

Chapter 19

Regional Health Authorities

1.0 MAIN POINTS

This chapter reports the results of our audits for 10 of the 12 regional health authorities (RHAs). Chapters 18 and 23 report the results of our audits for the other two RHAs—Regina Qu'Appelle RHA and Saskatoon RHA, respectively.

Two Northern RHAs—Mamawetan Churchill River and Keewatin Yatthé—need to do more to safeguard public resources.

Mamawetan Churchill River needs to establish processes to control excessive overtime hours, properly document medicines administered to patients, and ensure that staff only administer medicines to registered patients. Keewatin Yatthé needs to better protect its IT systems and data, control its capital assets, and ensure salary payments are based on properly approved timecards.

Most RHAs continue to make progress towards addressing our past recommendations. However, a few RHAs have not yet addressed some of the recommendations we first made three years ago. These recommendations relate to controlling bank accounts and protecting IT systems and data.

All RHAs except for Prince Albert Parkland (PA Parkland) and Keewatin Yatthé complied with authorities governing their activities. PA Parkland and Keewatin Yatthé each did not have a written agreement, as the law expects, for providing funding to other healthcare organizations.

Cypress, Five Hills, Heartland, Prairie North, PA Parkland, and Sun Country RHAs need to follow Canadian generally accepted accounting principles for the public sector (Canadian GAAP) to prepare their financial statements. Because they did not follow Canadian GAAP, their 2013 financial statements contained significant errors. Kelsey Trail, Keewatin Yatthé, Mamawetan Churchill River, and Sunrise had reliable 2013 financial statements.

2.0 INTRODUCTION

The Regional Health Services Act (Act), makes the 12 RHAs responsible for the planning, organization, delivery, and evaluation of health services in their respective health regions.

Figure 1 lists the 10 RHAs discussed in this chapter and their appointed auditors. Chapters 18 and 23 report the results of our audits of Regina Qu'Appelle RHA and Saskatoon RHA, respectively.

The annual report of each RHA includes its 2013 financial statements. The 2013 financial statements of the 10 RHAs included in this chapter and listed in **Figure 1** had revenues and expenses totalling \$1.4 billion (2012 – \$1.3 billion) and \$1.4 billion (2012 – \$1.3



billion), respectively and held assets totalling \$0.7 billion (2012 – \$0.7 billion) at the year-end.

To complete our audits, we worked with each of the RHAs' appointed auditors using the framework recommended in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.¹

For Mamawetan Churchill River, we did additional work to assess its processes for the documentation of medication administered to patients. Our work consisted of observation and discussion with management and staff at Mamawetan Churchill River, and testing of selected procedures.

Figure 1 – Regional Health Authority and Appointed Auditor

Regional Health Authority	Appointed Auditor (at March 31, 2013)
Cypress	Stark & Marsh
Five Hills	Virtus Group LLP
Heartland	KPMG LLP
Kelsey Trail	Neupath Group, PC Inc.
Keewatin Yatthé	MNP LLP
Mamawetan Churchill River	Deloitte LLP
Prairie North	Menssa Baert Cameron Odishaw La Cock
Prince Albert Parkland (PA Parkland)	MNP LLP
Sun Country	Virtus Group LLP
Sunrise	Parker Quine LLP

3.0 AUDIT CONCLUSIONS AND FINDINGS

In our opinion, for the year ended March 31, 2013:

- **Each of the 10 regional health authorities listed in Figure 1 had effective rules and procedures to safeguard public resources except for the matters described in this chapter**
- **Each of the 10 regional health authorities listed in Figure 1 complied with the following authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the matter described in this chapter:**

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
Each RHA's Bylaws
Orders in Council issued pursuant to the above legislation

¹ See our website at www.auditor.sk.ca.

- › The financial statements for Kelsey Trail, Keewatin Yatthé, Mamawetan Churchill River, and Sunrise are reliable. The financial statements for Cypress, Five Hills, Heartland, Prairie North, Prince Albert Parkland, and Sun Country contained significant errors as described in Section 4.1

This chapter also provides an update on the status of previous recommendations agreed to by the Standing Committee on Public Accounts (PAC).

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we outline key observations from our assessments and the resulting recommendations.

4.1 Proper Accounting for Healthcare Facilities under “Shared Ownership” Agreements Needed

The 2013 financial statements for six RHAs—Cypress, Five Hills, Heartland, Prairie North, Prince Albert Parkland, and Sun Country (the listed RHAs)—were not prepared in accordance with Canadian GAAP. Use of Canadian GAAP is necessary so that RHAs account for the cost of their programs and decisions accurately, and so that the citizens of the province receive correct financial information.

Canadian GAAP requires that agencies record transactions to reflect their substance rather than their legal form. The listed RHAs did not correctly account for healthcare facilities under “shared ownership” agreements resulting in significant errors in their 2013 financial statements. See Chapter 1—Public Accounts—General Revenue Fund and Chapter 11—Health for further discussion.

Because the listed RHAs did not do so, their 2013 financial statements cumulatively understate their capital assets and their revenue by \$37.6 million. Each of the listed RHAs’ appointed auditors issued a qualified audit opinion² on the listed RHA’s 2013 financial statements.

1. We recommend that Cypress Regional Health Authority, Five Hills Regional Health Authority, Heartland Regional Health Authority, Prairie North Regional Health Authority, Prince Albert Parkland Regional Health Authority, and Sun Country Regional Health Authority follow Canadian generally accepted accounting principles for the Public Sector to prepare their financial statements.

² An auditor expresses a qualified opinion when the auditor, having obtained appropriate audit evidence, concludes that misstatements, individually or in aggregate, are material, but not pervasive, to the financial statements.



4.2 Agreements with Healthcare Organizations Needed—PA Parkland and Keewatin Yatthé

PA Parkland needs to comply with *The Regional Health Services Act* (the Act) to provide funding to its designated healthcare organizations (HCO).³

PA Parkland uses various HCOs to provide healthcare services to residents. Section 33.1(2) of the Act does not allow RHAs to provide funding to HCOs without written agreements. PA Parkland has written agreements with most of its HCOs. However, we found that in 2012-13, PA Parkland provided \$80,466 to one HCO without a written agreement. Accordingly, PA Parkland did not comply with the Act.

2. We recommend that Prince Albert Parkland Regional Health Authority comply with *The Regional Health Services Act* when providing funding to healthcare organizations in the region.

Keewatin Yatthé needs to comply with the Act when providing funding to a healthcare organization that is not a designated HCO.

The Act allows RHAs to enter into written agreements respecting the provision of health services with organizations that are not designated HCOs. However, the Act does not allow RHAs to make any payments or provide any funding to any HCO without a written agreement with such organization.

We noted that in 2012-13 Keewatin Yatthé provided about \$30,000 to a healthcare organization without a written agreement. Accordingly, Keewatin Yatthé did not comply with the Act.

3. We recommend that Keewatin Yatthé Regional Health Authority comply with *The Regional Health Services Act* when providing funding to healthcare organizations in the region.

4.3 Proper Support and Approval for Staff Overtime Needed—Mamawetan Churchill River

Mamawetan Churchill River needs to better control overtime pay resulting from its use of call backs.⁴

Nursing staff are generally assigned an eight-hour shift daily. Under the collective bargaining agreement, nursing staff who are asked to return to work after their assigned

³ Designated organizations mean affiliates or other prescribed organizations that operate special care homes designated pursuant to *The Facility Designation Regulations*.

⁴ Based on the Collective Agreement between the Saskatchewan Association of Health Organizations and the Saskatchewan Union of Nurses 2012-2014, a call back is when an employee is brought back to duty during a stand by duty period. The employee shall be deemed to be working overtime for the time worked with a guaranteed minimum payment of two hours on each occasion of call back.

shift is over are paid for at least two hours at overtime rates even if they spend less time than that when attending a patient. This minimum payment compensates nursing staff for the inconvenience of returning to duty when they have already completed their assigned shift and left the facility.

While Mamawetan Churchill River must adhere to the collective bargaining agreement, it must have a process to control the excessive use or potential misuse of nursing call backs. It must also ensure supervisors know when and why nursing staff are called back.

In 2012-13, Mamawetan Churchill River paid \$337,000 in overtime due to call backs. We noted instances where some nursing staff were paid for multiple call backs on the same day. For example, some nursing staff received up to 35 hours of overtime weekly or 180 hours monthly due to call backs. We found that Mamawetan Churchill River did not have a process to monitor the use of call backs such as requiring its supervisors to know when or why nursing staff were called back.

Excessive and frequent call backs could impact nursing staff performance which could result in a less-than-desired level of patient care.

4. We recommend that Mamawetan Churchill River Regional Health Authority establish a process to control overtime costs resulting from calling staff back to work to provide healthcare services outside their assigned shifts.

4.4 Proper Documentation of Medicines Administered to Patients Needed—Mamawetan Churchill River

Mamawetan Churchill River needs to ensure its staff document in patient files who prescribed medicines for patients and why.

As we stated earlier, we did additional work to examine Mamawetan Churchill River's processes to manage and administer medicine in its Sandy Bay clinic. The clinic must administer drugs as prescribed by physicians to patients registered in the clinic (in-patients).

Hospitals/clinics require the use of medication for in-patients. From pain management to the treatment of a wide range of illnesses, medication plays a vital role in the provision of healthcare services. Some medications available in healthcare facilities are highly addictive and potentially dangerous drugs that have a high 'street' value. It is therefore important that healthcare facilities have proper controls for the safekeeping and administration of such drugs.

We found that Mamawetan Churchill River had effective processes to control and manage the supply of addictive medications. It keeps a manual perpetual inventory record of such drugs and counts them weekly to ensure the physical drug count matches (reconcile) the perpetual records. It maintains documentation of this reconciliation and we noted no discrepancies in those reconciliations.



However, we noted many instances where staff could not provide us with evidence that physicians had prescribed the drug that the staff administered to patients. Also, in some instances, staff could not show that the patient receiving the drug was registered in the clinic.

Lack of proper documentation supporting medication administered to patients increases the risk that drugs may be misappropriated or misused without timely detection.

5. We recommend that Mamawetan Churchill River Regional Health Authority establish a process to ensure its staff properly document in patient files who prescribed the medication administered.

6. We recommend that Mamawetan Churchill River Regional Health Authority establish processes to ensure medications are only administered to patients who have been registered in its healthcare facilities.

4.5 Review and Approval of Financial Records Needed—Mamawetan Churchill River

Mamawetan Churchill River needs to establish processes to review and approve all changes to its financial records.

Mamawetan Churchill River does not have processes to review and approve key financial procedures. For example, we found that Mamawetan Churchill River did not always review and approve all monthly reconciliations of recorded bank balances to bank records or all changes to master files. Nor did it review and approve all changes to its financial records (journal entries).

Lack of review and approval of key financial procedures could result in inaccurate financial information and increase the risk of fraud and errors. Inaccurate financial information could result in improper or inaccurate financial decisions by senior management and the Board.

7. We recommend that Mamawetan Churchill River Regional Health Authority establish a process to review and approve all key financial procedures (e.g., bank reconciliations, journal entries).

4.6 Salary Payments Based on Approved Timecards Needed—Keewatin Yatthé, Prairie North, and PA Parkland

Keewatin Yatthé needs to follow its established procedures when making payments to its employees.

Keewatin Yatthé's established procedures require supervisors to approve employee timecards for hours worked. However, supervisors did not always approve employee timecards and payroll staff processed timecards without ensuring that they had evidence of supervisory approval.

Employee timecards are used to determine pay and benefits such as vacation time earned. Inaccurate timecards could result in inaccurate payroll and benefits. We found many instances of timecard errors. Such errors resulted in incorrect payments to employees.

8. We recommend that Keewatin Yatthé Regional Health Authority follow its processes to pay its employees based on properly approved timecards.

We recommended that Prairie North Regional Health Authority follow its processes to control bank accounts when making payments to employees. (2008 Report – Volume 3; Public Accounts Committee agreement December 8, 2008)

Status – Not Implemented

We found that employees of Prairie North continued to ignore its established processes. Supervisors did not always approve employee timecards. Nor did payroll staff always ensure that the timecards were approved prior to payroll processing. Lack of approved timecards could result in inaccurate payroll and benefits.

We recommended that Prince Albert Parkland Regional Health Authority follow its established processes to control its bank accounts. (2009 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

Status – Implemented

During the audit, we did not find any instances where PA Parkland employees' timecards were not approved prior to payroll processing.



4.7 Protection of IT Systems and Data Needed— Mamawetan Churchill River, Keewatin Yatthé, Prairie North, PA Parkland, and Heartland

We recommended that Mamawetan Churchill River 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 26, 2005)

Status – Not Implemented

Mamawetan Churchill River needs to establish policies and procedures for timely identification and removal of user access for those who no longer need access to its information technology (IT) systems and data. Also, it needs to update its computer software systems on a timely basis for known security risks.

We recommended that Keewatin Yatthé Regional Health Authority improve its processes to grant and remove user access to its IT systems and data. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

Status – Not Implemented

During the year, Keewatin Yatthé hired an individual to help improve security and availability of its IT systems and data.

We recommended that Prairie North Regional Health Authority follow its processes to grant and remove user access to its IT systems and data. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

Status – Partially Implemented

During the year, Prairie North has made good progress. However, it needs to improve its procedures to ensure timely removal of users who no longer need access to its IT system and data. Also, managers should regularly monitor and remove inactive user accounts.

We recommended that Prince Albert Parkland Regional Health Authority follow its processes to grant and remove user access to its IT systems and data. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

Status – Not Implemented

For the year, we found 11 instances where PA Parkland did not follow its processes and did not remove, on a timely basis, user access to its IT systems for the individuals who no longer worked for it.

Non-compliance with established policies increased the risk of inappropriate and unauthorized changes to IT systems and data.

We recommended that Heartland Regional Health Authority adequately protect its information technology systems and data. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)

Status – Not Implemented

During the year, Heartland has done some work to improve the confidentiality, integrity, and availability of its IT systems and data. However, Heartland still needs to improve its processes to ensure timely removal of access to its IT systems and data for those who no longer need it. Also, it needs to establish processes to monitor system administration activity and to ensure IT equipment is secure and protected.

4.8 Disaster Recovery Plan and Testing Needed— Heartland, Mamawetan Churchill River, Cypress, Sunrise, and Sun Country

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

Status – Not Implemented

During 2013, we reassessed each RHA's disaster recovery planning. We concluded that Five Hills, Keewatin Yatthé, Kelsey Trail, PA Parkland, and Prairie North had complete and tested disaster recovery plans (DRPs).

Heartland did not have an updated and tested DRP. Mamawetan Churchill River, Cypress, Sunrise, and Sun Country each need to complete documenting their DRPs and test them to assess their effectiveness.

Not having up-to-date and tested DRPs increases the risk that systems and data may not be available when needed. To have a robust disaster recovery plan, RHAs must work with their service provider, eHealth.



4.9 Support Needed for Internal Audit Function— Prairie North

We recommended that Prairie North Regional Health Authority assess the need for an internal audit function. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)

Status – Not Implemented

In August 2013, the Board of Directors determined that Prairie North did not need an internal audit function. However, management did not provide us its current comprehensive assessment (costs and benefits) that should have been considered by the Board in coming to this decision.

An internal audit function could provide assurance to the Board and senior management that the control systems (such as processing of approved timecards) work properly.

4.10 Better Control of Capital Assets Needed—Keewatin Yatthé

We recommended that Keewatin Yatthé Regional Health Authority count its capital assets and agree its capital asset records to its accounting record regularly. (2008 Report – Volume 3; Public Accounts Committee agreement December 8, 2008)

Status – Not Implemented

During the year, Keewatin Yatthé made no progress to address this recommendation.

Keewatin Yatthé has \$23 million in capital assets. Because it does not count its assets and compare them with its capital asset records, it does not know if all of its capital assets exist or if its accounting records are accurate. Inaccurate capital asset records could result in wrong decisions about equipment purchases and disposals.

4.11 Segregation of Certain Duties Improving—Cypress

We recommended that Cypress Regional Health Authority adequately segregate duties of its staff working with its financial accounting system. (2012 Report – Volume 2; Public Accounts Committee has not yet considered this recommendation)

Status – Partially Implemented

During the year, Cypress made some changes but some employees continue to have access to the financial accounting system that allows them to both enter and approve transactions. Lack of segregation of incompatible duties increases the risks of errors and fraud without ready detection.

We recommended that Kelsey Trail Regional Health Authority adequately segregate duties of its staff working with its financial accounting system. (2012 Report – Volume 2; Public Accounts Committee has not yet considered this recommendation)

Status – Implemented

During the year, Kelsey Trail adequately segregated duties of its staff working with its financial accounting system.

4.12 Compliance with Legislation—Keewatin Yatthé

We recommended that Keewatin Yatthé Regional Health Authority deposit money received from residents of its special-care homes in a designated trust account as required by *The Housing and Special-care Homes Regulations* under *The Regional Health Services Act*. (2012 Report – Volume 2; Public Accounts Committee has not yet considered this recommendation)

Status – Implemented

Keewatin Yatthé now deposits cash received from residents for safekeeping in a designated residents' trust account as required by the law.

4.13 Payroll Advances Account Reconciled—Keewatin Yatthé

We recommended that Keewatin Yatthé Regional Health Authority regularly reconcile its payroll advances accounts to its accounting records. (2012 Report – Volume 2; Public Accounts Committee has not yet considered this recommendation)

Status – Implemented

During the year, Keewatin Yatthé reconciled its payroll advances accounts to its accounting records. At year-end, this reconciliation was up to date.



5.0 EXHIBIT

5.1 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 in this chapter. Our intent is to follow up outstanding recommendations in the future.

PAC Report Year	Outstanding Recommendation	Status
Capital Equipment Plans (2001 Fall Report – Volume 2)		
2002	6D-1 that all Regional Health Authorities should prepare capital plans that contain the key elements for capital equipment plans in the public sector.	Not Implemented (as of October 31, 2012)
Heartland Regional Health Authority (2009 Report – Volume 3)		
2011	10D-1 that Heartland Regional Health Authority document its procedures to remove confidential information during disposal of information technology and communications equipment.	Partially Implemented (as of August 31, 2012)
2011	10D-3 that Heartland Regional Health Authority regularly verify that its procedures to remove sensitive information from information technology and communications equipment are effective.	Partially Implemented (as of August 31, 2012)
Cypress Regional Health Authority (2008 Report – Volume 3)		
2009	10D-2 that Cypress Regional Health Authority monitor the security of its information technology systems and data.	Partially Implemented (as of August 31, 2012)
2009	10D-4 that Cypress Regional Health Authority configure its computer systems and data to protect them from external threats including theft or loss.	Partially Implemented (as of August 31, 2012)
2009	10D-6 that Cypress Regional Health Authority complete, approve, and test its disaster recovery plan.	Partially Implemented (as of August 31, 2012)
Kelsey Trail Regional Health Authority (2010 Report – Volume 2)		
2011	11C-2 that the Kelsey Trail Regional Health Authority maintain all equipment in accordance with the required standards.	Partially Implemented (as of August 31, 2012)
2011	11C-6 that the Kelsey Trail Regional Health Authority maintain a complete and current list of all medical equipment, its location, and its maintenance record.	Partially Implemented (as of August 31, 2012)
2011	11C-7 that the Kelsey Trail Regional Health Authority provide reports to the Board of Directors and senior management on the state of medical equipment at all of its healthcare facilities.	Partially Implemented (as of August 31, 2012)