

## Chapter 10

### Health

#### 1.0 MAIN POINTS

The Ministry of Health (Ministry) and five of its agencies reported in this chapter complied with authorities governing their activities. Each of these agencies' 2015 financial statements are reliable. The Ministry and those agencies had effective rules and procedures to safeguard public resources except for the two matters related to the Ministry.

First, the Ministry needs to develop a capital asset plan for the over \$1.4 billion of capital assets used in Saskatchewan's healthcare system. The Ministry is the primary funder of capital assets in the healthcare system. A sector-wide capital plan would facilitate a coordinated approach to the funding and renewal of capital assets so that Saskatchewan healthcare agencies, like regional health authorities, have the assets they need to deliver services to citizens.

Second, the Ministry needs to follow its established procedures for promptly removing unneeded user access to its computer systems and data. Lack of compliance with the established procedures increases the risk of inappropriate access to confidential information (like health services card numbers).

#### 2.0 INTRODUCTION

The Ministry provides provincial oversight for the health care system. It is responsible for providing leadership for the health sector on strategic policy, allocation of funding, and monitoring and enforcing health standards.

It oversees and funds a healthcare system that includes 12 regional health authorities (RHAs), Saskatchewan Cancer Agency (SCA), Athabasca Health Authority,<sup>1</sup> affiliated health care organizations, and health professionals. The Ministry assists RHAs, SCA, and other stakeholders in recruiting and retaining healthcare providers, including nurses and physicians.<sup>2</sup> In addition, it administers key health programs such as the Saskatchewan Medical Care Insurance Plan and the Saskatchewan Prescription Drug Plan.

#### 2.1 Financial Overview

For the year ended March 31, 2015, the Ministry had revenues of \$15.5 million including \$6.7 million transfers from the Federal Government.<sup>3</sup> As reflected in **Figure 1**, the Ministry spent about \$5.0 billion to deliver its programs and services.<sup>4</sup> Information about the Ministry's revenues and expenses appears in its annual report.<sup>5</sup>

<sup>1</sup> The Athabasca Health Authority operates under an agreement between the province, Canada, and six northern First Nations. The Ministry funds the Authority for acute care expenses.

<sup>2</sup> Ministry of Health, *2014-15 Annual Report*, p. 6.

<sup>3</sup> *Ibid.*, p. 48.

<sup>4</sup> *Ibid.*, p. 46-47.

<sup>5</sup> See [www.finance.gov.sk.ca/PlanningAndReporting/2014-15/2014-15HealthAnnualReport.pdf](http://www.finance.gov.sk.ca/PlanningAndReporting/2014-15/2014-15HealthAnnualReport.pdf) (10 September 2015).

**Figure 1 – Expenses by Major Programs**

	Estimates 2014-15	Actual 2014-15
	(in millions)	
Central Management and Services	\$ 12.9	\$ 10.7
Regional Health Services	3,477.6 <sup>a</sup>	3,509.5
Provincial Health Services	226.6	230.0
Medical Services and Medical Education Programs	880.7	850.7
Drug Plan and Extended Benefits	371.7	368.2
Early Childhood Development	11.0	11.0
Provincial Infrastructure Projects	43.3	59.3
<b>Total Appropriation</b>	<b>5,023.8<sup>b</sup></b>	<b>5,039.4</b>
Capital Asset Acquisition	(58.2)	(60.2)
Non-Appropriated Expense Adjustment	5.4	2.4
<b>Total Expense</b>	<b>\$ 4,971.0</b>	<b>\$ 4,981.6</b>

Source: Ministry of Health, 2014-15 Annual Report.

<sup>a</sup> Includes \$51.1 million for facilities and equipment capital transfers.

<sup>b</sup> Health received additional funding of \$14.5 million in 2014-15 through 2014-15 Supplementary Estimates – March. [www.finance.gov.sk.ca/budget2015-16/FinanceSuppEstimatesMarch2014-15.pdf](http://www.finance.gov.sk.ca/budget2015-16/FinanceSuppEstimatesMarch2014-15.pdf) (7 October 2015).

## 2.2 Related Special Purpose Funds and Crown Agencies

At March 31, 2015, the Ministry was responsible for the following special purpose funds and Crown agencies (agencies). We have reported the results of our audits of agencies in blue font in the chapter number identified. We report the results of agencies with a December 31 year-end in our *2015 Report – Volume 1*.

### Year-End March 31

**Twelve Regional Health Authorities**<sup>6</sup> (Chapters 17 and 19)

**eHealth Saskatchewan** (Chapter 6)

Health Quality Council

Health Shared Services Saskatchewan (3sHealth)

**North Sask. Laundry & Support Services Ltd.** (Chapter 31)

Physician Recruitment Agency of Saskatchewan

Saskatchewan Association of Health Organizations Inc. (SAHO)

**Saskatchewan Cancer Agency** (Chapter 22)

Saskatchewan Health Research Foundation

**Saskatchewan Impaired Driver Treatment Centre Board of Governors** (Chapter 24)

### Year-End December 31

3sHealth, Disability Income Plan – C.U.P.E

3sHealth, Disability Income Plan – S.E.I.U. – West

3sHealth, Disability Income Plan – S.U.N.

3sHealth, Disability Income Plan – General

3sHealth, Core Dental Plan

3sHealth, In-Scope Extended Health/Enhanced Dental Plan

3sHealth, Out-of-Scope Extended Health/Enhanced Dental Plan

3sHealth, Group Life Insurance Plan

<sup>6</sup> See Chapter 19 – Regional Health Authorities for a listing of Regional Health Authorities.

This chapter reports the results of our audits of the Ministry and the remaining five agencies with a March 31 year-end.

### 3.0 AUDIT CONCLUSIONS AND SCOPE

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

- › **The Ministry and its five agencies had effective rules and procedures to safeguard public resources except for the matters relating to the Ministry reported in this chapter**
- › **The Ministry and its five agencies complied with the following authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

*The Drug Plan Medical Supplies Regulations*  
*The Saskatchewan Assistance Plan*  
*Supplementary Health Benefits Regulations*  
*The Executive Government Administration Act*  
*The Ministry of Health Regulations, 2007*  
*The Financial Administration Act, 1993*  
*The Financial Administration Manual*  
*The Health Administration Act*  
*The Health Facilities Licensing Act*  
*The Health Facilities Licensing Regulations*  
*The Special-care Home Rates Regulations*  
*The Mental Health Services Act*  
*The Prescription Drugs Act*  
*The Prescription Drugs Regulations, 1993*  
*The Public Health Act, 1994*  
*The Purchasing Act, 2004*  
*The Regional Health Services Act*

*The Regional Health Services Administration Regulations*  
*The Saskatchewan Medical Care Insurance Act*  
*The Saskatchewan Medical Care Insurance Beneficiary and Administration Regulations*  
*The Medical Care Insurance Payment Regulations, 1994*  
*The Medical Care Insurance Peer Review Regulations*  
*The Crown Corporations Act, 1993*  
*The Health Quality Council Act*  
*An Act to Incorporate Saskatchewan Health-Care Association*  
*The Saskatchewan Health Research Foundation Act*  
 Orders in Council issued pursuant to the above legislation

- › **The financial statements of each of the five agencies reported in this chapter are reliable**

We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Ministry'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 the Ministry's and its agencies' financial-related controls for administering revenue and expenses, keeping reliable financial records and preparing reliable financial reports.

We also examined the Ministry's significant programs including medical services, drug plan and extended benefits, provincial health services, capital planning, and its processes for contract management, and supervision of regional health authorities.



## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Timely Removal of User Access Needed

The Ministry requires staff to request eHealth Saskatchewan removal of user access on the day an individual leaves the Ministry's employment. The Ministry did not consistently follow its procedures for promptly removing unneeded user access to its computer systems and data.

We found the Ministry had not promptly requested removal of unneeded user access for 9 out of 26 of the individuals we tested. For example, the Ministry did not request removal of network access for one user until 70 days after the individual left the Ministry's employ.

Without following its established procedures for requesting removal of user access, the Ministry is exposed to the risk of inappropriate access to confidential information (e.g., personal details about health information, health services card numbers).

- 1. We recommend that the Ministry of Health follow its established procedures for removing unneeded user access to its computer systems and data promptly.**

### 4.2 Capital Asset Plan Not in Place

We recommended that the Ministry of Health develop a capital asset plan to help ensure that it can carry out its strategic plan. (2003 Report – Volume 3; Public Accounts Committee agreement June 30, 2004)

**Status – Not Implemented**

Saskatchewan's healthcare system uses over \$1.4 billion of capital assets (e.g., buildings and equipment) to deliver healthcare in the province.

The Ministry does not have a capital asset plan. As management indicated to the Standing Committee on Public Accounts on September 17, 2015, the Ministry is in the process of developing a multi-year capital asset plan. It expects to complete the plan by June 2016.

Lack of a capital asset plan increases the risk that the healthcare system may not have the capital assets it needs to deliver the services citizens require, or that it may have idle capital assets that it could use at some other location. A long-term capital asset plan for the Ministry would also help RHAs prepare their own capital asset plans.

### 4.3 Shared Ownership Agreements Accounting Treatment Being Resolved

We recommended that the Ministry of Health follow Canadian generally accepted accounting principles for the public sector when accounting for assets constructed under shared ownership agreements. (2013 Report – Volume 2; Public Accounts Committee agreement September 9, 2014)

**Status** – Partially Implemented

As described in our *2014 Report – Volume 2*, Chapter 11, the Ministry had not been following Canadian generally accepted accounting principles for the public sector (GAAP) when accounting for assets constructed under contractual agreements for certain projects with seven RHAs. The Ministry refers to these as “shared ownership agreements.”

At March 31, 2015, the Ministry’s accounting records included \$172 million of capital assets based on amounts it had capitalized for assets held by the seven RHAs.

In August 2015, Treasury Board, after consultations with the Ministry of Finance and further consideration of this matter, decided to support regional health authorities’ in changing accounting for these assets to align with the views of their auditors. At August 2015, Treasury Board had not directed the Ministry to change its accounting for these assets. Because the Ministry and regional health authorities are both part of the Government, how the Ministry accounts for these assets does not affect the accuracy of the Government’s Summary Financial Statements.

### 4.4 Accounting Treatment of Certain Funding for Debt Repayment Resolved

We recommended that the Ministry of Health follow Canadian generally accepted accounting principles for the public sector to record, in its financial records, funding provided to regional health authorities for the repayment of principal and interest due on loans and the related liabilities. (2013 Report – Volume 2; Public Accounts Committee agreement September 9, 2014)

**Status** – No Longer Relevant given no impact on the Government’s Summary Financial Statements

As described in our *2014 Report – Volume 2*, Chapter 11, we reported that the Ministry had not been following GAAP when accounting for funding provided to RHAs to enable them to repay the principal and interest due on certain long-term debt. Our Office refers to these as “constructive obligations.” In March 2014, the government changed its financial reporting focus to the Summary Financial Statements and no longer requires the preparation and audit of the General Revenue Fund financial statements. The Government’s Summary Financial Statements enable monitoring of the Government’s



management of the Province's finances, including those related to health. Because the Ministry and RHAs are both part of the Government, how the Ministry accounts for the grants does not affect the accuracy of the Government's Summary Financial Statements.

Under its current funding model, the Ministry decides, each year, the amount of funding for annual principal and interest on certain RHA long-term debt to include as part of its estimated grants to RHAs. This estimate forms part of the Ministry's annual appropriation that is included in the *Estimates*. The *Estimates* are prepared consistent with Treasury Board's expectation (as reflected in the Financial Administration Manual).<sup>7</sup>

The Ministry records the grants to RHAs on the same basis as it determines amounts in the *Estimates*. For 2014-15, grants to RHAs include about \$7 million for amounts related to annual principal repayments and interest. Recording grants on the same basis as the *Estimates* are determined enables the Ministry to provide comparative financial information (budget to actual) in its annual report.

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<sup>7</sup> Government Transfers Application Guidance PSAB Section 3410.