Technology Office (ITO) includes developing, promoting, and implementing policies and programs of the Government of Saskatchewan relating to information technology and information management.

As a custodian of ministries' information systems and data, the ITO must protect the confidentiality, integrity, and availability of ministry information technology (IT) systems and data. As part of our annual audit of ITO, we found that ITO had adequate procedures to safeguard public resources with the exception of the following:

To protect ministries' IT systems and data, ITO needs to:

- ◆ define security requirements its service provider needs to follow
- ◆ monitor whether its service provider meets its security requirements
- ◆ provide relevant and timely security reports to its clients
- ◆ complete policies that set IT security standards for clients
- ◆ protect systems and data from security threats
- ◆ have a complete and tested disaster recovery plan for the data centre and client systems

ITO needs to follow its processes to ensure that ITO user access is removed in a timely way. ITO should sign adequate agreements with ministries before delivering services to them, ensure agreements address security and disaster recovery requirements, and improve its human resource plan.

Effective December 6, 2010, ITO commenced an agreement with a service provider to operate and maintain its data centre until December 5, 2017. ITO needs to ensure its agreement with this service provider defines security requirements. ITO also needs to monitor the service provider's compliance with those security requirements.

### **Chapter 17 – Justice and Attorney General**

The Ministry of Justice and Attorney General provides legal services and policy advice to Government in order to protect the legal rights of citizens and to promote social and economic order for Saskatchewan. It also provides support for the courts system, prosecutorial services, civil law services, and marketplace regulation.

Justice and its agencies had adequate rules and procedures to safeguard public resources except for the following:

- ◆ needs to follow its processes and perform a timely review and approval of bank statements
- ◆ needs to implement our past recommendations relating to IT security, including the completion of a disaster recovery test for its critical information system

In this chapter, we followed up on three recommendations from our previous audit of IT Security at the Saskatchewan Legal Aid Commission. The Commission implemented two of these recommendations. It still needs to complete the testing of its disaster recovery plan.

### **Chapter 18 – Labour Relations and Workplace Safety**

The Ministry of Labour Relations and Workplace Safety is responsible for labour standards, occupational health and safety, labour relations and mediation services, and advocacy on behalf of injured workers.

The Ministry had adequate rules and procedures to safeguard public services except:

- ◆ the Ministry needs to sign a shared services agreement with the Ministry of Advanced Education, Employment, and Immigration

- ◆ the Ministry needs to sign a service level agreement with the Public Service Commission

This chapter also includes an audit of the processes used by the Ministry to address workplaces that did not comply with *The Occupational Health and Safety Act, 1993* and related regulations. The Ministry had effective processes except that the Ministry requires a documented, comprehensive risk-based approach to address workplace non-compliance. It should undertake more complete analysis of non-compliance and its causes. It should also require more consistent use of Ministry policies and better follow up of non-compliant workplaces.

### **Chapter 19 – Part A – Liquor and Gaming Authority**

Liquor and Gaming is a Crown agency that operates under *The Alcohol and Gaming Regulations Act, 1997*. The mandate of Liquor and Gaming is to develop, support, operate, and regulate the beverage alcohol and gaming industries in the province.

Liquor and Gaming had adequate rules and procedures to safeguard public resources except:

- ◆ it needs to follow its information technology policies, automated teller machine service provider casino registration policy, and its rules and procedures over bank reconciliations
- ◆ it needs to identify and assess the risks associated with Saskatchewan Indian Gaming Authority's (SIGA's) operations

During the year, Liquor and Gaming's internal audit performed an annual audit to ensure that SIGA expenditures were reasonable, complied with relevant policies and had an adequate business purpose. Based on the 2009-10 internal audit results, Liquor and Gaming concluded that, in general, expenses for the period audited were appropriate business expenses and that no recovery was required. Liquor and Gaming still needs to recover losses of public money from automated teller machines at SIGA casinos.

In this chapter, we report on our follow up of succession planning at Liquor and Gaming. Liquor and Gaming has implemented all of our past recommendations.

We also report on our follow up of our previous audit on encouraging responsible use of beverage alcohol. Liquor and Gaming has addressed our previous recommendation on preparing a complete plan for encouraging responsible use of beverage alcohol. Liquor and Gaming is in the process of

developing a reporting document that will accompany its social responsibility plan in order to report on the status of its social responsibility initiatives.

**Chapter 19 – Part B – Saskatchewan Indian Gaming Authority Inc.**

Saskatchewan Indian Gaming Authority Inc. (SIGA) is a non-profit corporation. It is licensed by the Saskatchewan Liquor and Gaming Authority, under a Casino Operating Agreement, to operate six casinos.

This chapter includes the results of our 2011 audit of SIGA. Over the past several years, SIGA has made significant progress in addressing the recommendations made in our previous reports.

SIGA needs to protect its IT systems and data by approving a complete IT strategic plan, preparing a complete disaster recovery plan and assessing the need for a business continuity plan.

Prior to 2008, Liquor and Gaming prescribed the structure of SIGA's Board of Directors through a directive. In 2008, Liquor and Gaming removed the directive. Since that time, the Board has increased in size and, as such, related expenses have increased. Liquor and Gaming, SIGA and the Federation of Saskatchewan Indian Nations are working to resolve current governance issues.

**Chapter 20 – Protecting Saskatchewan data – the *USA Patriot Act***

On June 6, 2011, the Standing Committee on Public Accounts asked that: "...when the Provincial Auditor next reports that they take a look at all of the necessary protections that ITO has in place to assure the citizens of Saskatchewan that their third party contractor cannot share information with the parent company where the parent company is subject to the Patriot Act." We concluded that the protections put in place by ITO cannot ensure that information will not be accessible through the operation of the *USA Patriot Act*. Short of a decision to exclude the third party contractor because of its corporate ownership, ITO's contractual protections represent a reasonable attempt to manage risks related to the *USA Patriot Act*.

Our audit of IT security at ITO has identified information security weaknesses. These security weaknesses relate to the information managed by the third party contractor. Until these weaknesses are addressed, government information is at risk of inappropriate access or modification. Until ITO monitors whether security requirements that the third party contractor needs to follow are being met, the contractual protections may not be effective in achieving their intended purposes.



A further means of protecting data is through legislation. We recommend in this chapter that the Ministry of Justice and Attorney General work with the Office of the Information and Privacy Commissioner to consider the benefits of changes to Saskatchewan's general access and privacy legislation, which could serve to mitigate risks related to the *USA Patriot Act*. The Commissioner has, in the past, recommended changes to the legislation that would incorporate a "duty to protect" with accompanying penalties for non-compliance.

### **Chapter 21 – Public Service Commission**

In this chapter, we report on the results of our audit of the Public Service Commission (PSC). PSC is the central human resources agency for staff employed by Government ministries. Government ministries have about 12,000 staff positions.

PSC had adequate rules and procedures to safeguard public resources except that, PSC did not make certain that user access to its information systems for its former employees was promptly removed.

In 2010-11, the PSC implemented a new policy to require all new employees of Government ministries to submit a criminal record check before commencing employment and to require existing employees to report any criminal charges or convictions.

### **Chapter 22 – Saskatchewan Power Corporation**

This chapter contains the results of our audit of the adequacy of SaskPower's processes for inspections of gas and electrical installations and our follow up of outstanding recommendations from two previous audits.

SaskPower is responsible for the inspection of electrical and gas installations in Saskatchewan. SaskPower had adequate processes for inspections of gas and electrical installations for the twelve-month period ended March 31, 2011, with a few exceptions. We provided seven recommendations including that SaskPower needs to:

- ◆ periodically re-evaluate its inspection strategies to determine whether they achieve the results needed
- ◆ improve its processes for monitoring key inspection decisions and reporting inspection activity results to those responsible
- ◆ report summarized results of its inspection activities to senior management and the Board

SaskPower has implemented the final recommendations remaining from our 2006 audit of its processes to plan for infrastructure needs. It now documents risks that it accepts when it approves capital projects.

SaskPower has made some progress in implementing the remaining two recommendations from our 2007 audit of its processes to buy goods and services valued under \$100,000. At September 2011, SaskPower staff did not always follow established processes and did not track problems with key suppliers in a coordinated and accessible format.

### **Chapter 23 – Saskatchewan Watershed Authority**

The mandate of the Saskatchewan Watershed Authority (Authority) is to lead management of the Province's water resources to ensure safe sources for drinking water and reliable water suppliers for economic, environmental, and social benefits for Saskatchewan people.

The Authority had adequate rules and procedures to safeguard public resources except for the following:

- ◆ the Authority needs to use appropriate IT security policies and procedures to address change management, incident management, the segregation of IT duties and to implement and test a business continuity plan
- ◆ the Authority needs to put in place an adequate IT service agreement with Saskatchewan Water Corporation

### **Chapter 24 – Social Services**

The Ministry of Social Services assists citizens through income support, child and family services, services for persons with disabilities, development of affordable housing, and by building greater capacity in community-based organizations.

This Ministry had adequate rules and procedures to safeguard public resources except it needs to improve its processes in the protection of children, in income assistance, in the supervision of community-based organizations and in IT security.

The Ministry is making progress in improving its processes however, there is still more work to do. There needs to be a higher degree of compliance with the Ministry's established child protection standards.

## **Chapter 25 – Tourism, Parks, Culture and Sport**

The Ministry of Tourism, Parks, Culture and Sport provides oversight and accountability services for the lottery system and the Lottery Trust Fund for Sport, Culture and Recreation. The Ministry is also responsible for the provincial park system including the administration, management, planning, development, and maintenance of all park land.

Our Office reached an agreement with the Ministry and Sask Sport Inc. on how our Office obtains audit assurance on the information we require related to Saskatchewan's share of the lottery revenues and expenses calculated in accordance with the *Restated Western Canada Lottery Agreement, November 1, 2009*.

This chapter also reports the results of our follow up on two audits: compliance with the *Restated Western Canada Lottery Agreement, November 1, 2009* and provincial parks capital asset planning. The Ministry still has work to do to meet our recommendations.

## **Chapter 26 – Quality of annual reports**

This chapter provides an update on the overall quality of the content of the annual reports of various ministries, Treasury Board agencies and CIC Crown corporations (agencies). We assessed whether the most recent annual reports of 22 agencies contained information reflecting best practices for public performance reporting. To provide the update, we compared the results of assessments of the content of these agencies' most recent annual reports to our previous assessments of their annual reports.

Overall, we found that the annual reports of the CIC Crown corporations remain strong. For the ministries and Treasury Board agencies, the annual reports have improved since our 2006 assessments but more work remains.

## **Chapter 27 – Standing Committee on Public Accounts**

The Standing Committee on Public Accounts (Committee) is a key agent of change for improving Government's management of public resources. It helps the Assembly hold the Government accountable for its management of public resources.

This chapter provides an overview of the role and responsibilities of the Committee. Since the fall of 2010, the Committee met 9 times. During this time, the Committee continued its review of our reports on the results of our work at government agencies.

## Chapter 1 – Chapter Highlights

At the time of this report, the Committee's most recent report setting out recommendations is the Committee's Third Report to the 26th Legislature. The Committee presented this Report to the Assembly on September 6, 2011. The report contains over 230 recommendations. The Government has 120 days to provide a response to the Report.

The Committee's reports during the previous five years contained 638 recommendations including over 230 new recommendations in 2011. The Government has fully implemented 60% of the Committee's recommendations. Of the recommendations that are not yet fully implemented, 50% are partially implemented.