

Chapter 15

North Sask. Laundry & Support Services Ltd.

1.0 MAIN POINTS

This chapter reports the results of our audit of North Sask. Laundry & Support Services Ltd. (NSL) for the year ended March 31, 2014.

NSL's 2013-14 financial statements are reliable. NSL complied with the authorities governing its activities. It had effective rules and procedures to safeguard public resources except that it needs to better control payments to employees for work done and maintain complete and accurate financial records to manage its operations. This chapter notes that during 2013-14, NSL made improvements to its financial-related controls.

2.0 INTRODUCTION

NSL is a wholly-owned subsidiary of four regional health authorities (Prince Albert Parkland, Prairie North, Kelsey Trail, and Mamawetan Churchill River). It provides laundry services to regional health authorities in northern and central Saskatchewan.

For the year ended March 31, 2014, NSL had revenue of \$7.1 million (2013 – \$6.1 million), expenses of \$6.7 million (2013 – \$6.9 million), and an operating surplus of \$0.4 million (2013 – deficit of \$0.8 million). At year-end, NSL held total assets of \$6.4 million (2013 – \$6.0 million) including capital assets of \$3.9 million (2013 – \$4.3 million).

3.0 AUDIT CONCLUSIONS AND SCOPE

Our Office worked with NSL's appointed auditor, MNP LLP, Chartered Accountants, using the framework recommended in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.¹

In our opinion, for the year ended March 31, 2014:

- › **North Sask. Laundry & Support Services Ltd. had effective rules and procedures to safeguard public resources except for the matters described in this chapter**
- › **North Sask. Laundry & Support Services Ltd. complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Business Corporations Act (Saskatchewan)
North Sask. Laundry & Support Services Ltd. Bylaws

- › **North Sask. Laundry & Support Services Ltd.'s financial statements are reliable**

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



We used the control framework developed by the Canadian Institute of Chartered Accountants to make our judgments about the effectiveness of NSL's controls. The control framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

We examined the effectiveness of NSL's financial-related controls used to administer its revenues, expenses, assets, and liabilities. Also, we examined the effectiveness of the controls NSL used to keep reliable financial records and prepare reliable financial statements.

4.0 KEY FINDINGS AND RECOMMENDATIONS

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

4.1 Policies for Controlling Payments to Employees Needed

We recommended that North Sask. Laundry & Support Services Ltd. establish policies and procedures for controlling payments to its employees. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

Status – Partially Implemented

NSL has approximately 80 employees. In 2014, NSL spent about \$3.6 million (2013 – \$3.6 million) on payroll.

NSL established policies and procedures for controlling payments to its employees. However, we noted several instances where supervisors did not always leave evidence of their review and approval of time sheets. Time sheets determine employees' earnings and their benefit entitlement (e.g., vacations). Incorrect time sheets could result in incorrect payments to employees and inappropriate benefits.

4.2 Accurate and Complete Accounting Records Needed

We recommended that North Sask. Laundry & Support Services Ltd. maintain complete and accurate financial records. (2012 Report – Volume 2; Public Accounts Committee agreement March 12, 2014)

Status – Partially Implemented

In May 2013, NSL hired a Chief Financial Officer and, during the year, improved its processes to maintain complete and accurate financial records. However, NSL did not

always document its review of laundry shipping summaries or reasons for differences between laundry shipped and amounts billed.

4.3 Bank Balances Reconciled

We recommended that North Sask. Laundry & Support Services Ltd. reconcile its recorded bank balances to the bank's records on a timely basis. (2012 Report – Volume 2; Public Accounts Committee agreement March 12, 2014)

Status – Implemented

During the year, NSL reconciled its recorded bank balances to the bank's records on a timely basis.

4.4 Journal Vouchers Approved

We recommended that North Sask. Laundry & Support Services Ltd. approve all journal vouchers. (2012 Report – Volume 2; Public Accounts Committee agreement March 12, 2014)

Status – Implemented

During the year, we noted NSL followed its journal voucher approval process.

4.5 Operations Monitored

We recommended that the Board of Directors regularly monitor operations of North Sask. Laundry & Support Services Ltd. (2012 Report – Volume 2; Public Accounts Committee agreement March 12, 2014)

Status – Implemented

The Board met regularly to discuss NSL's operations and management's performance.



4.6 Interim Reports Provided

We recommended that North Sask. Laundry & Support Services Ltd. provide its Board of Directors with accurate and timely interim financial reports. (2012 Report – Volume 2; Public Accounts Committee agreement March 12, 2014)

Status – Implemented

During the year, we noted that management provided the Board accurate and timely financial information.