



Remarks to the Media by Bonnie Lysyk, Provincial Auditor of Saskatchewan, on the Tabling of the Provincial Auditor's 2013 Report – Volume 1 – June 19, 2013

Good morning, and thank you for the opportunity to discuss our *2013 Report – Volume 1* 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 answer your questions.

Chapter 20 – Use of Surgical Facilities at Regina Qu'Appelle Regional Health Authority

Regina Qu'Appelle Regional Health Authority provides a large number of surgeries and serves a population of over 260,000 people.

Our audit examined the effectiveness of Regina Qu'Appelle's processes for the efficient use of its surgical facilities (operating rooms and procedure rooms). It has available 19 surgical facilities in its two hospitals and 7 surgical facilities in two privately-operated clinics. These facilities typically run eight hours per day, five days per week. Regina Qu'Appelle has granted surgical privileges to 85 physicians in the region. The effective and efficient use of surgical facilities is vital for providing timely surgical services to patients, and has a significant role in reducing wait times.

We concluded that Regina Qu'Appelle did not have effective processes to support the efficient use of surgical facilities. It could not tell us how much of its current surgical capacity is used for surgeries, as it does not consistently and routinely collect, monitor and analyze actual usage compared to the planned usage of surgical facilities. It needs to do this to help it identify and address reasons that may inhibit the efficient use of existing surgical facilities and to identify where, when, and if more resources are needed.

As well, Regina Qu'Appelle does not have clear policies to guide the allocation of surgical facility time to surgeons, standards for the use of surgical facilities are not in place, and it does not currently track what and when surgical equipment is available. Also, it does not use a standard surgical request form that could help in improving scheduling efficiency. Regina Qu'Appelle would benefit from establishing and using efficiency-based performance measures and targets for monitoring the efficient use of surgical facilities.

Chapter 18 - Rehabilitation of Young Offenders

Saskatchewan has the highest youth crime rate in Canada at 3.1 times the national average. Research shows that if young offenders do not receive the right rehabilitation services at the right time, they are more likely to continue to offend into their adult lives and become burdens on society. The Ministry spent \$52 million on Young Offender Correctional Services in 2011-12 to work with about 4,400 youth admitted into community sentences, and 500 youth admitted into custody.

We had planned to conduct an audit of the processes that the Ministry of Justice uses to rehabilitate young offenders aged 12 to 17. This audit was selected because of the importance of the Ministry's work to help prevent youth from repeating criminal activities and continuing

into an adult life of crime. Because of federal law, we required Cabinet approval in order to access young offender files. However, we were unable to conduct this audit because we were denied such access by Cabinet, even though it granted access to others during the same time period. Failing to provide us with this access impairs our ability to fulfill our responsibilities to the Legislative Assembly.

We had previously completed audits about the rehabilitation of adult offenders in provincial correctional institutions (2008) and in the community (2011).

Chapter 8 – Capital Asset Planning for Schools

Currently, more than 168,000 children attend school each day in 603 schools in 28 school divisions in Saskatchewan. Demographic shifts are causing student enrolment changes across school divisions, with some schools needing increased capacity, while other schools are underutilized.

The Ministry of Education has the challenge of balancing the demand for new schools with the cost of maintaining safe and healthy schools in areas experiencing declining enrolment. About 70% of school buildings in the provincial system are more than 40 years old. Therefore, significant investment in maintenance, renovation, or replacement of schools is likely to be required in the next several years. As such, it is important that effective and economical choices are made as to where money is spent.

Our audit looked at the Ministry's processes for planning for educational facilities for students in school divisions. The Ministry has the responsibility to oversee capital asset projects for the entire provincial Pre-Kindergarten to Grade 12 system. We concluded that the Ministry does not have effective processes. As well, 55% of the school divisions we surveyed highlighted this as an issue.

We found that the Ministry makes decisions on a "school division-by-school division" basis, instead of on an overall basis. System-wide decisions are needed to maximize the use of available resources. The Ministry needs to develop an overall capital asset strategy and prioritize requests to ensure that the most important projects across the province are selected, approved and completed on a timely basis. It also needs to clarify its policies and update its funding guidelines so that school divisions understand the Ministry's decision-making and funding processes.

Also, as noted in this Chapter, our Office does not support how the Government is accounting for capital costs for projects under the Government's Co-Ownership Funding Model for schools. Under this Model, costs related to these projects would understate expenses in the Government's General Revenue Fund financial statements.

Chapter 15 – Protecting the University of Regina's Research

Research is one of the core functions of the University of Regina. The many forms that research can take, and the many paths to development of innovations – including collaboration with other academic institutions, commercial ventures, or governments – present risks that must be managed.

We examined the effectiveness of the University's processes to protect its interests (e.g., financial, reputational, ownership) as it fosters research and commercialization of research. We concluded that while the University of Regina has many structures and processes in place to protect its interests, these structures and processes could be improved.

The University needs to focus on improving its oversight, update its policies and procedures, evaluate the risks and benefits of research initiatives, and monitor compliance with agreements.

Inadequate protections could negatively impact the University's core functions and reputation. Effective protection of interests arising out of research should contribute to the success of the University, its academic staff, and students. We provided the University with 26 recommendations.

Chapter 10 – Identification and Management of Contaminated Sites

Contamination can pose risks to public health and safety. Where the provincial government has caused contamination or has accepted responsibility for cleanup of contaminants, it must assess the contamination to know and understand what public health and safety risks exist. It then needs to decide on actions to address or mitigate those risks.

We assessed whether the provincial government effectively identifies and manages contaminated sites under the responsibility of ministries and Treasury Board Crown agencies. We concluded that the provincial government has not effectively identified and managed all such contaminated sites. More work is needed to ensure that all suspected and known sites are identified, and to assess whether public health and safety risks exist. Decisions can then be made on the need for site cleanup and the related estimated costs can be determined. In order to comply with a new accounting standard, the province will need to include estimated cleanup costs in its 2014/15 Budget, with the related liability in the Summary Financial Statements for the year ending March 31, 2015.

Chapter 17 – Regulating Drinking Water

The Water Security Agency is responsible for regulating public waterworks that provide drinking water to the majority of people in Saskatchewan. The Agency regulates about 770 public waterworks by issuing permits, monitoring water test results, inspecting waterworks, and enforcing permits. Effective regulation of these waterworks is important to the health of the people of the province.

Our audit found that the Agency had effective processes to regulate public waterworks, however, improvements are needed to strengthen the Agency's processes to reduce the risk of unsafe drinking water. For example, for the year ended March 31, 2013, we found that the Agency had not inspected 67 public waterworks in accordance with its policy of annual inspection.

As well, in 2011-12, only 75% of public waterworks owners were submitting their chemical water test results in accordance with the frequency required under their permit.

Related to this, the Agency did not have a consistent way of addressing non-compliance with permit conditions. For example, we looked at the Agency's inspection reports and found that

the same issues were outstanding from one inspection to the next. These included: sampling not being performed as required by the permit, drinking water quality standards not being met, annual notices to consumers not being provided, and improperly sealed water storage reservoirs.

We further noted that the Agency needs to ensure that water systems are upgraded before new residential developments are completed.

Chapter 19 – Securing SaskEnergy's SCADA System

SaskEnergy delivers natural gas to 358,000 customers throughout Saskatchewan. Information Technology assets like supervisory control and data acquisition (SCADA) systems are used to monitor and control the physical transportation of natural gas through pipelines. Our audit of SaskEnergy's SCADA system found that SaskEnergy did not have effective processes to secure its SCADA system. We provided six recommendations, including that SaskEnergy needs to prepare a complete threat and risk assessment for its SCADA system. It also needs to better protect its facilities and system from unauthorized access and security threats. We recognize that to date, SaskEnergy has not experienced a major outage resulting from its SCADA system.

Chapter 12 – Nominating Qualified Immigration Applicants

The Ministry of the Economy facilitates immigration by using the Saskatchewan Immigrant Nominee Program to recommend to the Federal Government the nomination of qualified applicants for permanent immigrant status. We examined the processes used by the Ministry to nominate immigration applicants. We concluded that Saskatchewan's Immigrant Nominee Program operated effectively to nominate qualified immigration applicants to meet the Program's objectives, except that the Ministry needs to provide guidance and training for staff for assessing the feasibility of relocation and settlement plans and business establishment plans submitted under the Entrepreneur Immigration Categories. The Program also needs to improve documentation supporting eligibility and qualification decisions in accordance with its own policies.

Chapter 13 – Physical Safety of Students at School

We audited the effectiveness of processes to provide for the physical safety of students at two school divisions – the Regina School Division No. 4 and the Regina Roman Catholic Separate School Division No. 81.

We concluded that these two school divisions had effective processes to provide for the physical safety of students at school except they both need to do the following:

- › Assess the level of physical security required for their schools
- › Set requirements for a minimum number of staff to be trained in first aid
- › Set requirements for air quality testing when construction is conducted in schools during a school year

- › Develop and implement safety manuals for science and practical and applied arts programs and ensure safety equipment is functioning and accessible
- › Ensure safety-related signage and items are appropriately placed, and provide guidance for maintaining consistent emergency response kits in schools.

Chapter 14 – Processes to Place Minister's Wards in Permanent Homes

The Ministry of Social Services is required to intervene on a child's behalf if the child is in need of protection. When children have remained in the care of the Ministry for more than 18 months, they may become permanent wards or long-term wards of the Ministry based on court orders. At December 31, 2012, the Ministry was responsible for 1,375 permanent and long-term wards.

Our audit found that the Ministry had effective processes to place permanent wards and long-term wards in permanent homes, except the Ministry needs to improve its documentation of permanency plans, place children on the adoption list within the 120 days as required by its policies, and begin collecting and analyzing information related to the outcomes of its services for long-term wards and permanent wards in its care.

Chapter 7 – AgriStability Benefit Payment Processing

Saskatchewan Crop Insurance Corporation (SCIC) administers the AgriStability program, a margin-based support program to assist producers who experience large income losses. SCIC is responsible for having effective processes to determine AgriStability program benefits consistently and equitably. We found that SCIC has good processes to determine and pay individual producers' AgriStability benefits in a consistent and fair manner. However, SCIC needs to document its procedures for reviewing assumptions, and improve the accuracy of program-wide estimates in its financial reports.

Follow-up of Past Audit Recommendations

We were pleased to find through our follow-up audits that, in most cases, our past recommendations are being implemented. For example, during the past year, school divisions have improved their financial-related controls. As well, since 2010, the Ministry of Justice has done significant work to reduce employee absenteeism in provincial correctional centers resulting in lower overtime costs and fewer average sick days for correction workers.

In Closing

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 that went into this report that has been prepared for the members of the Legislative Assembly and for the citizens of Saskatchewan.

I now welcome your questions,