

PUBLIC ACCOUNTS—GENERAL REVENUE FUND

Chapter 1 Public Accounts—General Revenue Fund

This chapter reports the results of our annual audit of the financial statements of the Government of Saskatchewan, the Summary Financial Statements, and our annual audit of the General Revenue Fund (GRF).

The 2013 Summary Financial Statements are reliable. The 2013 financial statements of the GRF are not reliable as they contain significant, material errors. When calculated in accordance with Canadian generally accepted accounting principles (Canadian GAAP), the GRF incurred an annual deficit of \$590 million instead of the reported annual surplus of \$58.0 million.

Saskatchewan continues to use both the Summary Financial Statements and the GRF for communicating to the public about “balanced budgets” and for reporting on the financial results of the Government. As previously outlined in both our *2012 Report – Volume 2* and our *2013 Special Report: The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan*, we maintain that the use of two sets of financial statements to discuss the finances of the Government causes confusion and is inappropriate.

ANNUAL INTEGRATED AUDITS

Chapter 2 Advanced Education

This chapter reports the results of the annual audits of the Ministry of Advanced Education (Advanced Education) (formerly the Ministry of Advanced Education, Employment and Immigration) and its agencies.

Advanced Education and its agencies complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The 2013 financial statements of each of Advanced Education’s funds and agencies are reliable. Advanced Education and its agencies had effective rules and procedures to safeguard public resources except Advanced Education needs to:

- › Properly record in its financial records the funding provided to post-secondary educational institutions for the repayment of principal and interest due on loans and the related liabilities
- › Sign a complete memorandum of understanding with the Ministry of the Economy to avoid misunderstandings pertaining to shared services with respect to the One Client Service Module, labour market-related statistical data and research, and client and administrative services for the Provincial Training Allowance



- › Improve information technology (IT) processes for removing user access, sign an adequate agreement with the Information Technology Office of the Ministry of Central Services (ITO)¹ on disaster recovery of computer systems and data, and monitor the effectiveness of ITO's security controls to protect Advanced Education's computer systems and data

Chapter 3 Agriculture

This chapter reports the results of the annual audits of the Ministry of Agriculture (Agriculture), its agencies, and special purpose funds for the year ended March 31, 2013.

Agriculture, its three agencies, and six special purpose funds complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. The 2013 financial statements of Agriculture's agencies and special purpose funds are reliable except the 2013 financial statements of the Prairie Agricultural Machinery Institute (PAMI) are not yet complete.²

Agriculture, its agencies, and the Saskatchewan Agriculture Stabilization Fund had effective rules and procedures to safeguard public resources except Agriculture needs to improve its process for preparing the AgriStability estimate and obtain adequate assurance from the Information Technology Office of the Ministry of Central Services over Agriculture's computer systems and data.

Agriculture has made some progress in addressing our other past recommendations.

Chapter 4 Central Services

This chapter reports the results of the annual audit of the Ministry of Central Services (Central Services) for the year ended March 31, 2013.

Central Services and the Archives Board (Board) complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. The Board's financial statements are reliable.

Central Services had effective rules and procedures to safeguard public resources except that it needs to:

- › Follow its established procedures to promptly remove unneeded user access to information technology (IT) services
- › Sign adequate agreements with its clients on security and disaster recovery processes, expectations, and reporting requirements
- › Prepare accurate and complete year-end financial reports as required by the *Financial Administration Manual*

¹ Effective May 25, 2012, the Information Technology Office became a part of the Ministry of Central Services.

² At October 31, 2013, Treasury Board had not yet approved the format of the financial statements for Prairie Agriculture Machinery Institute for the year ended March 31, 2013 and therefore we have not issued our audit opinion.

Chapter 5

Economy

This chapter reports the results of the Ministry of the Economy (Economy). Economy combines the former Ministry of Energy and Resources, Enterprise Saskatchewan, the economic development components of First Nations and Métis Relations, and certain labour force development components of the former Ministry of Advanced Education, Employment and Immigration.

Economy, its two agencies, and three special purpose funds complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The 2013 financial statements of Economy's Crown agencies and its special purpose funds are reliable. Economy and its Crown agencies had effective rules and procedures to safeguard public resources except where Economy needs to:

- › Improve information technology (IT) processes to promptly remove unneeded user access
- › Sign a complete memorandum of understanding with the Ministry of Advanced Education to avoid misunderstandings pertaining to shared services with respect to the One Client Service Module, labour market-related statistical data and research, and client and administrative services for the Provincial Training Allowance
- › Properly record, in its financial records for inclusion in the Government's financial statements, its environmental liabilities for the cleanup of:
 - The Gunnar Uranium Mine and Mill Site
 - Orphaned oil and gas wells and their related facilities

Chapter 6

Education

This chapter reports the results of the annual audit of the Ministry of Education (Education), its funds, and plans.

Education, the Technology Supported Learning Fund, the School Division Tax Loss Compensation Fund, the Prince of Wales Scholarship Fund, the Teachers' Superannuation Plan, and the Teachers' Disability Plan complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The financial statements of the Teachers' Superannuation Plan and Education's funds for the years ended on or before June 30, 2013 are reliable.

Education, Teachers' Superannuation Plan, and Teachers' Disability Plan had effective rules and procedures to safeguard public resources except Education needs to:

- › Follow Canadian generally accepted accounting principles for the public sector when accounting for its decisions related to school capital projects and their financing



- › Enter into written agreements with school divisions for funding of school capital projects
- › Improve its information technology (IT) processes by preparing an IT strategic plan, signing a complete service level agreement with the Information Technology Office of the Ministry of Central Services (ITO),³ monitoring the effectiveness of ITO's security controls over Education's computer systems and data, and promptly removing unneeded user access to its computer systems and data

Chapter 7 Environment

This chapter reports the results of the annual audits of the Ministry of Environment (Environment), its fund, and its agency for the year ended March 31, 2013.

Environment, its fund, and its agency complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. The 2013 financial statements of Environment's fund and agency are reliable.

Environment and its agency had effective rules and procedures to safeguard public resources except for the following matters.

Environment has made some progress in addressing our past recommendations. However, Environment still needs to establish effective processes to secure its information systems and complete its business continuity plan.

Two recommendations from our *2008 Report – Volume 1*, Chapter 4 on Regulating Contaminated Sites have been reiterated here because until Environment has improved its processes, neither Environment nor the Government of Saskatchewan is able to effectively record the associated liabilities for contaminated sites.

Chapter 8 Executive Council

This chapter contains the results of our annual audit of the Office of the Executive Council (Office). The Office complied with authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, and spending.

The Office had effective rules and procedures to safeguard public resources and prepare financial reports except that it needs to follow Canadian generally accepted accounting principles for the public sector (Canadian GAAP) to budget and account for significant costs to develop information technology (IT) systems. Failure to comply with Canadian GAAP increases the risk that the Office's financial budgets and records are not complete or accurate.

³ Effective May 25, 2012, the Information Technology Office became a part of the Ministry of Central Services.

Chapter 9 Finance

This chapter reports the results of our annual audit of the Ministry of Finance (Finance) and six agencies with March 31 year-ends. Finance and these agencies complied with authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. The 2013 financial statements of these agencies are reliable. Finance and these agencies had effective rules and procedures to safeguard public resources except for the items noted below.

Finance receives and records corporate income tax revenue for the province. It also administers the corporate capital tax program including the resource surcharge revenues. Finance needs to finish developing and implement improved processes to record resource surcharge revenues so that revenue is recorded in the proper period. Also, it needs to estimate how much corporate income tax revenue could reasonably vary from the estimate it recorded to make its estimation process more robust.

Finance did not receive sufficient information to monitor its information technology (IT) systems. It continued to work with the Information Technology Office (ITO) to obtain better information. Also, Finance did not follow its processes to remove unneeded user access to its IT systems and data.

During the year, Finance set a market-based benchmark for its sinking fund investments to help it evaluate whether it earned an effective return on these investments. It reported the results of this evaluation to senior management, but had not yet publicly reported this information. It also had not yet completed the documentation of its treasury management procedures.

Chapter 10 Government Relations

This chapter reports the results of our 2012-13 audit of the Ministry of Government Relations (Ministry). The Ministry complied with authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

During 2012-13, the Ministry had effective rules and procedures to safeguard public resources except for the matters described below.

The Ministry needs to keep clear documentation of the estimation methods, supporting data, and key assumptions it uses in making its significant accounting estimates of revenue from the federal government for reimbursement of disaster-related costs. The Ministry also needs to implement a formal process to regularly review estimates relating to unpaid claims under the Provincial Disaster Assistance Program (PDAP).

The Ministry must improve its monitoring of service contracts for emergency management services. It needs to develop criteria for determining when and how much additional compensation should be paid to emergency management services contractors. Also, the Ministry needs to clearly document the services it expects to receive from these contractors and monitor that the contractors are performing as expected.



In order to protect its computer systems and data, the Ministry must consistently remove unneeded user access to its computer systems and data promptly.

Chapter 11

Health

This chapter reports that the Ministry of Health (Health) and 14 of its agencies complied with authorities governing their activities except that Health did not follow the *Financial Administration Manual* for sole-source contracting. Those agencies had reliable 2013 financial statements. Health did not follow Canadian generally accepted accounting principles for the public sector for reporting shared ownership agreements and funding and liabilities for regional health authorities' long term debt. Also, Health and those agencies had effective rules and procedures to safeguard public resources except Health needs to improve its processes in the following areas.

Health needs to follow its processes for promptly removing unneeded user access to its information systems and data. Lack of timely removal of unneeded access to systems and data increases the risk of inappropriate access to sensitive information.

Also, Health has not implemented a process to verify medical services that patients received and were billed by doctors. Verifying medical services would help ensure that Health pays doctors only for services provided, and could help Health identify and recover any money lost as a result of incorrect billing.

In addition, Health needs to comply with the *Financial Administration Manual* when entering into contracts for services. It needs to ensure that there is adequate documentation to support sole-source contracting decisions.

Health still does not have a capital asset plan. This increases the risk that the healthcare system may not have the capital assets it needs to deliver the services citizens require.

Health also needs to communicate its business continuity equipment needs to its information technology (IT) service provider and complete testing of its business continuity plan.

Chapter 12

Health Shared Services Saskatchewan (3sHealth)

On April 17, 2012, members of Saskatchewan Association of Health Organizations (SAHO) amended SAHO's bylaws and changed its name to Health Shared Services Saskatchewan (3sHealth). Under the new bylaws, a Governing Council, consisting of representatives from the regional health authorities, their affiliates, and the Saskatchewan Cancer Agency, is responsible for appointing a Board of Directors for 3sHealth.

For the year ended March 31, 2013, 3sHealth's financial statements are reliable. It had effective rules and procedures to safeguard public resources and it complied with its governing authorities, except for the matter described in this chapter.

3sHealth's board remuneration policy is not consistent with other public sector agencies. 3sHealth's Board of Directors includes "internal" and "external" directors. The policy defines internal directors as individuals who are involved with the health sector only. Other public sector

agencies treat those who work for the Government of Saskatchewan as internal and do not pay them any remuneration.

Although the policy does not set out any compensation for internal directors, 3sHealth paid all directors a monthly retainer and per diem for attending board meetings. 3sHealth indicated that its practice of remunerating all directors of its board is consistent with the Governing Council's unwritten intention.

We recommend that 3sHealth revise its board remuneration policy to make it consistent with other Saskatchewan public sector agencies.

Chapter 13 Highways and Infrastructure

During 2012-13, the Ministry of Highways and Infrastructure (Highways) and the Transportation Partnerships Fund (Fund) complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing and investing. The 2012-13 financial statements of the Fund are reliable. Highways had effective rules and procedures to safeguard public resources except for the following matters.

Highways continues to need to revise its service level agreement with the Information Technology Office (ITO). During the year, Highways and ITO prepared a proposed memorandum of understanding (MOU) to address Highways security and disaster recovery needs. However, this MOU did not adequately define Highways' disaster recovery requirements to ITO. Without this, Highways does not know whether ITO could restore its key systems and data in the event of a disaster.

Highways needs to follow its procedures to promptly remove access of former employees to its computer systems and data. This is necessary for Highways to ensure only authorized individuals have access to its computer systems and data.

Highways needs to follow the established procedures for Public Service Commission (PSC) processing the final timecards of employees who have left employment with Highways. If Highways processes the final timecard, it risks making salary overpayments to those employees for benefits not earned (e.g., vacation leave entitlements). It is difficult for Highways to recover salary overpayments.

Chapter 14 Justice

This chapter reports the results of our audit of the Ministry of Justice (formerly Ministry of Justice and Attorney General) and its 10 agencies for the year ended March 31, 2013.

The Ministry of Justice (Justice) and its agencies complied with authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The 2012-13 financial statements of its agencies are reliable.



Justice and its agencies had effective rules and procedures to safeguard public resources except that Justice needs to:

- › Adequately monitor the security of its information technology systems and data, and complete its business continuity plan
- › Follow its policies and procedures for paying amounts owed to employees

Chapter 15 Labour Relations and Workplace Safety

This chapter reports the results of our audit of the Ministry of Labour Relations and Workplace Safety (Ministry) for the year ended March 31, 2013.

The Ministry complied with the authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing and had effective rules and procedures to safeguard public resources except for the following.

The Ministry needs to receive sufficient information from the Information Technology Office (ITO) to monitor the effectiveness of ITO's security controls to protect the Ministry's systems and data.

Chapter 16 North Sask. Laundry & Support Services Ltd.

This chapter reports the results of our audit of the North Sask. Laundry & Support Services Ltd. (NSL) for the years ended March 31, 2012 and March 31, 2013.

NSL's financial statements for 2012 and 2013 are reliable and NSL complied with authorities governing its activities. However, NSL did not have effective rules and procedures during 2012 and 2013 to safeguard public resources.

NSL needs to establish effective policies for controlling payments to employees. It also needs to approve all changes to its accounting records and regularly reconcile bank balances to accounting records. Reconciling bank balances helps ensure that accounting records are complete and accurate. Also, the Board of NSL needs to obtain complete and accurate financial information to properly supervise NSL's operations.

During the year ended March 31, 2013, NSL hired a professional accountant. NSL also hired a chief financial officer in May 2013. These two professional accountants have begun to develop and implement effective controls to safeguard public resources.

Chapter 17 Parks, Culture and Sport

This chapter reports the results of the annual audits of the Ministry of Parks, Culture and Sport (formerly the Ministry of Tourism, Parks, Culture and Sport), its five agencies and two special purpose funds for the year ended March 31, 2013.

The Ministry of Parks, Culture and Sport (PCS), its funds, and agencies, complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. The 2013 financial statements of PCS' agencies and special purpose funds are reliable.

PCS, its agencies, and the Saskatchewan Snowmobile Fund had effective rules and procedures to safeguard public resources except for the following matter related to PCS.

Although PCS has made some progress in addressing our past recommendation, it needs to renew its agreement with its lotteries marketing agent and require the lotteries marketing agent to make payee lists available to PCS.

Chapter 18 Regina Qu'Appelle Regional Health Authority

This chapter reports that Regina Qu'Appelle Regional Health Authority (RQRHA) had reliable financial statements for the year ended March 31, 2013. RQRHA complied with authorities governing its activities and had effective processes to safeguard public resources except for four areas. It needs to establish an internal audit function, strengthen its information technology (IT) security, and establish and test a disaster recovery plan. In addition, RQRHA needs to improve its budgeting and financial reporting processes.

Chapter 19 Regional Health Authorities

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.

Chapter 20 Saskatchewan Crop Insurance Corporation

The Saskatchewan Crop Insurance Corporation (SCIC) provides Saskatchewan producers with insurance and financial support programs. These programs include Crop Insurance, AgriStability, and Wildlife Damage Compensation. SCIC also manages the Crop Reinsurance Fund of Saskatchewan (Reinsurance Fund).

SCIC's financial statements and the Reinsurance Fund's financial statements for the year ended March 31, 2013 are reliable. Also, SCIC and the Reinsurance Fund complied with authorities governing their activities related to financial reporting, safeguarding resources, revenue raising, spending, and investing.

In 2013, SCIC had effective rules and procedures to safeguard public resources except that it did not have effective processes to estimate its liability for unpaid AgriStability benefits at year-end. SCIC needs to work with the Ministry of Agriculture to ensure that these estimates are reasonable, consistent, and current.

Chapter 21 Saskatchewan Indian Gaming Authority Inc.

This chapter reports the results of the annual audit of the Saskatchewan Indian Gaming Authority Inc. (SIGA) for the year ended March 31, 2013.

To help it recover critical business functions in the event of a disaster, SIGA must assess the need for a business continuity plan that would include emergency preparedness planning for all of its casinos. SIGA must better protect its information technology (IT) systems and data including appropriately segregating the duties of staff and periodically reviewing user access to its IT systems and data. SIGA also needs to strengthen its human resource plan by including a projection of its future human resource requirements. This information would assist SIGA in obtaining the right people to help it carry out its strategic plan.

SIGA's 2013 financial statements are reliable and it complied with the authorities governing its activities.

Chapter 22 Saskatchewan Liquor and Gaming Authority

This chapter reports the results of our audit of the Saskatchewan Liquor and Gaming Authority (Liquor & Gaming) for the year ended March 31, 2013.

Liquor & Gaming's 2012-13 financial statements are reliable. Liquor & Gaming complied with the authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

Liquor & Gaming had effective rules and procedures to safeguard public resources except that it needs to improve its information technology (IT) policies and compliance with them, and implement an enterprise risk management framework.

Chapter 23 **Saskatoon Regional Health Authority**

This chapter reports that Saskatoon Regional Health Authority's (Saskatoon RHA) 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 its systems and data. Also, it does not yet have a complete and tested disaster recovery plan.

Chapter 24 **Social Services**

This chapter reports the results of our audit of the Ministry of Social Services (Ministry) and its three funds (funds). The funds' 2013 financial statements are reliable. The Ministry complied with authorities governing its activities and the activities of its funds, and had effective rules and procedures to safeguard public resources except for the following.

The Ministry needs to sign an adequate agreement with the Information Technology Office (ITO), monitor the effectiveness of ITO's security, and complete the Ministry's business continuity planning and test its effectiveness. The Ministry also needs to follow its processes to ensure only appropriate recipients receive the correct amount of social assistance.

Furthermore, the Ministry needs to continue working with community-based organizations (CBOs) to establish performance measures and targets. It also needs to ensure CBOs comply with the Ministry's reporting requirements.

In addition, the Ministry needs to work with the First Nation Child and Family Services agencies to have adequate agreements to ensure that the Ministry receives the information necessary for it to monitor the well-being of children in care.

Chapter 25 **Teachers' Dental Plan**

This chapter reports the results of the annual audit of the Teachers' Dental Plan (Plan) for the year ended June 30, 2013.

The Teachers' Superannuation Commission (Commission) complied with the authorities governing the Plan's activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the need for adequate support for dental payments.



The Commission had effective rules and procedures to safeguard public resources except the Commission needs to:

- › Implement processes to monitor its dental agreement with the insurance provider and have adequate support for dental payments
- › Establish guidance for preparing financial reports of the Dental Plan and include its financial statements in its annual report

The Commission has made some progress to address these issues; however, more work remains.

In this chapter, we continue to make four recommendations so legislators and the public receive accurate information about the Plan.

Chapter 26 Water Security Agency

The Saskatchewan Watershed Authority became the Water Security Agency (Agency) effective October 2012.

This chapter reports the results of the annual audit of the Agency for the year ended March 31, 2013.

The Agency complied with the authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. As well, the Agency's 2013 financial statements are reliable.

The Agency had effective rules and procedures to safeguard public resources except it needs to implement and test its business continuity plan.

Chapter 27 Summary of Implemented Recommendations

This chapter provides an update on a recommendation that was implemented and is not discussed elsewhere in this report.

PERFORMANCE AUDITS

Chapter 28 Agriculture—Regulating Livestock Waste to Protect Water Resources

The Ministry of Agriculture (Ministry) is responsible for reviewing the adequacy of waste storage plans and waste management plans of intensive livestock operations (ILOs). The Ministry is also responsible for inspecting ILOs and enforcing requirements when operators do not sufficiently address risks identified.

According to the *2010 State of the Watershed Report*, the overall health of many Saskatchewan watersheds is stressed by human activity. The report indicates that manure production is one of the potential stressors on Saskatchewan watersheds. The effectiveness of the Ministry's processes to regulate intensive livestock operations is essential to avoid and mitigate the threats posed by livestock waste to our water resources.

Our audit for the period of September 1, 2012 to August 31, 2013 found the Ministry had effective processes to regulate waste generated from ILOs except the Ministry needs to review pre-1996 ILO approvals and confirm sufficient controls are in place. The Ministry also needs to determine the frequency of inspections for ILOs based on risk and then conduct inspections in accordance with its policy.

Chapter 29 Environment—Regulating Landfills

Municipalities and private companies own and operate landfills throughout the province. These owners are ultimately responsible for the operations of landfills and ensuring their landfills operate in an environmentally-sound manner. The Ministry of Environment (Environment) is responsible for regulating landfills.

Regulating landfill construction and operations is important, as this helps to ensure landfills do not contaminate the air, groundwater or surface water. Some landfills in the province are located over significant groundwater aquifers. Saskatchewan gets drinking water from both surface water (e.g., lakes and rivers) as well as groundwater aquifers. If contamination of the groundwater aquifer occurs, it may have to be abandoned as a source of drinking water, or the municipality may have to incur significant costs to treat the aquifer.

Environment regulates landfills by issuing permits (construction/expansion, operating and closure), reviewing environmental monitoring results, inspecting landfills and enforcing permit requirements.

Our audit for the period of September 1, 2012 to August 31, 2013 found Environment did not have effective processes to regulate landfills. Environment needs to strengthen its requirements for landfill construction and better monitor operating landfills. Environment also needs to better oversee landfill closures. In addition, Environment should ensure non-compliance issues are addressed consistently. Improved landfill regulation will help prevent groundwater contamination.

Chapter 30 Saskatoon Regional Health Authority—Triage Emergency Department Patients

As part of its mandate, Saskatoon Regional Health Authority (Saskatoon RHA) provides emergency healthcare services to residents of Saskatoon RHA through its emergency departments. Emergency departments must prioritize (triage) patients quickly and appropriately in order to provide immediate care to patients experiencing life-threatening medical conditions and timely care to other patients. Lack of effective processes to provide services in emergency departments could undermine public confidence in the healthcare system.

This audit examined the effectiveness of Saskatoon RHA's processes to triage patients in its three City of Saskatoon hospital emergency departments. We examined processes to treat



patients from their arrival in emergency to when they are first seen by an emergency department physician for the 12-month period ending August 31, 2013.

In Saskatoon RHA, effective triaging of emergency patients is impacted by factors outside the control of the emergency department. These factors include patients with less-urgent or non-urgent conditions seeking services, the use of emergency departments for specialist consultations, and acute care bed availability.

To address these factors, Saskatoon RHA needs to establish a process to achieve its goal of reducing less-urgent and non-urgent patient visits to its emergency departments, provide consultant care for less-urgent or non-urgent patients outside of its emergency departments, and establish an integrated process to manage beds for emergency departments, acute care and long-term care.

Saskatoon RHA did not have effective processes to triage patients from the time they arrive at the emergency department to when they see a physician for the first time in its three city hospital emergency departments. It needs to give better directions to emergency patients, follow established processes when triaging those patients, and periodically review its triage process.

We make eight recommendations to help Saskatoon RHA achieve its five-year outcome goals that no patient will wait for emergency care, and patients seeking non-emergency care in the emergency department will have access to more appropriate care settings.

We encourage other regional health authorities to use the criteria in this chapter to assess the effectiveness of their own processes to triage patients in their hospital emergency departments.

Chapter 31

Sun Country Regional Health Authority—Managing Medication

Under *The Regional Health Services Act*, regional health authorities (RHAs) are responsible for the operation of hospitals and the services provided in those hospitals. Medications play a vital role in patient care and the operations of any hospital. If systems are not in place to effectively manage and administer medications in hospitals, patients could be adversely affected by medication errors. RHAs must have effective systems to manage these risks in order to provide safe, effective, and sustainable healthcare services to their patients.

We audited the effectiveness of Sun Country Regional Health Authority's (Sun Country) processes to manage and administer medications in its district hospitals. We concluded that Sun Country had effective processes except it needs to:

- › Follow its established policies to gain access to the pharmacy after regular hours and properly dispose of medication
- › Use its approved form to document patient medication history and weight
- › Analyze medication errors and the contributing factors, and use that analysis to develop action plans to address the issues

We make five recommendations to help Sun Country improve its processes for managing and administering medications in its district hospitals.

We encourage other regional health authorities to use the criteria in this chapter to assess their own processes for managing and administering medication.

Chapter 32

University of Regina—Procurement and Disposal Audits

The University of Regina (University) has spent over \$40 million each year to acquire goods and services including capital asset purchases during the last few years. The University expects this amount to increase given its planned changes to the University's infrastructure over the next few years. Acquiring, and later disposing of, goods and services including capital assets is complex and has increased risk because the process involves many people across the University, trade agreements, and multiple external parties. To manage its risks, the University requires effective processes to ensure that goods and services are procured and assets are disposed of with due regard for obtaining the best value for the University while meeting its needs in a way that is fair and transparent.

We examined the effectiveness of the University's processes for the procurement of goods and services, and for the disposal of surplus assets (e.g., computers, equipment). The University fully participated in the development of the objectives and criteria for these audits. The results of these audits should assist the University with its ongoing review of its administrative policies and procedures.

We concluded that for the twelve-month period ended June 30, 2013, the University of Regina had effective processes for the procurement of goods and services and for the disposal of surplus assets, except it needs to:

- › Regularly review, update, approve, and enforce its procurement and disposal policies
- › Require sufficient reporting to the Board of Governors about procurement and disposal activities
- › Require, in policy, adequate approval and justification for single and sole source procurement decisions, including the mitigation of conflicts of interest and conflicts of commitment
- › Retain documentation of its analysis and decisions for awarding tenders
- › Coordinate departments that procure goods and services to efficiently manage procurement in accordance with University policies
- › Improve its procurement and disposal contract requirements
- › Ensure computer assets are properly decommissioned before disposal

In this chapter, we describe the key findings for our audits and make 18 recommendations to the University.



AUDIT FOLLOW UPS

Chapter 33 Advanced Education – Risk Management Processes

We assessed the Ministry of Advanced Education’s (Ministry) (formerly the Ministry of Advanced Education, Employment and Immigration) actions on three recommendations we made in 2011 to improve the Ministry’s agency-wide risk assessment processes. As of July 31, 2013, the Ministry has implemented these recommendations. The Ministry has assessed its options for the treatment of risks, consulted with stakeholders, and implemented a process to monitor risk management activities.

Chapter 34 Saskatchewan Institute of Applied Science and Technology – Human Resources Capacity

In our *2006 Report – Volume 1*, we reported on the Saskatchewan Institute of Applied Science and Technology’s (SIAST) human resource processes to build its human capacity for current and future needs and made four recommendations. We reported our first follow-up of this audit in 2010 and found that SIAST had implemented three recommendations. This chapter reports the results of our second follow-up of actions taken by SIAST on the one outstanding recommendation.

As of July 31, 2013, SIAST has implemented this recommendation. SIAST’s Board works with management to identify the content and frequency of reports necessary to monitor human resource risks and evaluate progress toward its human capacity objectives.

Chapter 35 Saskatchewan Institute of Applied Science and Technology – Risk Management

We audited the Saskatchewan Institute of Applied Science and Technology (SIAST) Board’s risk management processes in 2008 and made two recommendations. We reported our first follow-up of this audit in 2010. This chapter is our second follow-up of the SIAST Board’s actions on our two recommendations up to July 31, 2013. The SIAST Board has implemented both of these recommendations. SIAST has a risk management policy and has established risk tolerance guidelines. Further, SIAST’s management has created a risk registry with assessments on the severity and likelihood of each risk, and linked its strategic risks to its balanced scorecard⁴ which is reported to the Board annually.

Chapter 36 Central Services – Fleet Maintenance

The Ministry of Central Services (formerly Ministry of Government Services) maintains a fleet of approximately 4,500 vehicles. These vehicles are used by government ministries and other government agencies. In 2007, we assessed the Ministry of Central Services’ (Ministry)

⁴ Balanced scorecard is a strategic planning and management system that is used to align business activities to the vision and strategy of the organization and monitor organizational performance against strategic goals. Source: The balanced scorecard Institute. www.balancedscorecard.org/bcsresources/aboutthebalancedscorecard/tabid/55/default.aspx (17 October 2013).

processes to maintain its vehicle fleet. We concluded that it did not have adequate processes to maintain its vehicles in a safe condition and in an economical manner. We made three recommendations.

In this chapter, we report that the Ministry has made progress in addressing our recommendations but still has work to do. The Ministry has developed a new computer system to assist in ensuring its fleet meets safety standards and that its repair and maintenance records are reliable. However, it has not yet documented and approved its procedures for the use of its new computer system. Also, the reports to the Ministry's senior management do not sufficiently detail the level of compliance with the safety standards in *The Traffic Safety Act*.

Chapter 37

Justice and Information Technology Office—Protecting Saskatchewan Data

In response to a request from the Standing Committee on Public Accounts, in our *2011 Report – Volume 2*, Chapter 20, we reported the results of our study on processes of the Information Technology Office (ITO) to protect Saskatchewan data managed by a third-party contractor. We made two recommendations, one directed at ITO (now part of the Ministry of Central Services), the other at the Ministry of Justice. This chapter reports the results of our follow-up on actions taken by the ITO and the Ministry of Justice to September 30, 2013. ITO has implemented its recommendation. The Ministry of Justice has not yet implemented its recommendation.

Chapter 38

Information Technology Office—Measuring Benefits of IT Consolidation

The Information Technology Office (ITO) of the Ministry of Central Services⁵ (Central Services) provides information technology (IT) services to 26 government ministries and agencies (clients). ITO has an agreement with a third-party service provider to operate and maintain a network and data centre on its behalf.

In this chapter, we report that Central Services has addressed both of our recommendations outstanding from our 2009 audit of whether ITO improved IT services through consolidation and provided those services at a lower cost. Central Services has now set out targets for measuring performance of delivering services to its clients and reports monthly on whether those targets have been achieved. Central Services has surveyed its clients to determine levels of satisfaction and has developed some action plans to address the results of the surveys. It has developed processes to track its action plans to ensure that all items have been carried out to improve the services to its clients.

Chapter 39

Crown Investments Corporation of Saskatchewan—Reliable Performance Information

This is a follow-up of recommendations from our *2010 Report – Volume 2*, Chapter 25, regarding Crown Investments Corporation of Saskatchewan's (CIC) processes for reliable balanced scorecard information about its internal operations. At July 31, 2013, CIC has implemented all of our previous recommendations.

⁵ Effective May 25, 2012, the Information Technology Office became part of the Ministry of Central Services.



Chapter 40

Economy—Project Management Processes

The Ministry of the Economy (formerly the Ministry of Energy and Resources) is in the process of replacing its old oil and gas information technology (IT) system to improve processes to better meet its needs and the needs of industry stakeholders. The Ministry of the Economy (Ministry) calls this initiative the Process Renewal and Infrastructure Management Enhancements program or PRIME project.

In this chapter, we report that the Ministry has met two of the three recommendations made in our *2011 Report – Volume 2*, Chapter 6, about the Ministry's project management processes to develop and implement its PRIME project. Also, the Ministry has made progress on the third recommendation. The Ministry uses project status reports to compare the actual costs-to-date to the percentage of completion of the project. The Ministry obtained an independent risk assessment and has developed action plans to address the identified risks. The Ministry has begun to develop measures and targets for the expected benefits of the PRIME project.

Chapter 41

Education—Child Care Facilities

This chapter reports the results of our second follow-up of the Ministry of Education's (Ministry) processes to regulate child care facilities.

As of March 31, 2013, the Ministry has implemented the last outstanding recommendation from our *2010 Report – Volume 1* on the Ministry's processes to regulate child care facilities. Ministry management receives quarterly reports on non-compliance with *The Child Care Regulations* (Regulations). Starting with its *2011-12 Annual Report*, the Ministry publicly reports trends in child care facilities' compliance with the Regulations.

Chapter 42

Prairie North Regional Health Authority—Hospital-Acquired Infections

In 2011, we assessed Prairie North Regional Health Authority's (Prairie North) processes to protect patients from hospital-acquired infections. We made six recommendations to help Prairie North strengthen its processes.

Prairie North has implemented four of the six recommendations that we made in 2011 and needs to do more for the remaining two. Prairie North needs to formalize its processes to monitor and report consistently its key practices to control hospital-acquired infections. It also needs to provide senior management with a written analysis of emerging risks based on trends and causes of hospital-acquired infections.

Chapter 43

Saskatoon Regional Health Authority—Maintaining Medical Equipment

This chapter reports that Saskatoon Regional Health Authority has implemented the recommendation from our 2011 audit of its processes to maintain medical equipment.

Chapter 44

Financial and Consumer Affairs Authority of Saskatchewan—Regulating Saskatchewan Credit Unions

Financial and Consumer Affairs Authority of Saskatchewan (FCAA) has implemented the recommendation we made in our 2011 audit about the Registrar of Credit Union’s processes to regulate credit unions. The Ministry of Justice and FCAA have formally assigned roles and responsibilities to supervise regulation of credit unions.

Chapter 45

Justice—Monitoring Municipal Policing

In 2011, we assessed the effectiveness of the processes used by the Ministry of Justice (formerly Ministry of Corrections and Policing) and the Saskatchewan Police Commission (Commission) to monitor municipal policing excluding the policing services provided by the Royal Canadian Mounted Police (RCMP). We concluded that both the Commission and the Ministry of Justice (Ministry) needed to do more, and made six recommendations to help them better monitor municipal policing.

In 2013, we followed up on our recommendations. We found that the Commission has implemented two of the recommendations but the Commission and the Ministry need to do more work to address the remaining four.

The Ministry needs to ensure that the Commission has adequate resources to fulfill its mandate. Also, the Commission and the Ministry need to clearly set out their respective roles and responsibilities, develop a strategic plan, and implement a process to monitor compliance with municipal policing standards.

Chapter 46

Saskatchewan Liquor and Gaming Authority Encouraging Responsible Use of Beverage Alcohol

This chapter reports our follow-up of one outstanding recommendation from our *2006 Report – Volume 1*, Chapter 7 regarding the Saskatchewan Liquor and Gaming Authority’s (Liquor & Gaming) processes to encourage responsible use of beverage alcohol. At September 30, 2013, Liquor & Gaming had partially implemented the outstanding recommendation. It had developed measures to evaluate its performance in encouraging responsible use of beverage alcohol, but had not yet developed specific targets for all of its measures. Also, Liquor & Gaming had not yet reported actual results for its performance measures to senior management.

Chapter 47

Saskatchewan Liquor and Gaming Authority—Liquor Procurement Process

This chapter reports our follow-up of seven outstanding recommendations from our *2012 Report – Volume 1*, Chapter 17 regarding the Saskatchewan Liquor and Gaming Authority’s (Liquor & Gaming) processes to procure liquor. At September 30, 2013, Liquor & Gaming had implemented two of the recommendations but had not yet implemented the remaining five. Liquor & Gaming needs to better document information used in its procurement process, develop written procedures for product selection and monitoring product performance, and



formalize its evaluation of liquor products. Liquor & Gaming also needs to obtain formal assurance that liquor products are safe to drink.

Chapter 48

Saskatchewan Telecommunications Holding Corporation—Wireless Network Security Controls

In this chapter, we report that Saskatchewan Telecommunications Holding Corporation (SaskTel) has implemented the last remaining recommendation from our 2009 audit of its wireless network security controls.

Chapter 49

Water Security Agency—Identifying Risks to the Water Supply

Effective October 1, 2012, Saskatchewan Watershed Authority became the Water Security Agency (Agency).

The Agency has addressed four of the six recommendations that we made in our 2010 audit of the Agency's processes to identify risks to the water supply. The Agency still needs to consistently document causes of risks to the water supply and communicate the likelihood and impact of key risks to the public.

STUDIES

Chapter 50

Boards of Education—School Board Governance

This chapter presents selected results from our survey of board members and selected executives of boards of education.⁶ We surveyed them in mid-2013 to gain an understanding of the state of board governance in school divisions, to identify issues as perceived by board members and senior management, and to identify opportunities to improve governance practices. Our full report, titled *A Survey of Board Governance in Saskatchewan School Divisions—Practices, Issues, and Opportunities* is available at www.auditor.sk.ca.

The survey results provide an interesting picture of the state of board governance in school divisions and their role vis-à-vis the Minister of Education.

Board members and executives agree, to a significant extent, on many of the issues raised in the survey. Nevertheless, there are areas where the views of the two groups differ. For example, a significant number of board members indicate that board decision making is difficult because some board members represent special interests; almost twice as many executives hold this view. Fewer executives than board members say that the board requires action if the school division's performance is below the board's expectations. Board members and executives have different views on time commitment and attendance issues for board members, as well as on how the board uses the work of board committees, such as the audit/finance committee.

⁶ In this chapter, we use "board of education" and "school board" interchangeably to refer to the group responsible for governing a school division.

Also, divergent views and uncertainty exist regarding the roles and responsibilities of board members, boards and the Ministry of Education (Ministry). The results point to a desire for improved communication between boards and the Ministry. Board members and executives have expressed the desire for more consistent messages from the Ministry about Ministry priorities and expectations, for the Ministry to consider, to an increased degree, the impact of Ministry decisions and directives on boards, and to obtain more feedback from the Ministry on their planning. Boards have also indicated that they do not think the public understands the role of boards and the issues they face.

We encourage the use of the survey results set out in the full report as a resource for constructive dialogue. School board members may wish to discuss the survey results within their own board and with their executives. The Ministry and school boards could also consider how the survey results could be used to enhance governance training.

Chapter 51

Summary Financial Statements – Interprovincial Comparisons

Financial statements are key accountability documents that many find complex and challenging to understand. Each year, the Government provides financial statement discussion and analysis (FSD&A) to help legislators and the public understand its Summary Financial Statements. Its FSD&A includes 10-year trends on five key financial indicators, but does not include interprovincial comparisons for these indicators.

This chapter presents interprovincial comparisons to provide legislators and the public with an understanding of how Saskatchewan’s finances compare to other provinces. Our results show:

- › Saskatchewan’s FSD&A is average.
- › Saskatchewan compared favorably to other provinces in its five key financial indicators. However, the current content of the Government’s Summary Budget⁷ limits its ability to provide meaningful comparisons of planned versus actual results.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chapter 52

Standing Committee on Public Accounts

The work of the Standing Committee on Public Accounts (Committee) is crucial for a well-managed parliamentary system of government. It provides a vital link in the chain of accountability over public resources and contributes to the public's confidence in our system of government.

The Committee’s discussions and recommendations to the Legislative Assembly (Assembly) promote a more open and accountable government and better management of government operations. By questioning, requesting information, and making recommendations in its reports to the Assembly, the Committee acts as an agent of change for the management practices of government. This is evident, in part, through the high extent of implementation of the

⁷ The Summary Budget includes the estimated annual surplus of the planned activities of all of the Government.



Committee's recommendations. The Committee's reports during the previous five years contained 539 recommendations. The Government has fully implemented 78% of the Committee's recommendations. Of the recommendations that are not yet fully implemented, 81% are partially implemented.