



Chapter 23

Saskatoon Regional Health Authority

1.0 MAIN POINTS

In this chapter, we report that Saskatoon Regional Health Authority's (Saskatoon RHA's) 2012 financial statements are reliable, it complied with its governing authorities, and had effective controls to safeguard public resources except for the following matters.

Saskatoon RHA needs to establish key security policies to reduce the risk of unauthorized access to or loss of systems and data. Also, Saskatoon RHA does not yet have a complete and tested disaster recovery plan.

Saskatoon does not have a comprehensive long-term capital equipment plan. Capital equipment plans help to reduce the risk that capital assets are not in good working order when required or are not being effectively utilized.

We also examined Saskatoon RHA's process for selecting the location of the new Children's Hospital of Saskatchewan (Hospital). We found that Saskatoon RHA used a reasonable process to select the site for the new Hospital. However, it did not have a transparent process to select members of the committee that helped its Board of Directors in making this decision.

2.0 INTRODUCTION

On August 1, 2002, *The Regional Health Service Act* (the Act) created the Saskatoon Regional Health Authority. Saskatoon RHA is responsible for the planning, organization, delivery, and evaluation of health services in its health region and any other area directed by the Minister.

For the year ended March 31, 2012, Saskatoon RHA had operating revenues totalling \$1.021 billion, expenses totalling \$1.028 billion and an operating deficit of \$7.08 million. In addition, Saskatoon RHA had restricted fund revenues and expenses totalling \$20.71 million and \$39.32 million respectively. At March 31, 2012, Saskatoon RHA held assets of \$593.83 million.

3.0 AUDIT CONCLUSIONS, SCOPE AND FINDINGS

To complete our work, we worked with the appointed auditor, KPMG LLP using 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, 2012:

- › **Saskatoon RHA had effective rules and procedures to safeguard public resources except for the matters reported in this chapter**

» **Saskatoon RHA complied with the following authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Critical Incident Regulations
The Health Information Protection Act
The Health Labour Relations Reorganization (Commissioner) Regulations
The Housing and Special-care Homes Regulations
The Regional Health Services Act
The Regional Health Services Administration Regulations
The Special-care Homes Rates Regulations, 2011
The Trustee Act, 2009
The Tabling of Documents Act, 1991
 The Saskatoon Regional Health Authority Board Bylaws
 Orders in Council issued pursuant to the above legislation

» **Saskatoon RHA's financial statements are reliable**

We used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of Saskatoon RHA's controls. The CICA defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

In our 2011-12 audit, we examined the effectiveness of Saskatoon RHA's financial-related controls used to administer the revenues, expenses and assets identified in Section 2.0. Also, we examined the effectiveness of the controls it used to keep reliable financial records and prepare reliable financial reports.

This chapter also reports the results of our work to assess the reasonableness of Saskatoon RHA's process to select the location of the new Children's Hospital of Saskatchewan.

3.1 Policies and Procedures Needed for Security of Information Technology Systems and Data

We recommended that Saskatoon Regional Health Authority establish information technology policies and procedures based on a threat and risk analysis.
 (2004 Report – Volume 3; Public Accounts Committee agreement October 25, 2005)

Status – We continue to make this recommendation.

Saskatoon RHA has approved and communicated to staff an overarching security policy. However, it needs to establish key policies that would support the overarching security policy. Saskatoon RHA has begun work on the supporting policies, but has not yet finalized and implemented those policies.



We recommended that all regional health authorities establish adequate disaster recovery plans and test those plans to ensure their effectiveness. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)

Status – We continue to make this recommendation.

Like other regional health authorities, Saskatoon RHA relies on information technology systems and data to provide patient care. The primary function of a disaster recovery plan (DRP) is to restore information technology (IT) services after a major disaster or interruption.

Saskatoon RHA does not have a complete DRP that identifies how to restore its IT systems and data in the event of a catastrophic event. Once Saskatoon RHA has developed a complete plan, it needs to test the plan to assess its effectiveness. Without a complete and tested disaster recovery plan, Saskatoon RHA remains at risk that it may not be able to restore service to IT system users in case of a major interruption.

eHealth Saskatchewan¹ (eHealth) has a close working relationship with Saskatoon RHA and provides it some IT services. To have a robust disaster recovery plan, Saskatoon RHA must ensure that its service provider, eHealth, also has an effective plan. Accordingly, the adequacy of Saskatoon RHA's recovery plan very much depends on the adequacy of the recovery plan of eHealth (see Chapter 6).

3.2 Capital Equipment Planning

We recommended that all regional health authorities should prepare capital equipment plans that contain the key elements for capital equipment plans in the public sector. (2001 Fall Report – Volume 2; Public Accounts Committee agreement February 19, 2002)

Status – We continue to make this recommendation.

Regional health authorities make extensive use of capital equipment to meet their strategic goals and objectives. Capital equipment plans help to reduce the risk that capital assets are not in good working order when required or are not being effectively used. For example, capital equipment plans reduce risks from deteriorating equipment, idle capital assets, unsafe equipment, breakdowns, and unplanned maintenance costs.

A capital equipment plan should describe:

- › The capital equipment required to support strategic objectives
- › The gap between required and existing capital equipment

¹ A Treasury Board Crown corporation previously known as the Saskatchewan Health Information Network.

- › The strategies to manage capital equipment
- › The justification for capital equipment strategies
- › The financial implications of capital equipment strategies

Saskatoon RHA indicated that in 2012 it established plans to develop a long-term integrated capital plan for equipment, facility infrastructure and information technology. It is expecting to develop such a plan in 2012-13.

Management indicated that Saskatoon RHA uses the funds it receives from the Ministry of Health for capital equipment to replace the equipment that has failed or is close to failing.

4.0 SELECTION OF SITE FOR CHILDREN'S HOSPITAL OF SASKATCHEWAN

In 2011, the Ministry of Health provided Saskatoon RHA with \$200 million for construction of a new Children's Hospital in Saskatoon. The Ministry did not give Saskatoon RHA direction regarding the location of the new hospital.

Saskatoon RHA has selected a site adjacent to the Royal University Hospital (RUH) for the Children's Hospital.

We examined the reasonableness of the processes Saskatoon RHA used to select the location of the new Hospital. Lack of transparent processes to select the design and location of a new hospital increases the risk that the public and healthcare staff may not use the facility as expected and/or the facility may need expensive corrective alterations in the future.

4.1 Background

For many years, the Saskatoon RHA has had three hospitals located in Saskatoon. St Paul's Hospital is an acute care general hospital with 24 hour emergency services. Royal University Hospital (RUH) provides trauma services, tertiary care services, and pediatric and obstetric services. Saskatoon City Hospital provides ambulatory care, day surgery, and complex medical care.

In 2007, the Government decided that a children's hospital should be built in the Saskatoon Health Region to provide maternal and pediatric services for all of Saskatchewan. At that time, the Government mandated Saskatoon RHA to recommend the location of the new hospital. Saskatoon RHA recommended RUH as a preferred site in 2007 and began planning the new hospital's functional program (i.e., what services the hospital would provide). This planning involved the University of Saskatchewan, the Ministry of Health, regional staff, and physicians. Saskatoon RHA submitted the functional program to the Government.

In 2009-10, the Government announced the building of the Children's Hospital of Saskatchewan (CHS) in the Saskatoon health region.



4.2 What We Expected

We expected that to make its site selection decision, Saskatoon RHA would have:

- › Sought input from the public and physicians about the location of the new hospital before construction
- › Established criteria for evaluating all options
- › Used independent professionals to help evaluate options (e.g., determine costs, environmental impact, etc.)
- › Documented consideration of alternative options for site and design and made them public
- › Allowed the public to comment and considered public feedback
- › Made public its final decision relating to the location of CHS, providing reasons for its selection

4.3 What We Found

To obtain input from the public and physicians about the location of the new hospital, in February 2010 Saskatoon RHA formed the “Validation Committee” (Committee) to consider Saskatoon RHA’s earlier preference for the CHS site. The Committee included representatives from the public, regional physicians, regional staff, Saskatoon RHA’s Board of Directors, the Ministry of Health, University of Saskatchewan, as well as the President and CEO of Saskatoon RHA. An independent architect and a professional project manager helped in the Committee’s deliberations.

While the Committee’s composition appears to be diverse and sound, we do not know what processes Saskatoon RHA used to select and appoint representatives to the Committee.

The Committee set up a website to keep the public informed. The website was regularly updated as the Committee made progress towards its final recommendation.

The Committee’s task was to analyze (using the criteria in **Figure 1**) both the costs and the benefits associated with each of the following four options for the CHS:

- › Renovate existing Saskatoon City Hospital
- › Construct a new space and use some existing space at Saskatoon City Hospital
- › Construct all new space at Saskatoon City Hospital
- › Construct a new space adjacent to Royal University Hospital

Figure 1—Validation Criteria

- › Impact on safety and quality of patient care as determined by the approved collocation [analysis] report
- › Improving the patient/family experience
- › Relative capital costs
- › Incremental operating costs
- › Impact and fit with other relevant capital plans (e.g., City of Saskatoon, University of Saskatchewan, [Saskatoon] Cancer Centre)
- › Impact on teaching and research
- › Implication for location and relocation of other clinics & clinical support services and staff
- › Impact on services alignment model and Saskatoon Health Region's ability to accommodate future population changes and health care needs for the next ten years
- › Shortest time to occupancy
- › Infrastructure consideration and impacts

Source: Saskatoon Health Region. Children's Hospital of Saskatchewan: Fact sheet. (June 9, 2010)
http://www.saskatoonhealthregion.ca/about_us/documents/CHS-site-validation_fact_sheet_June2010.pdf

Members of the Committee considered the relevance of the criteria, agreed upon the scoring weight for each criterion and made this information public.

The Committee extensively used independent professionals to determine operating costs and benefits for each alternative option and the related impact on teaching and research activities. In addition, an independent architect was involved to give advice on structural and architectural issues relating to relocation of clinics and clinical support staff.

Except for a lack of a transparent process to select members of the Validation Committee, the process Saskatoon RHA used to select the site for the new CHS was reasonable.

Using a transparent process to select members of a decision-making committee like the "Validation Committee" can help ensure that differing opinions and alternatives can be heard and responded to prior to the final decision. Also, a transparent process to select committee members is helpful to obtain broader acceptance of a committee's decision.

- 1. We recommend that Saskatoon Regional Health Authority establish a transparent process to select stakeholder representation on advisory committees and make that process public.**