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 independent 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 2) includes the results of our examinations completed by October 31, 2014. We have organized the results of our examinations into four sections. The following provides a brief overview of each section of the Report, with exception of the section on the Standing Committee on Public Accounts.

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 July 31, 2014 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 29 annual integrated audit chapters in this Report show that most agencies are making progress in implementing our past recommendations. These chapters also contain 18 new recommendations, of which nine pertain to ministries and nine to various Crown agencies. Six of the new recommendations relate to the need to promptly remove unneeded user access to computer systems and data. Our Office has highlighted this as an area of concern for many years. While we note improvement at many ministries and agencies, many others continue to not remove unneeded user access in a timely manner. Not doing so increases the risk of inappropriate access to the Government's computer systems and data.

Four of the new recommendations relate to areas where the Ministry of Agriculture, Creative Saskatchewan, and the Saskatchewan Research Council did not comply with laws that require them to obtain approvals through an Order in Council and to make information public (either through an Order in Council and/or by tabling agreements in

the Legislative Assembly). Compliance with laws that require public disclosure of information helps keep legislators and the public informed of key government decisions.

The remaining new recommendations relate to several different areas of concern.

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 11 performance audits.

In 2013-14, the Government spent over $8.7 billion on health and education ($5.1 billion and $3.6 billion respectively). Because government spending in these sectors makes up almost two-thirds of its total spending, we continue to focus our audit efforts in these areas. This Report includes the results of three audits within the health sector and four audits within the education sector. While each of these chapters focuses on a single agency (e.g., a specific regional health authority or school division), we encourage other agencies to use the information to assess their own processes.

Health Sector audits in this Report include:

❭ **Health Quality Council – Coordinating the Use of Lean Across the Health Sector:** Since 2009, the health sector has been using Lean as a common methodology for continuous improvement to improve health care. We did not assess the effectiveness of the Lean program, nor outcomes achieved in comparison to money spent. Rather, we examined the processes the Health Quality Council (HQC) used to coordinate the use of Lean.

Since 2013, HQC has been charged with coordinating Lean across the health sector, but its ability to carry out its responsibilities has been hindered because it shares some of its responsibilities with the Ministry of Health and the consultant hired to implement the Lean program. As a result, HQC did not have effective processes to coordinate the use of Lean as a continuous improvement methodology across the health sector. Lack of effective processes to coordinate Lean across the health sector could result in health agencies not achieving the intended results of the Lean program, health care not improving, and inefficient use of resources. The Ministry decided, in August 2014, not to renew its contract with its Lean consultant. This decision will help align the authority of HQC with its responsibility for the Provincial Lean Office.

❭ **Heartland Regional Health Authority – Medication Management in Long-Term Care Facilities:** Medication use amongst seniors, particularly those living in long-term care facilities, has been increasing. Medications play a vital role in the ongoing health and quality of life of residents of long-term care facilities. The right medication can improve residents' quality of life and health, while inappropriate medication can have a negative impact. All regional health authorities in Saskatchewan operate long-term care facilities; we selected one of them – Heartland Regional Health Authority (Heartland) – as the focus of our audit of the processes used to manage medication plans for residents in long-term care facilities.

We found that Heartland did not have effective processes. Our key findings include the need for comprehensive policies for medication plans; the need to have and communicate a regional approach for identifying medication-use trends; the need to better document medication plans; and the need to better track and analyze medication errors, the use of medication, and complaints.

❯ **Prince Albert Parkland Regional Health Authority – Providing Timely and Appropriate Home-Care Services:** Home-care services are an integral component of the healthcare system because the services enable individuals with health needs to live independently in their own homes. These services help relieve pressures placed on other parts of the healthcare system such as acute and long-term care. As with long-term care, all regional health authorities provide home-care services; we selected one of them – Prince Albert Parkland Regional Health Authority (PA Parkland) – as the focus of our audit.

We determined that PA Parkland had effective processes to provide timely and appropriate home-care services except for the following four areas. PA Parkland needs to provide more direction to better identify and monitor home-care service needs and trends; it needs to strengthen its processes to formally assess and plan individual home-care needs; it must ensure clients receive the needed services; and it must appropriately train, assign, and monitor its home-care staff.

Education Sector audits in this Report include:

❯ **Conseil scolaire fransaskois – Financial Management and Governance Practices:** Effective financial management and governance can help agencies make sound decisions and deliver on their mandate effectively and efficiently. Boards are key to overseeing management and holding them accountable. In June 2014, Cabinet, through an Order in Council, asked our Office to examine the financial management and governance practices of Conseil scolaire fransaskois (CSF). CSF is Saskatchewan's first-language French school system.

We found that CSF did not have effective financial management and governance practices. It needs processes to develop required Board competencies, and needs to establish governance and financial policies and procedures necessary to manage its financial operations. Having effective practices will help CSF use resources effectively, and provide quality Francophone educational programming in Saskatchewan.

❯ **Saskatchewan Rivers School Division No. 119 – Processes to Maintain Facilities:** Saskatchewan school divisions are responsible for providing and maintaining school accommodation and facilities necessary for providing educational programs and instructional services. If maintenance is not carried out effectively, it could result in health and safety problems for those who use the facilities, reduced quality of space, loss of facility value, higher repair costs in the future, and replacing facilities earlier than intended. We looked at the processes to maintain facilities at one school division – Saskatchewan Rivers School Division (Saskatchewan Rivers).

Saskatchewan Rivers had, other than in the following areas, effective processes to maintain its 31 schools and four other facilities. Saskatchewan Rivers needs written processes for the following matters: recording reliable information about the condition of, and maintenance on its facilities and components; determining its

maintenance priorities and plan; and monitoring timely completion of maintenance. Also, it needs to use performance measures and targets to regularly measure, monitor, and report on the effectiveness of its maintenance processes.

〉 **Saskatoon School Division No. 13 – Goods and Services Procurement Processes:** Saskatchewan school divisions use public resources to buy goods and services necessary to support the education of students. Use of effective processes to buy (procure) goods and services helps ensure public sector agencies make purchase decisions in an open and transparent manner, treat suppliers fairly, and use public resources wisely. We focused our audit on one of the larger school divisions – Saskatoon School Division (Saskatoon Public).

We found that Saskatoon Public had, other than in the following areas, effective processes for the procurement of goods and services. Saskatoon Public needs to maintain current procurement policies and enforce them, require sufficient reporting about procurement activities to its Board, keep documentation of its analysis and decisions for awarding tenders, establish minimum contract documentation requirements, and restrict user access over the ability to change supplier information within its financial system.

〉 **South East Cornerstone School Division No. 209 – Processes to Promote Positive Student Behaviour:** Student behaviour affects student success at school. Promoting positive and addressing problem behaviour facilitates student success, provides a safe learning environment, and relates to goals of the education sector. All school divisions have a responsibility for promoting positive student behaviour at school. We focused our audit on one geographically large rural-urban school division – South East Cornerstone School Division (South East Cornerstone). We are pleased to report that our Office and South East Cornerstone resolved the access to information concern that we reported in our *2014 Report – Volume 1*. We received full cooperation from South East Cornerstone in the completion of our audit.

We determined that South East Cornerstone had effective processes for promoting positive student behaviour at school except for the following. While its Board had set policies related to promoting and supporting positive student behaviour, staff did not always follow them. We also found incomplete documentation in student files of decisions and steps taken to support positive student behaviour, and an absence of an implemented escalation process to guide those decisions and steps. We further found that South East Cornerstone needed to set expectations for training staff on student behaviour initiatives, and keep, for ready access at schools, records of who received such training.

Other performance audits included:

Because flooding is one of the most common causes of disasters in Saskatchewan, we looked at the processes that **Saskatchewan Water Security Agency** uses to coordinate flood mitigation. Reducing or preventing flood damage can reduce impacts on the health and safety of residents, and reduce the cost to government for disaster assistance. Flood mitigation involves the coordination and cooperation of numerous supporting provincial ministries and agencies in addition to landowners and municipalities.

We found that the Agency had effective processes to coordinate flood mitigation except for the following areas. The Agency needs to work with others to determine and document municipalities with ongoing flood risks, and evaluate gaps in flood mitigation initiatives in municipalities with ongoing flood risks.

We also examined the effectiveness of the processes:

〉 The **Ministry of Central Services** used for to the use of specialized, technical, management, and system consultants. We found they were not effective.

〉 The **Ministry of the Economy** used to monitor whether its information technology (IT) service providers appropriately managed and secured its IT systems and related data. We determined that improvements are needed over maintaining current agreements, including appropriate security requirements and security reporting in agreements, and establishing written policies and procedures for taking corrective actions on and reporting problems with its IT service providers.

〉 The **Ministry of Government Relations** used to assess concerns raised by the public for implications on the effectiveness of the system of municipal government in Saskatchewan. The Ministry needs to improve its guidance for assessing public concerns and track key information about those concerns in its electronic system.

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 **Section 3.0 – Summary of Results of Audit Follow-Ups**, for this Report, we followed up 100 recommendations made in 16 previous audits.

On an overall basis, we are pleased with the progress of most agencies in implementing our recommendations. Agencies implemented about 36% of the recommendations and implemented about two-thirds of those within either two or three years (i.e., when we did our first follow up 25 of the 36 recommendations were implemented). Also, they partially implemented over 42% of the recommendations.

Two agencies – the Ministry of Environment and Cypress Regional Health Authority – had not fully implemented recommendations that we initially made six years ago.

Environment, as a regulator of contaminated sites, did not have a complete database that tracks key information for contaminated sites and had not made sure that all site owners complete risk assessments on contaminated or potentially-contaminated sites. This increases the risk that high-risk contaminated sites will not receive sufficient attention and will not be cleaned up within an appropriate timeframe.

Cypress Regional Health Authority uses its computer systems and data to track various information including patient and facility resident information. While it is making progress in strengthening security over its systems and data, the progress is slow. We found

Cypress needs to properly configure its computers to improve security and better monitor access to its computer systems. By not doing so, Cypress increases its vulnerability to security incidents.

We encourage these agencies to make implementation of these outstanding recommendations a priority.

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.*

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3.0 SUMMARY OF RESULTS OF AUDIT FOLLOW UPS

Chapter Name	Related Initial Report [a]	Number of Recommendations	Status of Recommendations			
			Implemented	Partially Implemented	Not Implemented	No Longer Relevant
Initial Follow-Ups						
Agriculture and Health—Regulating Meat Safety	2012 Report – V2	10	3	7	-	-
Economy—Regulating Pipelines	2012 Report – V1	7	2	2	3	-
Education—Transporting Students Safely	2012 Report – V2	33	11	9	13	-
Finance—Internal Audit in Ministries	2012 Report – V2	7	1	5	1	-
Finance—Quality of Annual Reports	2011 Report – V2	1	1	-	-	-
Health—Regulating Personal Care Homes	2012 Report – V2	5	4	1	-	-
Saskatchewan Indian Gaming Authority—Information Technology Threat and Risk Assessment	2012 Report – V2	4	0	2	2	-
Social Services—Supervision of Community-based Organizations	2012 Report – V1	8	3	4	1	
Initial Follow-Ups Subtotal		**75**	**25**	**30**	**20**	**-**
Subsequent Follow-Ups		[b]				
Cypress Regional Health Authority—IT Security	2008 Report – V3	3	0	2	-	1
Finance and Environment—Contaminated Sites [c]	2008 Report – V1 & 2012 Report – V1	8	3	4	1	-
Highways and Infrastructure—Highway Maintenance	2010 Report – V1	3	2	1	-	-
Justice—Monitoring Provincial Policing Services Delivered by the RCMP	2009 Report – V1	1	-	1	-	-
Justice—Security Awareness Processes	2010 Report – V1	3	3	-	-	-
Prince Albert Parkland Regional Health Authority—IT Security	2011 Report – V1	2	1	1	-	-
Saskatoon Regional Health Authority—Protecting IT Infrastructure	2010 Report – V2	5	2	3	-	-
Subsequent Follow-Ups Subtotal		**25**	**11**	**12**	**1**	**1**
Overall Total		**100**	**36**	**42**	**21**	**1**

[a] V – means Volume
[b] For "Subsequent Follow-Ups", the "Number of Recommendations" is the number of recommendations that remained not implemented after the previous follow-up.
[c] In this follow-up, we assessed the status of recommendations made in two different but related audits.