



## **Remarks to the Media by Bonnie Lysyk, Provincial Auditor of Saskatchewan, on the Tabling of the Provincial Auditor's 2012 Report – Volume 2 – December 4, 2012**

Good morning, and thank you for the opportunity to discuss my 2012 Report – Volume 2 with you today. This report covers a number of diverse subjects. I would like to provide you with a synopsis of our findings from a few of the audits we conducted and then I would be happy to take your questions.

### **Chapter 33 – Regulating Meat Safety**

We assessed the processes to regulate the production of meat when it is handled by slaughter plants in Saskatchewan. We found that Saskatchewan law allows the sale of meat to consumers without the meat being inspected. Almost all other Canadian provinces require mandatory inspections of both meat and slaughter plants. There are 90 slaughter plants in Saskatchewan, of which 76 are licensed by the Ministry of Health and receive only annual inspections on whether the slaughter plant premises and equipment are clean and can keep carcasses sufficiently cold. The animal, the slaughter process, and the carcass are not inspected at these plants. We were unable to confirm the volume of meat produced by these plants as the Ministry of Health does not monitor the number of animals slaughtered in them. We recommended that the Government assess the risks related to un-inspected meat and consider whether Saskatchewan regulations for the production of meat need updating.

We made nine additional recommendations that included: improving the Ministry of Health's sanitation inspection standards; gathering information on the size of slaughter plants and the volume and types of animals slaughtered; confirming that regional health authorities take appropriate actions to ensure slaughter plant problems are corrected; and providing the public with information on slaughter plants.

### **Chapter 1 – Public Accounts 2012 – Auditor's Reports**

I would like to draw your attention to Chapter 1 of our report. I have qualified my opinion on the General Revenue Fund financial statements. In this way, I am saying that the "bottom-line" and other information in the financial statements is wrong. This is akin to an auditor in the private sector saying that the annual financial statements of a corporation are wrong. The Government calculates the bottom line on the GRF based on legislation that does not require proper Canadian public sector accounting to be used. The Government is not recording amounts it owes of over \$6 billion. If proper accounting was used, the GRF would not have been balanced last year. Instead of reporting a surplus of \$352 million at March 31, 2012, the Government should have reported a deficit of \$46 million. However, the correct bottom line for the year ended March 31, 2012, using the correct financial statements for the Province of Saskatchewan, the Summary Financial Statements, was a deficit of \$104.9 million.

Last week's mid-year report showed the GRF with a forecasted surplus of \$56.2 million. Using proper accounting rules, this forecast would have been reported as a deficit of \$528.3 million.

I encourage the Government to join the rest of Canada and communicate the state of this Province's finances to the people of Saskatchewan focusing on only one set of books - the

Summary Financial Statements - not on the General Revenue Fund Financial Statements, and not on a blended presentation of the two sets as this is very confusing to the public. Financial results should be presented in a way that people understand. Using one set of books, the Summary Financial Statements, is the only way that the Legislative Assembly and the people in this province will receive clear communication on one bottom line number.

A key question to ask is why won't the Government of Saskatchewan focus on only one set of books - one set of financial statements like other provincial governments and corporations in Canada. In my opinion, using two sets of books - two sets of statements - does not provide better and more comprehensive information. It causes confusion and takes the focus away from the correct bottom line and the overall debt of the province.

### **Chapter 36 – Transporting Students Safely**

Each year, the Ministry of Education provides about \$110 million dollars to school divisions to transport students. School divisions transport over 74,000 children on school buses each day. We found that the Ministry of Education did not effectively oversee school divisions' processes to safely transport students. It did not ensure school divisions complied with legislated requirements and it did not provide school divisions with guidance for managing key risks for safe student transportation such as the use of 15-passenger vans, the transportation of pre-school children, and the determination of student busing distance.

We found that school divisions were not fully aware of regulations and were not monitoring the safety practices of their contractors that provide transportation services (e.g., maintained buses, trained drivers, etc.). Current contracts did not set out specific transportation safety expectations or reporting requirements, and did not correctly identify the legislation relevant to the transportation of students.

School divisions also need to manage transportation risks related to driver performance more consistently, for example, by providing defensive driving training.

### **Chapter 28 – Five Hills RHA – Nourishing and Safe Food Services in Long-Term Care Facilities**

Nutrition in long-term care facilities has a significant impact on a resident's quality of life and on health care costs. Good nutrition can help prevent and manage chronic conditions. We conducted an audit to assess whether Five Hills Regional Health Authority provided nourishing and safe food services in its 7 owned and 3 affiliated long-term care facilities.

We concluded that Five Hills could not always ensure that nourishing and safe food services were provided to residents of its long-term care facilities because: Five Hills did not have its menus reviewed to ensure compliance with Canada's Food Guide; it did not have a standard system for tracking individual dietary needs and for periodically reviewing individual needs; and its records of meals served were not reviewed by a registered dietician. Five Hills needs to make sure that residents are properly assisted with their meals, and that meals are served at the appropriate texture and temperature.

As a means for quality assurance, we recommended that Five Hills regularly survey both long-term care residents and their family members to gauge satisfaction with the food services residents receive.

### **Chapter 34 – Regulating Personal Care Homes for Resident Health and Safety**

The Ministry of Health is responsible for licensing and inspecting 245 personal care homes in the province. Personal care homes are privately-owned facilities that provide accommodation, meals, and personal care to senior residents. We audited whether the Ministry effectively regulates personal care homes to ensure that these vulnerable people receive safe care.

We found that the Ministry needs to improve its processes to more frequently identify and inspect high-risk personal care homes. When problems are identified through inspections, the Ministry needs to follow up with personal care homes to ensure problems are fixed. We noted instances where problems identified through inspections continued for more than two years.

### **Chapter 32 – Prevention of Diabetes Related Health Complications**

The Canadian Diabetes Association estimates that currently 75,000 Saskatchewan people live with diabetes, and that this number will increase to 111,000 by 2020. It also estimates that the economic burden of diabetes in Saskatchewan was \$419 million in 2010 and will increase to \$532 million by 2020. Diabetes-related health complications account for over 80% of diabetes costs.

We conducted an audit to determine whether the Ministry of Health and regional health authorities had effective strategies for preventing diabetes-related health complications. We found that the Ministry of Health had no sustainable and actionable work plan in this area, despite 15 years of diabetes-specific initiatives and planning. The Ministry does not know who has diabetes, the full cost of health care for people with diabetes in the province, if people with diabetes receive all the recommended care that could reduce their risk of developing diabetes-related health complications, and whether the recommended care is delivered effectively and consistently, throughout Saskatchewan. Without this important information, it is difficult for the Ministry and regional health authorities to determine if their programs are effective, or if they are on track to meet the long-term provincial goal of having 80% of people with chronic disease (including diabetes) receive care consistent with provincial standards by 2017.

The Ministry needs to develop a sustainable and actionable work plan. Without such a plan in place, money spent on diabetes initiatives may not result in coordinated and effective programs and services.

### **Chapter 31 – Managing the Risks and Cleanup of Oil and Gas Wells**

Oil and gas exploration and development provides a key source of revenue for the province; however, it comes with inherent environmental and financial risks. Based on our audit, we concluded that the Ministry of the Economy did not have effective processes to manage the financial and associated environmental risks related to the future clean-up of oil and gas wells and related facilities.

The Ministry currently estimates that future clean up costs of existing oil and gas wells and their associated facilities could total \$3.6 billion. Although licensees are responsible for cleanup, there is a risk that a portion of the \$3.6 billion may be borne by the Ministry and hence taxpayers because licensees may one day not have sufficient financial means to clean up their wells and facilities or they may not be identifiable or locatable when cleanup is needed.

To date, only 10 of the estimated 700 potentially orphaned wells in Saskatchewan (wells where the licensee has no money or cannot be located) have been cleaned up. The Ministry needs to address the cleanup of orphan wells on a timely basis, update its estimate of clean up costs, and record the related liability in the Government's financial statements. Its last estimate of \$26 million to clean up orphaned wells and facilities is five years old.

Saskatchewan has 87,000 oil and gas wells and 5,300 facilities. The number of non-producing wells increased by 31%, or 7,000 wells, over the last five years. In order to mitigate the potential risks associated with an increasing number of inactive wells and facilities, the Ministry needs to assess what steps are needed to encourage their timely cleanup by licensees.

The Ministry also needs to improve its public reporting on the effectiveness of its oil and gas well cleanup programs, so that the people of Saskatchewan are aware of the progress of its initiatives.

Finally, we noted that the Ministry of the Economy is responsible for both promoting the development of oil and gas, as well as protecting the environment and the public from the impact of this development. We recommended that the Ministry assess its responsibilities and mitigate the risks associated with its dual, potentially conflicting, roles.

#### **Chapter 45 – eHealth Saskatchewan – Electronic Health Record**

Public money continues to be spent on the electronic health record (EHR) system without multi-year strategic and operating plans in place. In 2009, the Ministry of Health's goal was to make an EHR system available for all Saskatchewan residents by 2014 at a cost of \$600 million. By March 31, 2012, although \$415 million has been spent on the EHR project, eHealth estimates that the project is only 30% complete. Therefore, completing the EHR project may cost substantially more than the \$600 million previously estimated. eHealth needs a complete EHR plan that includes an estimated total cost to complete and a timeline for implementation. Without this information, the Legislative Assembly and the public are unable to assess whether the EHR project will achieve its intended outcomes and whether public money is being spent effectively.

Finally, in closing, I would like to thank my Assistant Provincial Auditor and my three Deputy Provincial Auditors who are here today and all of our staff for their professionalism and hard work on this report that has been prepared for the members of the Legislative Assembly and for the citizens of Saskatchewan.

I now welcome your questions.