

Overview by the Acting Provincial Auditor

1.0 REPORT OVERVIEW

Through *The Provincial Auditor Act* (Act), the Legislative Assembly has made the Provincial Auditor its auditor. It has given the Provincial Auditor responsibility for auditing the Government of Saskatchewan, including all of its agencies. These agencies include ministries, Crown corporations, boards, commissions, and funds. Under the Act, the Provincial Auditor is required to report to the Legislative Assembly on the results of all examinations, and highlight matters that require the attention of legislators.

Our Office typically reports the results of its examinations in two volumes. We aim to release Volume 1 in June, and Volume 2 in December each year.

This Report (Volume 1) includes the results of our examinations completed by March 31, 2014. We have organized the results of our examinations into six sections. The following provides an overview of each section of the Report other than the section on the Standing Committee on Crown and Central Agencies (Committee). It also draws to the Legislative Assembly's attention a case where a school board has denied us access to information.

Annual Integrated Audits—Overview

We use the term “**integrated audits**” to describe our annual audits of agencies that examine:

- › The effectiveness of their financial-related rules and procedures to safeguard public resources with which they are entrusted
- › Their compliance with authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing
- › For those agencies that prepare financial statements, the reliability of those statements

In this Report, we include the results of annual integrated audits for agencies with December 2013 or earlier fiscal year-ends. For the most part, these agencies had effective financial-related processes, complied with related authorities, and had reliable financial statements (see **Appendix 1**).

The six annual integrated audit chapters in this Report contain four new recommendations, of which three pertain to school divisions. The new recommendations relate to the need to more actively oversee management, better segregate incompatible duties, follow existing purchasing policies, and approve and test information technology disaster recovery plans.

Also, we report many school divisions made good progress in addressing most of our prior recommendations.



Annual Information Technology Audits—Overview

We use the term “**annual information technology audits**” to describe our annual audits of three central agencies that provide key information technology (IT) services to other government agencies. In these audits, we assess the effectiveness of the central agencies’ processes and controls to secure IT systems and data. These audits support our annual integrated audits of government agencies that use the services of these central agencies.

In this Report, we include the results of our annual information technology audits of the Public Service Commission – MIDAS HR/Payroll, the Ministry of Finance – MIDAS Financials, and the Ministry of Central Services – Information Technology Division (formerly referred to as the Information Technology Office or ITO).

The Ministry of Finance and Public Service Commission (PSC) are responsible for MIDAS Financials and MIDAS HR/Payroll, respectively. MIDAS (short for Multi-Informational Database Application System) is a ministry-wide IT application used to account for the financial

activity of core government and for employee, payroll, and benefit administration of staff employed within the core government.

The Ministry of Central Services is responsible for the security of a data centre that houses IT systems and data for 26 ministries and agencies.

We found that:

- › The Ministry of Finance used effective central controls in 2013 to manage and secure MIDAS Financials; as a result, there is no related chapter in this Report.
- › Other than not consistently reviewing payroll reports and removing unnecessary privileged user access on a timely basis, the Public Service Commission had effective central controls to manage and secure MIDAS HR/Payroll.
- › While in 2013 ITO partially improved its processes to keep the data centre secure, significant weaknesses remained. As a result, there is a continued risk of unauthorized access to and inappropriate modification of IT systems or data, and that government IT systems and data housed at the data centre may not be available when required.

Performance Audits—Overview

We use the term “**performance audits**” to describe audits that take a more in-depth look at management issues related to management of public resources or compliance with legislative authorities.

In this Report, we include the results of seven performance audits.

In two audits, we assessed the effectiveness of key regulatory processes that are essential to keep the public safe. Timely and appropriate

inspections of boilers and pressure vessels help prevent equipment malfunction and reduces the risk of explosions. Effective monitoring of public wastewater systems helps protect our environment and, in turn, the public’s health and safety. We found that:

- › The Technical Safety Authority of Saskatchewan (TSASK) had effective processes to inspect boilers and pressure vessels except for a number of key areas. These areas include the need to formally assess identified risks using a risk-informed strategy to decide which boilers and pressure vessels to inspect and when. Also, TSASK needs written policies and procedures for handling incidents and complaints and for following up inspection deficiencies. It needs to establish processes for tracking and monitoring inspections done by boiler and pressure vessel operators, and for its electronic inspection records. We made nine recommendations for improvement.
- › The Water Security Agency had effective processes to regulate public wastewater systems with the following exceptions. The Agency needs to update its wastewater system design requirements and regulations to reflect the incoming stricter effluent standards. For wastewater system owners who fail to upgrade wastewater systems as required, the Agency must take timely action to avoid discharge of inadequately treated effluent. Because mechanical wastewater systems continually discharge a large volume of effluent into the environment, it must get more frequent information to better monitor effluent discharged. We made four recommendations for improvement.

In two other audits, we assessed the effectiveness of processes in the healthcare system that can help improve the quality of health care, and make the best use of resources. We audited processes to prevent and control infections in long-term care facilities, and processes to share with healthcare professionals the patient data captured within the provincial electronic health records (EHR). We found that:

- › Sunrise Regional Health Authority had effective processes to prevent and control infections in its 14 long-term care facilities with exceptions in four key areas. Sunrise needs to make its infection prevention and control plan more robust. It must take steps so that consistent infection prevention and inspection practices are known and followed in each of its facilities. This includes having a training plan to provide updates on practices related to hand hygiene, cleaning of resident rooms, and handling laundry. Also, it needs a system to collect, analyze, and report on key infection trends. We made ten recommendations for improvement.
- › eHealth Saskatchewan had effective processes to share patient data captured within the provincial electronic health records (EHR) among healthcare professionals with exceptions in four key areas. To ensure relevant and timely information is available for patient care, eHealth must establish standard data requirements in electronic format for all provincial repositories, and define strategies to identify and collect key patient data. To facilitate efficient development of the provincial EHR, eHealth needs an operational plan and the responsibility for managing and maintaining all provincial data repositories. Also, the Ministry of Health needs to allocate IT capital funding related to EHR development based on a provincial strategy. We made five recommendations for improvement.

In two other audits, we looked at how well agencies delivered key programs for which they were responsible. We audited Saskatchewan Apprenticeship and Trade Certification Commission's apprenticeship and trade certification program, and Saskatchewan Immigrant Investor Fund Inc.'s "HeadStart on a Home" program.

- › The Apprenticeship and Trade Certification Commission had effective processes to enable its over 10,000 apprentices to achieve Interprovincial Standards Red Seal



certifications with the following exceptions. Some of its performance measures did not have measurable targets. It needs better reporting of on-the-job trade hours from its apprentices and on its progress. Also, it did not have a formal policy to help decide which employers to inspect and how often, or a formal process to make certain employers comply with requirements. We made eight recommendations for improvement.

- Other than the need to clearly define its performance measures and to document its methods for calculating them, Saskatchewan Immigrant Investor Fund Inc. had effective processes to operate “HeadStart on a Home” to meet its program objectives. Its program objectives were to stimulate construction of entry-level homes, create employment, and prudently manage cash flows to ensure timely repayment of the \$176.5 million of federal immigrant investor funds. We made one recommendation for improvement.

In one other audit, we looked at how well the Ministry of Justice provides the Chief Judge (who is responsible for the Provincial Court) with administrative support to manage Provincial Court workloads. Provincial Court is held in 83 places located throughout the province. Court workloads may affect scheduling of hearings and in turn, the delivery of justice. We found that:

- The Ministry of Justice’s processes were effective except for five key areas. To better support court workloads, the Ministry needs clear and appropriate performance measures and targets, a complete process to forecast related budgetary resources, and consistent administrative processes for its various court locations. Also, it needs a complete human resource plan for staff supporting the court, and to better collect and analyze information related to its management of court workloads. We made six recommendations for improvement.

Audit Follow-Ups—Overview

We use the term “**audit follow-ups**” to describe our assessments of whether government agencies have taken actions to address recommendations that we made in our past performance audits. We carry out an initial follow-up either two or three years after our original audit, and subsequent follow-ups every two or three years thereafter until the recommendations are implemented.

As shown in **Exhibit 3.0**, for this Report, we followed up 68 recommendations made in 15 previous audits.

On an overall basis, we are pleased with the progress of most agencies in implementing our recommendations. Those agencies implemented 41% of the recommendations (i.e., 28 out of 68 recommendations); they implemented over two-thirds of them within either two or three years (i.e., 19 in our initial follow-ups of the 28

recommendations implemented). However, we found that while three agencies are making some progress, these agencies have not yet fully implemented recommendations we made over six years ago. We encourage them to make implementation of these outstanding recommendations a priority.

Studies—Overview

From time-to-time, we carry out studies to look at particular topics in more depth to enable us to provide the Assembly with our views and advice on these topics. This Report includes one study on the area of public-private partnerships (commonly referred to as P3s). We recognize the Government plans to increase its use of P3s. Because P3s can be of significant economic and social importance, proper management of them is critical.

This study builds on our Office's 2001 work by setting out best practices for managing risks specific to P3s. It recognizes that P3s can create some unique and specific risks. As such, the study did not examine or set out risks common to purchasing decisions and managing complex contractual arrangements. Rather, the study groups the best practices related to specific risks to manage P3s into seven categories: accountability and transparency, capacity, assessment, meeting needs, risk transfer, innovation, and sustained monitoring. We encourage agencies to consider these best practices when looking at the use of P3s and entering into P3 arrangements.

South East Cornerstone School Division No. 209 Denies Access to Information

Timely access to information is essential for the Office to fulfill its responsibilities under *The Provincial Auditor Act*. Under the Act, the Office is entitled to have access to all information relevant and necessary to do its work. As the Office identifies the information it needs (for example, documents, reports, or access to individuals), the government agency being audited is to provide the Office with access to the requested information. Delaying, or not providing the Office with requested information can equate to a real or perceived access denial, which may be seen as a government-imposed limitation on the Office and interference with the Office's ability to do its job.

Sometimes, the information we need during the course of an audit is information not otherwise accessible to the public, even through an access to information request. *The Provincial Auditor Act* includes protections to ensure the confidentiality of this information. In addition, our Office has many safeguards in place to protect privacy, such as reviewing files and samples with identifying information removed.

This year, we commenced an audit to assess South East Cornerstone School Division No. 209's processes for promoting positive student behaviour. We selected this audit because of the importance that the public and the Government has placed on promoting positive student behaviour in the education sector, as evidenced by the Government's *Saskatchewan's Action Plan to Address Bullying and Cyberbullying*. This report recognizes that too many children and youth are targets of bullying and cyberbullying.

Promoting positive student behaviour is vitally important in facilitating student success and providing a safe and productive learning environment. School divisions have a critical role in promoting positive student behaviour. *The Education Act* makes school divisions responsible for setting policies for student behaviour. To promote positive student behaviour, school divisions may limit student misbehaviour, address reasons for student absenteeism, and help students function in a positive manner.



The Provincial Auditor is required by *The Provincial Auditor Act* and by professional standards to report to the Legislative Assembly cases where agencies refuse to provide the Office with access to requested information. For this reason, I report that, at this time, we have been unable to complete our audit at South East Cornerstone because its Board denied us access to the information required to carry out the audit.

In mid-January 2014, the Chair of the Board of South East Cornerstone acknowledged, in writing, that he read and understood our audit plan. Our audit plan set out the audit objective, criteria, audit approach, and tentative timetable.

In late January 2014, our Office asked for access to information that would show South East Cornerstone's practices and whether its policies and procedures were used and worked as expected. South East Cornerstone refused to provide such access, citing its responsibility to protect private and personal information pertaining to students and their families from public disclosure.

Our Office acknowledged South East Cornerstone's concern, and has attempted to resolve this issue with both the Division's management and Board, as well as with the Ministry of Education. We met with the Board and explained, verbally and in writing, the purpose of our request and our authority to make it. Also, we explained, verbally and in writing, the safeguards embedded in our Act to preserve the confidentiality of information and processes our Office uses to keep information confidential.

Furthermore, we discussed with the Board alternate means of providing us with access to the requested information. We explained that we were not interested in private or personal student information and could do the audit without seeing student names or reviewing the detailed contents of student or counselor files. For example, the Division could provide information based on unique student numbers that the Ministry expects school divisions to use. Or the Division could give us access to copies of documents from files with student names or any other identifying information removed (i.e., redacted). We also expressed willingness to work with school division staff as we audit, who could verbally describe to us relevant information in the files without mention of student names or other private information.

In addition, we consulted with senior officials of the Ministry of Education. The Ministry asked the Board to cooperate with the audit and provide us with access to the requested information. Even then, the Board and management refused to do so.

On April 17, 2014, our Office received from the Chair of the Board of South East Cornerstone a copy of the following resolution of the Board. In the resolution, the Board denies us access to requested information and does not include consideration of giving us access using alternate means that address privacy and confidentiality concerns:

Provincial Auditor Request

That the Board of Education deny the request of the Provincial Auditor to access student cumulative files and confidential counselors' files on students including information pertaining to misbehaviour and discipline for the purpose of the Provincial Audit of School Division Processes for Promoting Positive Student Behaviour. The reasons for denial are the requirement of the Board of Education to protect private and personal information pertaining to students and their families, and the lack of proof of sufficient authority for the disclosure of personal information in question.

Because South East Cornerstone has not provided access to evidence on whether its processes were used or worked as expected, we have not been able to complete our audit. At the time of writing this Report, our Office is working with the Ministry of Education and remains optimistic that this matter will be resolved.

2.0 ACKNOWLEDGMENTS

We appreciate and thank the staff and management of all government agencies along with their appointed auditors (if any) for the cooperation we received in the completion of the work included in this Report.

As Acting Provincial Auditor, I thank the dedicated professionals in the Office (see below) for their diligence and commitment. Only through their hard work can we fulfill our mission—to serve the Members of the Legislative Assembly and the people of Saskatchewan, we provide independent assurance and advice on the management, governance, and effective use of public resources.

Also, recently Ed Montgomery, Deputy Provincial Auditor, and Glen Nyhus, Audit Principal, retired from the Office. Through their efforts and actions during their careers with the Office, they each have contributed greatly to the success of the Office and have served the legislators and the Saskatchewan public well.

Provincial Auditor Team		
Ahmad, Mobashar	Anderson, Mark	Bachelu, Gaylene
Borys, Angèle	Carlson, Troy	Clemett, Tara
Deis, Kelly	Dickin, Deann	Dressler, Nicole
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Firth, Tayler	Forbes, Krysten	Halladeen, Aaron
Harasymchuk, Bill	Heebner, Melanie	Iles, Amanda
King, Mark	Klassen, Linda	Kress, Jeff
Lam, Betty	Lefebvre, Jennifer	Lindenbach, Michelle
Lowe, Kim	Ludwig, Carly	McIntyre, Mitchell
McKillop, Steven	Mosley, Whitney	Neher, Kendra
Novakovski, Jade	Ochieng, Jennifer	O'Quinn, Carolyn
Ortman, Matt	Pattullo, Candice	Peace, Dylan
Pituley, Jonathan	Poelzer, Max	Rau, Brent
Robertson, Jennifer	Rowe, Marisa	Rybchuk, Corrine
Schwab, Victor	Scott, Doug	Shaw, Jason
Shorten, Karen	Sommerfeld, Regan	St. John, Trevor
Stroh, Evan	Sych, Larissa	Taylor, Linda
Tomlin, Heather	Trivedi, Devanshi	Volk, Rosemarie
Wandy, Jason	Warkentin, Megan	Watkins, Dawn
Wolfond, Josh	Wouters, Shauna	Yanyu, Melissa
Yee, Christine	Yee, Ken	Zerr, Jennifer



3.0 EXHIBIT—SUMMARY OF RESULTS OF AUDIT FOLLOW-UP

Chapter Name	Related Initial Report *	Number of Recommendations	Status of Recommendations		
			Implemented	Partially Implemented	Not Implemented
Initial Follow-ups					
Agriculture—Irrigation Infrastructure Maintenance	2011 Report – V2	5	3	2	-
Central Services—Planning Accommodation	2011 Report – V1	6	2	2	2
Education—Graduation Rates	2012 Report – V1	10	-	3	7
Highways and Infrastructure—Bridge Maintenance	2011 Report – V1	4	2	2	-
Justice—Maintenance Enforcement	2012 Report – V1	5	2	1	2
Labour Relations and Workplace Safety—Addressing Workplace Noncompliance	2011 Report – V2	5	5	-	-
Saskatchewan Housing Corporation—Housing Maintenance	2012 Report – V1	4	-	1	3
SaskPower—Gas and Electrical Installation Inspection	2011 Report – V2	7	5	1	1
Initial Follow-ups Subtotal		46	19	12	15
Subsequent Follow-ups		**			
Central Services—Building Maintenance	2009 Report – V1	5	5	-	-
Education—Instruction Time	2009 Report – V3	4	1	-	3
Environment—Regulating Reforestation	2009 Report – V3	6	3	3	-
Public Employees Benefits Agency—Information Technology Security	2010 Report – V2	1	-	1	-
Saskatchewan Water Corporation—Maintaining Infrastructure	2006 Report – V1	2	-	2	-
SaskPower—Procurement	2007 Report – V3	2	-	2	-
Water Security Agency—Dam Safety	2005 Report – V1	2	-	2	-
Subsequent Follow ups Subtotal		22	9	10	3
Overall Total		68	28	22	18

* V – means Volume

** For “Subsequent Follow-ups”, the “Number of Recommendations” is the number of recommendations that remained not implemented after the previous follow-up.