

## Chapter 5

### eHealth Saskatchewan

#### 1.0 MAIN POINTS

During 2015-16, eHealth Saskatchewan (eHealth) made the following improvements. It segregated incompatible duties of staff processing payments and record keeping, promptly authorized requests for changes to its accounting records, and promptly removed unneeded user access to its information technology (IT) network. Also, it took steps to improve its ability to track individual capital assets and plans to complete the remaining steps by March 2017. It made significant progress towards an approved and tested IT disaster recovery plan and was working to secure a second data centre location to ensure the Ministry of Health and regional health authorities' IT systems continue to operate in the event its main data centre fails. eHealth had not yet improved the timeliness of its bank reconciliations to make this an effective control.

eHealth Saskatchewan's 2015-16 financial statements were reliable. In addition, eHealth complied with the authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

#### 2.0 INTRODUCTION

Cabinet established eHealth under *The Crown Corporations Act, 1993*.<sup>1</sup> eHealth's mandate is to procure, implement, own, operate, and manage the Saskatchewan Electronic Health Record (EHR) and, where appropriate, other health information systems.

eHealth provides the Ministry of Health and the regional health authorities with some critical information technology services and operates a data centre. eHealth is the Saskatchewan health sector's primary disaster recovery provider for IT services.

eHealth also manages Saskatchewan's vital statistics registry and health registration. The vital statistics registry registers all births, marriages, deaths, stillbirths, and changes of name that occur in Saskatchewan. Health registration registers new Saskatchewan residents for provincial health coverage, and maintains the registry of residents who are eligible for benefits. eHealth issues health services cards to residents approved for Saskatchewan basic health coverage.<sup>2</sup>

In 2015-16, eHealth had revenues of \$84.1 million (2015: \$83.8 million) including grants of \$71.6 million from the Ministry of Health (2015: \$72.9 million), and expenses of \$101.1 million (2015: \$99.7 million) resulting in an annual deficit of \$17.0 million (2015: \$15.9 million). At March 31, 2016, it had net financial liabilities of \$16.8 million (2015: net financial assets of \$1.9 million) and tangible capital assets of \$38.4 million (2015: \$37.7 million). Most of its tangible capital assets relate to computer network hardware and system development costs.

<sup>1</sup> 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.

<sup>2</sup> *Saskatchewan Provincial Budget 15-16 Estimates*, p. 160.



## 3.0 AUDIT CONCLUSIONS AND SCOPE

In our opinion, for the year ended March 31, 2016:

- › eHealth had effective rules and procedures to safeguard public resources except for matters 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, 2009*  
*The Health Information Protection Act*  
Regulations and Orders in Council issued pursuant to the above legislation

- › eHealth had reliable financial statements

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.

We focused our audit effort on the following areas:

- › Controls related to financial reporting and recording (such as timely approval of changes to accounting records, and timely preparation and approval of bank reconciliations) and to purchasing processes (such as whether duties in creating and paying vendors through eHealth's accounting software were appropriately separated)
- › User access, change management, and recovery processes for key IT applications
- › Existence and completeness of tangible capital assets and capital lease obligations, including analysis of leases approved during the year
- › Accuracy and reasonableness of significant estimates including accrued vacation liability

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Timely Bank Reconciliations Needed

We recommended that eHealth Saskatchewan require staff to reconcile each of its bank accounts monthly. (2015 Report – Volume 2; Public Accounts Committee agreement January 13, 2016)

**Status** – Not Implemented

During the year, eHealth did not prepare 22 out of 36 monthly bank reconciliations within the following month. eHealth took an average of 64 days after month end to complete these bank reconciliations.

Preparing timely bank reconciliations checks 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.

## 4.2 Disaster Recovery Plan Progressing

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** – Partially Implemented

eHealth made significant progress towards an approved and tested IT disaster recovery plan. During the year, eHealth began updating its business continuity plans<sup>3</sup> and as part of this process conducted testing of the business continuity plan for certain business units. eHealth plans to continue to test its business continuity plans for additional business units.

eHealth is building redundancies for its key IT systems. eHealth plans to do this by establishing a second data centre location. Once the second data centre is operating, if a disruption at one data centre occurs, the other data centre would operate resulting in minimal losses to operations. eHealth plans to have the two data centres operating in the 2016-17 fiscal year.

The ability of the Ministry and regional health authorities to recover their IT systems and data depends on the adequacy of the eHealth disaster recovery plan. Without such a tested plan, eHealth, the Ministry and regional health authorities may not be able to restore their critical IT systems and data (such as the Personal Health Registration System, Provincial Lab Systems) in the event of a disaster at eHealth's data centre.

## 4.3 Capital Asset Verification Needed

We recommended that eHealth Saskatchewan regularly verify the existence of its capital assets and reconcile to its accounting records. (2015 Report – Volume 2; Public Accounts Committee agreement January 13, 2016)

**Status** – Partially Implemented

<sup>3</sup> A business continuity plan is a plan by an organization to respond to unforeseen incidents, accidents, and disasters that could affect the normal operation of the organization's critical operations and functions including normal operations of computerized systems. A disaster recovery plan is part of a business continuity plan.



During the year, eHealth increased the amount of detail it recorded on individual capital assets purchased to make it easier to track individual assets. eHealth plans to revise its capital asset listing to record similar information on all capital assets previously purchased after it moves certain existing capital assets to the second data centre location. eHealth anticipates to complete this by July 31, 2016. Additionally, eHealth plans to create, by March 31, 2017, a policy requiring periodic physical inspection of capital assets.

Lack of a detailed capital asset listing that can be verified increases the risk of incorrect accounting records and improper capital asset purchasing decisions.

#### 4.4 Incompatible Duties Segregated

We recommended that eHealth Saskatchewan adequately segregate duties assigned to employees responsible for processing payments and record keeping. (2015 Report – Volume 2; Public Accounts Committee agreement January 13, 2016)

**Status** – Implemented

During the year, eHealth segregated key functions to prevent individual staff from being able to create vendors and enter invoices.

#### 4.5 Changes to Accounting Records Approved

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** – Implemented

During the year, our test of journal entries found eHealth established and used its processes to review and approve all changes to its accounting records.

#### 4.6 User Access to IT Systems and Data Removed

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 agreement January 13, 2016)

**Status** – Implemented

During the year, our test of changes in IT user access found eHealth established and used its processes to remove network access for individuals who are no longer employed by eHealth.