Chapter 6
eHealth Saskatchewan

1.0 MAIN POINTS

eHealth Saskatchewan's (eHealth) financial statements for the year ended March 31, 2015 are reliable. eHealth complied with the authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. eHealth had effective rules and procedures to safeguard public resources except it needs to:

❭ Verify the existence of its capital assets

❭ Reconcile its bank accounts regularly

❭ Segregate incompatible duties of staff responsible for processing payments and record keeping

❭ Promptly authorize requests for changes to its accounting records

❭ Promptly remove unneeded user access to its information technology network

❭ Establish and test its disaster recovery plan

2.0 INTRODUCTION

Cabinet established eHealth through an Order in Council under *The Crown Corporations Act, 1993*.[1] The mandate of eHealth is to lead the provincial planning and strategy for the Saskatchewan electronic health record (EHR). It is responsible for procuring, implementing, owning, operating, and managing the EHR and other health information systems (e.g., the associated provincial components and infrastructure) to facilitate improved health provider and patient access and use of electronic health information. Also, eHealth is responsible for establishing the provincial health information and technology standards necessary to access the EHR and the associated provincial components and infrastructure.[2]

Also, eHealth provides the Ministry of Health, Saskatchewan Cancer Agency (SCA), and the twelve regional health authorities (RHAs) with some critical information technology (IT) services and operates a data centre. eHealth is the Ministry of Health's, SCA's, and the RHAs' primary disaster recovery provider.

In 2014-15, eHealth had revenues of $83.8 million (2013-14: $78.6 million) including grants of $72.9 million from the Ministry of Health (2013-14: $67.8 million), expenses of $99.7 million (2013-14: $91.7 million) and an annual deficit of $15.9 million (2013-14: $13.1 million). At March 31, 2015, it had net financial assets of $1.9 million (2014: $11.9

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[1] Saskatchewan Health Information Network (SHIN) was established as a Treasury Board Crown Corporation by Order in Council 581/1997. SHIN was renamed eHealth Saskatchewan by Order in Council 734/2010.
[2] *Saskatchewan Provincial Budget 14-15 Estimates*; p. 167.

million) and tangible capital assets of $37.7 million (2014: $44.8 million). Most of its tangible capital assets relate to computer network hardware and system development costs.

3.0 AUDIT CONCLUSIONS AND SCOPE

In our opinion, for the year ended March 31, 2015:

❭ **eHealth had effective rules and procedures to safeguard public resources except for items described in this chapter**

❭ **eHealth complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

eHealth's governing Orders in Council
The Crown Corporations Act, 1993
The Financial Administration Act, 1993
The Executive Government Administration Act
The Vital Statistics Act
Regulations and Orders in Council issued pursuant to the above legislation

❭ **eHealth's financial statements are reliable**

We used the control framework published by CPA Canada to make our judgments about the effectiveness of eHealth'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.

In our 2015 audit, we examined the effectiveness of eHealth's financial-related controls used to administer the revenues, expenses, and assets identified in **Section 2.0**. eHealth's significant expenses include professional fees, software maintenance, salary and benefits, and amortization of tangible capital assets. Also, we examined the effectiveness of the controls it used to keep reliable financial records and prepare reliable financial reports.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Capital Asset Verification Needed

eHealth has not verified the existence of its capital assets and reconciled the assets to its accounting records.

Regular verification of capital assets helps management confirm that assets exist and that its accounting records are accurate. Management indicated that eHealth plans to verify the existence of its capital assets by March 31, 2016.

1. **We recommend that eHealth Saskatchewan regularly verify the existence of its capital assets and reconcile to its accounting records.**

4.2 Timely Bank Reconciliations Needed

Staff did not prepare monthly bank reconciliations on a timely basis. Rather, staff only started to prepare the reconciliations for the 2014-15 fiscal year on March 23, 2015 and completed them on May 14, 2015.

Preparing timely bank reconciliations verifies the accuracy of accounting records and helps identify irregularities or errors. Lack of timely bank reconciliations increases the risk of errors, inaccurate financial records, and loss of public money without timely detection.

Also, eHealth uses the *Financial Administration Manual* (FAM) as guidance for its accounting policies and procedures. FAM requires agencies to reconcile their accounting records to their bank records (i.e., bank reconciliations) each month.

> 2. **We recommend that eHealth Saskatchewan require staff to reconcile each of its bank accounts monthly.**

4.3 Segregation of Incompatible Duties Needed

eHealth has not segregated key staff functions. Certain individuals can create vendors, enter invoices, and produce cheques without approval.

eHealth gave these individuals incompatible duties when it implemented a new accounting system in 2014-15. In general, key incompatible duties that eHealth should segregate include the custody of assets (e.g., cash), authorization or approval of related transactions affecting those assets, and recording or reporting of related transactions. Inadequate segregation of incompatible duties increases the risk of errors and misappropriation without timely detection.

> 3. **We recommend that eHealth Saskatchewan adequately segregate duties assigned to employees responsible for processing payments and record keeping.**

4.4 Disaster Recovery Plan Needed

> We recommended that eHealth Saskatchewan have an approved and tested disaster recovery plan for systems and data. (2007 Report – Volume 3; Public Accounts Committee agreement January 8, 2008)
>
> **Status** – Not Implemented

eHealth continues to not have a complete and tested disaster recovery plan (DRP). Its DRP does not address the Ministry of Health's, SCA's, and the RHAs' requirements for

recovery of their systems and data located in eHealth's data centre (such as the Personal Health Registration System, Provincial Lab Systems, and Hospital Claims Reciprocal Billing system).

The ability of the Ministry, SCA, and the RHAs to recover their systems and data depends on the adequacy of eHealth's recovery plan. Without such a plan, eHealth, the Ministry, SCA, and the RHAs may not be able to restore their systems and data in the event of a catastrophic IT event at eHealth's data centre.

4.5 Changes to Accounting Records Need Timely Approval

We recommended that eHealth Saskatchewan approve all requests for changes to accounting records (journal entries) before changing its accounting records. (2012 Report – Volume 2; Public Accounts Committee agreement May 12, 2014)

Status – Not Implemented

Although eHealth required management to review and approve all journal entries, we found that 12 out of 30 journal entries that we tested were not reviewed and approved on a timely basis. For example, two entries for approximately $400 thousand each for weekly payroll electronic funds transfer were entered into the financial records but not approved for over a year.

Lack of timely review and approval of journal entries increases the risk of fraud and errors in the financial records without timely detection.

4.6 Timely Removal of User Access to IT Systems and Data Needed

We recommended that eHealth Saskatchewan follow its processes to remove unneeded user access to its IT systems and data promptly. (2014 Report – Volume 2; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

We found 3 out of 18 individuals that we tested continued to have access to eHealth's network up to eight months after their last day of employment.

Not promptly removing access to systems and data increases the risk of inappropriate access to its systems and data.