

Health

14A

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Main points

The Ministry of Health (Health) and its agencies complied with authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. Its agencies' financial statements are reliable for the year ended on or before March 31, 2011.

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

- ◆ Health needs to:
 - implement a process to verify that patients received the medical services for which doctors bill
 - update its risk assessment for agencies delivering healthcare services
 - develop a capital asset plan
 - revise its human resource plan to quantify its human resource needs and provide measurable indicators
 - prepare a business continuity plan

- ◆ North Sask. Laundry & Support Services Ltd. needs to:
 - establish policies and procedures for controlling payments to employees
 - establish policies and procedures for purchasing goods and services
 - establish a corporate credit card usage policy

This chapter also contains an update on the status of previous recommendations agreed to by the Standing Committee on Public Accounts.

Introduction

The Ministry of Health (Health) oversees the provincial health care system. Health also regulates the delivery of health care. To ensure the provision of essential and appropriate services, Health establishes provincial strategy and policy direction, sets and monitors standards, and provides funding. It oversees a health care system that includes 12 regional health authorities (RHAs), the Saskatchewan Cancer Agency (SCA), the Athabasca Health Authority,¹ affiliated health care organizations and a diverse group of professionals. Health works with the RHAs, the SCA, and other stakeholders to recruit and retain health care providers, including nurses and physicians.²

Health's annual report includes information about Health's revenues and expenses (annual report is available at www.health.gov.sk.ca).

Government spending on health

Total Health Sector Costs by Program for the years ended March 31										
<i>(in millions of dollars)</i>										
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Acute Services	\$ 1,799	\$ 1,756	\$ 1,546	\$ 1,460	\$ 1,293	\$ 1,259	\$ 1,169	\$ 1,063	\$ 963	\$ 900
Supportive care services	867	851	755	716	673	634	585	554	512	507
Medical services and education	726	685	639	590	585	533	496	455	446	421
Community care services	480	450	407	364	329	314	286	277	305	276
Prescription drugs	354	338	316	294	246	229	212	194	173	156
Provincial health services	315	313	272	234	205	190	175	162	144	136
Central Support Services	40	51	49	53	49	50	44	46	23	21
Other	43	41	37	37	31	30	26	34	44	60
Change in pension debt*	58	88	33	(25)	(7)	22	(4)	10		
Timing Differences**	<u>(5)</u>	<u>(53)</u>	<u>(24)</u>	<u>(72)</u>	<u>(59)</u>	<u>(39)</u>	<u>(45)</u>	<u>(50)</u>	<u>(52)</u>	<u>(53)</u>
Total costs***	<u>\$ 4,677</u>	<u>\$ 4,520</u>	<u>\$ 4,029</u>	<u>\$ 3,651</u>	<u>\$ 3,345</u>	<u>\$ 3,222</u>	<u>\$ 2,944</u>	<u>\$ 2,745</u>	<u>\$ 2,558</u>	<u>\$ 2,424</u>

Source: *Public Accounts 2010-11: Volume 2: Details of Revenue and Expenditure* (see www.finance.gov.sk.ca/public-accounts) and March 31, 2011 financial statements of the RHAs and other Crown agencies.

*Source: *Public Accounts 2010-11: Volume 1: Main Financial Statements*: The Government participates in the Saskatchewan Healthcare Employees' Pension Plan (SHEPP), a joint defined benefit plan for employees of health agencies. The expense/(revenue) reflected is the change in the pension debt from the prior year. Agencies recorded a pension expense of \$111 million for 2010-11 in their financial statements.

**Timing differences represent the recognition of revenues and expenses at different times by Health entities.

***The total cost equals the Government's summary financial statements for each year.

¹ The Athabasca Health Authority operates under an agreement between the Province, Canada and 6 northern First Nations. The Ministry of Health funds the Authority for acute care expenses.

² Ministry of Health, *2010-11 Annual Report*.

The above table shows the Government's overall health sector costs by program totalling \$4.677 billion for the year ended March 31, 2011. The costs in the table do not include health services paid directly by the Government of Canada, nor the costs that individuals and private sector organizations pay directly for health services.

Health had \$4.548 billion from the General Revenue Fund. The health sector raised a further \$392 million of other revenues including \$158 million in health care fees. The Government received transfers from the Federal Government of \$795 million for the Canada Health Transfer.

Crown agencies

Health is responsible for the following Crown agencies:

Year-end March 31

Twelve Regional Health Authorities³
Health Quality Council
North Sask. Laundry & Support Services Ltd.
Physician Recruitment Agency of Saskatchewan
Saskatchewan Association of Health Organizations (SAHO)
Saskatchewan Cancer Agency (see Chapter 14E)
eHealth (formerly Saskatchewan Health Information Network)
Saskatchewan Health Research Foundation
Saskatchewan Impaired Driver Treatment Centre Board of Governors

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

We worked with MNP LLP (appointed auditor) to form our opinions for North Sask. Laundry & Support Services Ltd. We used the framework

³ The twelve RHAs are discussed in Chapters 14B, 14C, and 14D.

recommended in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* (www.auditor.sk.ca/rrd.html).

Audit conclusion and findings

In our opinion, for the year ended on or before March 31, 2011:

- ◆ **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 following authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Department of Health Act
The Regional Health Services Act
The Saskatchewan Medical Care Insurance Act
The Prescription Drugs Act
The Public Health Act, 1994
The Health Facilities Licensing Act
The Mental Health Services Act
An Act to incorporate Saskatchewan Health-Care Association
The Financial Administration Act, 1993
The Government Organization Act
The Purchasing Act, 2004
Orders in Council and regulations pursuant to the above Legislation

- ◆ **The financial statements of the agencies listed above are reliable**

A separate opinion is provided on the Saskatchewan Cancer Agency in Chapter 14E.

This chapter also provides an update on the previous recommendations agreed to by the Standing Committee on Public Accounts that Health has not yet implemented.

Verifying medical services to patients

Health needs to verify medical services that physicians, chiropractors, optometrists, and dentists (collectively called doctors) provide patients for which they bill Health for payment.

Health pays about \$464 million annually to doctors for medical services on a “fee for service” basis. Verifying doctor services could help ensure that doctors bill Health correctly, and could help Health in its efforts to recover any incorrect payment.

In prior years, Health compared each doctor’s billing to doctors’ historical trends and sought confirmation from patients receiving services. During the year ended March 31, 2011, Health did not seek confirmation from patients receiving medical services. Comparing doctors’ billing to past billing trends alone is not sufficient without seeking periodic confirmation from those who received the services.

- 1. We recommend that the Ministry of Health implement a process to verify that patients received the medical services for which doctors billed the Ministry.**

Management told us that Health is revising its process for verifying medical services that doctors provide to patients and expects to implement the new process by the end of 2011.

Supervising agencies delivering health related services

Health needs to follow its established process to supervise agencies that provide health-related services on Health’s behalf.

Health makes annual service agreements with health agencies to deliver health-related services. In the year ended March 31, 2011, Health paid \$94 million to these agencies. Health has established a process to assess the risk that these agencies may not spend money for the intended purposes. To help Health supervise those agencies, the service agreements require agencies to provide Health with certain performance information by specified dates. Health follows up on agencies assessed as high-risk to obtain timely information to assess if those agencies use the money for the intended purposes.

Although Health's processes require annual risk assessments for agencies providing health-related services on its behalf, Health has not updated its risk assessments for all such agencies for a number of years. Without up-to-date risk assessments, Health may not identify agencies that it must follow up for monitoring performance. Delays in receiving performance information increase the risk that Health may not take timely corrective action when needed.

- 2. We recommend that the Ministry of Health update its risk assessments for agencies delivering healthcare services to help monitor their performance.**

Controlling capital assets

We recommended that the Ministry of Health develop a capital asset plan to help ensure that it can carry out its strategic plan. (2003 Report – Volume 3)

In June 2004, the Standing Committee on Public Accounts (PAC) agreed with our recommendation.

Health still does not have a capital asset plan. Lack of a capital asset plan increases the risk that the health care system may not have the capital assets it needs to deliver the services citizens require or that it may have idle capital assets that it could use at some other location. The health care system uses over \$1.2 billion of capital assets (buildings and equipment) to deliver health care.

Health was given certain priorities in the Minister's mandate letter dated November 21, 2007. These priorities included the development of a 10 year capital plan for health care. Health has not yet prepared the plan.

Status – We continue to make this recommendation.

Human resource planning

We recommended that the Ministry of Health revise its human resource plan to quantify its human resources needs and provide measurable indicators and targets for all strategies. (2006 Report – Volume 3)

In June 2007, PAC agreed with our recommendation.

Health has not revised the Ministry's human resource plan to address our recommendation.

Status – We continue to make this recommendation.

Business continuity planning

We recommended that the Ministry of Health prepare a complete business continuity plan. (2005 Report – Volume 3)

In March 2006, PAC agreed with our recommendation.

Health has drafted a business continuity plan⁴ but has not yet approved the draft plan. Health needs to prepare a complete plan and test that plan to ensure its effectiveness.

Status – We continue to make this recommendation.

North Sask. Laundry & Support Services Ltd.

North Sask. Laundry & Support Services Ltd. (NSL) is a wholly-owned subsidiary of four regional health authorities (Prince Albert Parkland, Prairie North, Kelsey Trail, and Mamawetan Churchill River). It provides laundry services to various health authorities and other government organizations in Saskatchewan.

For the year ended March 31, 2011, NSL had revenue of \$6.3 million, expenses of \$5.8 million, and an operating surplus of \$0.5 million. At year-end, the NSL held assets of \$7.5 million.

Controlling payroll and purchasing

NSL needs to establish clear policies and procedures for control when making payments to employees and vendors.

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.

NSL has not established any policies for controlling payment of salaries and benefits. NSL has approximately 80 employees. In 2011, NSL spent about \$3 million on payroll.

During the year, we noted that employees did not always sign their time sheets and their supervisors did not always leave evidence of their review and approval of the time sheets. Nor did NSL's management review and approve the payroll register before paying employees. Employees' time sheets determine employees' pay and benefits. Incorrect time sheets could result in incorrect pay and benefits. Also, lack of review and approval of the payroll register increases the risk of loss or misuse of public money and fraud without timely detection.

3. We recommend that North Sask. Laundry & Support Services Ltd. establish policies and procedures for controlling payments to its employees.

NSL's policies do not set out that employees must complete and obtain approval of purchase orders before ordering goods and services. In addition, NSL does not have policies setting out who can use corporate credit cards, for what purposes and the approval requirements. We noted employees did not always seek approval of purchase orders before ordering goods or services. Lack of clear policies could result in purchases of goods or services that are relatively expensive, not needed or unsuitable.

We also noted that a senior official used a NSL corporate credit card for personal expenses without any approval. The transactions were recorded as accounts receivable in NSL's accounting records. The personal expenses that the official charged totalled \$2,176. The official is paying back the funds and at year-end still owed about \$1,000 to NSL. Lack of clear policies and procedures has resulted in a misuse of public money.

Health reported this loss of public money in its 2011-12 first quarter report to PAC.

4. We recommend that North Sask. Laundry & Support Services Ltd. have clear policies and procedures for purchasing goods and services.

5. **We recommend that North Sask. Laundry & Support Services Ltd. establish policies setting out who can use corporate credit cards, for what purpose, and the approval process.**

Subsequent to year-end, the Board approved an appropriate credit card usage policy. We intend to audit compliance with the policy in a future year.

Status of previous recommendations of the Standing Committee on Public Accounts

The following exhibit provides an update on recommendations agreed to by PAC that are not yet implemented and are not discussed earlier in this chapter.⁵ Our intent is to follow up on outstanding recommendations in upcoming reports.

PAC REPORT YEAR ⁶	OUTSTANDING RECOMMENDATION	STATUS
Ministry of Health – Health Sector Human Resources (2006 Report – Volume 1)		
2007	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 September 30, 2011.
2007	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 September 30, 2011.
Ministry of Health – Electronic Health Records (2009 Report – Volume 3)		
2011	10C-1 that the Ministry of Health's strategic plan include its strategy for the electronic health record system.	Not implemented as at June 30, 2009.

⁵ For definitions of the Key Terms used in the exhibit, see Chapter 27 – Standing Committee on Public Accounts.

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

PAC REPORT YEAR ⁶	OUTSTANDING RECOMMENDATION	STATUS
2011	10C-2 that the Ministry of Health develop an operational plan to guide the development and implementation of the electronic health record system.	Not implemented as at June 30, 2009.
2011	10C-3 that the Ministry of Health monitor its overall costs and timelines, compared to its plans, for development and implementation of the electronic health record system.	Not implemented as at June 30, 2009.
2011	10C-4 that the Ministry of Health develop performance measures to allow it to assess and report its progress in achieving the electronic health record benefits.	Not implemented as at June 30, 2009.
Ministry of Health – Processes to Buy IT Services (2010 Report – Volume 1)		
2011	6-1 that the Ministry of Health establish a process to debrief unsuccessful vendors on their information technology proposals.	Not implemented as at December 31, 2009.
2011	6-2 that the Ministry of Health establish an appeal mechanism to deal with vendors' complaints/disagreements.	Not implemented as at December 31, 2009.
2011	6-3 that the Ministry of Health establish processes to ensure all requests for proposals for specific information technology expertise or services include complete criteria for evaluating those proposals.	Not implemented as at December 31, 2009.
2011	6-4 that the Ministry of Health use consistent evaluation documentation for selecting vendors for specific information technology expertise or services.	Not implemented as at December 31, 2009.
2011	6-5 that the Ministry of Health use its employees to hire employees of information technology vendors.	Not implemented as at December 31, 2009.
2011	6-6 that the Ministry of Health obtain periodic independent updates of projects that are managed and staffed with vendor employees.	Not implemented as at December 31, 2009.

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PAC REPORT YEAR ⁶	OUTSTANDING RECOMMENDATION	STATUS
2011	6-7 that the Ministry of Health establish adequate processes for assessing information technology vendors' performance.	Not implemented as at December 31, 2009.
2011	6-8 that the Ministry of Health keep records of vendors' performance to help decide future information technology services contracts.	Not implemented as at December 31, 2009.
eHealth (formerly Health Information Solutions Centre) (2007 Report – Volume 3)		
2009	11F-6 that the Health Information Solutions Centre of the Ministry of Health have an approved and tested disaster recovery plan for systems and data.	Not implemented as at September 30, 2010.
Saskatchewan Association of Health Organizations Payroll System (2006 Report – Volume 3)		
2009	2E-1 that the Saskatchewan Association of Health Organizations (SAHO) monitor the security controls of its Internet Personnel Front End service provider to protect SAHO's systems and data.	Partially implemented as at June 2009.