Chapter 16
Regional Health Authorities

1.0 MAIN POINTS

This chapter reports the results of our annual audit of 11 regional health authorities (RHAs). A separate chapter reports the results of our annual audit of Regina Qu’Appelle RHA because we audit it directly.

The 2015-16 financial statements of each of the 11 RHAs are reliable. The RHAs complied with their governing authorities and had effective controls to safeguard public resources except:

- Mamawetan Churchill River, Keewatin Yatthé, and Prince Albert Parkland did not have written agreements, as the law requires, for giving money to other healthcare organizations that provided healthcare services on their behalf.
- Keewatin Yatthé needs to improve its controls over capital assets.
- Mamawetan Churchill River needs to better protect its IT systems and data, establish policies to review and approve key financial procedures, and follow its established procedures for approving overtime.
- Mamawetan Churchill River and Sunrise need to have up-to-date and tested disaster recovery plans.

2.0 INTRODUCTION

The Regional Health Services Act (Act) created 12 RHAs in Saskatchewan. The Act makes RHAs responsible for the planning, organization, delivery, and evaluation of health services in their respective health regions. Figure 1 lists the 11 RHAs discussed in this chapter, the names of their appointed auditors, and their key 2015-16 financial results.

Figure 1 — 2015-16 Appointed Auditors and Financial Highlights by Regional Health Authority

<table>
<thead>
<tr>
<th>Regional Health Authority</th>
<th>Appointed Auditor at March 31, 2016</th>
<th>2015-16 Revenues (in millions $)</th>
<th>2015-16 Annual Surplus (Deficit) (in millions $)</th>
<th>Fund Balance at March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cypress</td>
<td>Stark &amp; Marsh LLP</td>
<td>226.4</td>
<td>83.9</td>
<td>246.3</td>
</tr>
<tr>
<td>Five Hills</td>
<td>Virtus Group LLP</td>
<td>172.3</td>
<td>5.2</td>
<td>138.2</td>
</tr>
<tr>
<td>Heartland</td>
<td>KPMG LLP</td>
<td>110.5</td>
<td>(1.5)</td>
<td>97.2</td>
</tr>
<tr>
<td>Kelsey Trail</td>
<td>NeuPath Group, PC Inc.</td>
<td>140.2</td>
<td>8.4</td>
<td>61.6</td>
</tr>
<tr>
<td>Keewatin Yatthé</td>
<td>MNP LLP</td>
<td>30.1</td>
<td>(0.2)</td>
<td>22.3</td>
</tr>
<tr>
<td>Mamawetan Churchill River</td>
<td>Deloitte LLP</td>
<td>32.0</td>
<td>0.3</td>
<td>10.2</td>
</tr>
<tr>
<td>Prairie North</td>
<td>Vantage Chartered Professional Accountants</td>
<td>293.7</td>
<td>(2.8)</td>
<td>52.4</td>
</tr>
<tr>
<td>Prince Albert Parkland</td>
<td>MNP LLP</td>
<td>258.5</td>
<td>12.3</td>
<td>87.5</td>
</tr>
<tr>
<td>Saskatoon</td>
<td>KPMG LLP</td>
<td>1,236.8</td>
<td>(48.9)</td>
<td>308.7</td>
</tr>
<tr>
<td>Sun Country</td>
<td>Virtus Group LLP</td>
<td>159.9</td>
<td>(2.2)</td>
<td>90.5</td>
</tr>
<tr>
<td>Sunrise</td>
<td>Collins Barrow PQ LLP</td>
<td>228.4</td>
<td>(3.5)</td>
<td>21.7</td>
</tr>
</tbody>
</table>

Source: Audited financial statements of each RHA.
3.0 Audit Conclusions and Scope

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

» The financial statements for each of the 11 RHAs listed in Figure 1 are reliable.

» Each of the 11 RHAs listed in Figure 1 complied with the following authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the matters described in this chapter related to Prince Albert Parkland, Keewatin Yatthé, and Mamawetan Churchill River:

- The Critical Incident Regulations
- The Health Information Protection Act
- The Health Labour Relations Reorganization (Commissioner) Regulations
- The Housing and Special-care Homes Regulations
- The Regional Health Services Act
- The Regional Health Services Administration Regulations
- The Special-care Homes Rates Regulations, 2011
- The Trustee Act, 2009
- The Executive Government Administration Act
- Each RHA’s Bylaws
- Orders in Council issued pursuant to the above legislation

» Each of the 11 RHAs listed in Figure 1 had effective rules and procedures to safeguard public resources except for Mamawetan Churchill River, Keewatin Yatthé, Sunrise, and Prince Albert Parkland.

To complete our audits, we worked with each of the RHAs’ appointed auditors using the framework recommended in the Report of the Task Force on Roles, Responsibilities and Duties of Auditors.¹

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

The RHAs’ expenses consist primarily of payroll and other goods and services. Therefore, each audit included examining processes for preparing and processing payroll, and ordering, paying for, and receiving goods and services. In addition, as each RHA uses IT systems to operate, we examined RHAs’ processes to safeguard financial-related IT systems and data.

4.0 Key Findings and Recommendations

Figure 2 compiles outstanding RHA recommendations.

¹ See our website at www.auditor.sk.ca.
4.1 **Prince Albert Parkland, Keewatin Yatthé, and Mamawetan Churchill River Need Agreements with Healthcare Organizations**

1. We recommend that Prince Albert Parkland Regional Health Authority comply with *The Regional Health Services Act* when providing funding to healthcare organizations in the region.

We recommended each of the following Regional Health Authorities comply with *The Regional Health Services Act* when providing funding to healthcare organizations in the region.

- **Keewatin Yatthé Regional Health Authority** (2013 Report – Volume 2; Public Accounts Committee agreement March 26, 2014)
- **Mamawetan Churchill River Regional Health Authority** (2014 Report – Volume 2; Public Accounts Committee agreement January 13, 2016)

**Status** – Not Implemented

Prince Albert Parkland, Mamawetan Churchill River, and Keewatin Yatthé each use various health care organizations (HCOs) to provide healthcare services to residents. *The Regional Health Services Act* (Act) does not allow RHAs to provide funding to HCOs without written agreements. Each of these RHAs have written agreements with most, but not all of their HCOs.

In 2015-16, Prince Albert Parkland gave a total of $415,000 to two HCOs, Mamawetan Churchill River gave a total of $173,000 to two HCOs, and Keewatin Yatthé gave
$511,000 to a HCO without written agreements. Accordingly, each of the three RHAs did not comply with the Act.

4.2 Keewatin Yatthé Needs Better Control of its Capital Assets

We recommended that Keewatin Yatthé Regional Health Authority count its capital assets and agree its capital asset records to its accounting records regularly. (2008 Report – Volume 3; Public Accounts Committee agreement December 8, 2008)

Status – Not Implemented

During 2015-16, Keewatin Yatthé did not make any progress on verifying the condition and existence of its capital assets. At year-end, it had capital assets totalling $20.3 million. Because it does not periodically count its capital assets and compare them to its accounting records, it does not know if those assets exist or where they are located.

4.3 Sunrise and Mamawetan Churchill River Need to Complete Their Disaster Recovery Plans

We recommended that all regional health authorities establish disaster recovery plans and test those plans to ensure their effectiveness. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)

Status – Partially Implemented (Sunrise), Not Implemented (Mamawetan Churchill River)

Sunrise has not yet finalized or tested its Disaster Recovery Plan (DRP).

By March 2016, Mamawetan Churchill River had established processes to back-up its IT systems and data, but had not drafted or tested its DRP.

Not having up-to-date and tested DRPs increases the risk that IT systems and data may not be available when needed.

4.4 Mamawetan Churchill River Needs Improved Processes to Safeguard Public Resources

4.4.1 Needs Approved IT Policies and Procedures

We recommended that Mamawetan Churchill River Regional Health Authority establish information technology policies and procedures based on a threat and risk analysis. (2004 Report – Volume 3; Public Accounts Committee agreement October 26, 2005)

Status – Partially Implemented
Mamawetan Churchill River has drafted policies and procedures for updating its IT systems and data, but it has not yet approved those policies and procedures. By not having established IT policies and procedures there is increased risk of inappropriate access and changes to its IT systems.

### 4.4.2 Needs to Check Support and Approval of Staff Overtime

We recommended that Mamawetan Churchill River Regional Health Authority establish a process to control overtime costs resulting from calling staff back to work to provide healthcare services outside their assigned shifts. (2013 Report – Volume 2; Public Accounts Committee agreement March 26, 2014)

**Status** – Not Implemented

During 2015-16, Mamawetan Churchill River made little progress to establish a process to control overtime costs resulting from calling staff back to work. At March 2016, it did not approve all time sheets prior to processing payroll, its monthly call-back\(^2\) payroll, or the payroll register before making payments.

Lack of review and formal approval of timesheets, call-back payroll, or the payroll register prior to making payments could result in system errors or improprieties in payroll without detection.

### 4.4.3 Needs Approved Policies for Key Financial Procedures

We recommended that Mamawetan Churchill River Regional Health Authority establish a process to review and approve all key financial procedures (e.g., bank reconciliations, journal entries). (2013 Report – Volume 2; Public Accounts Committee agreement March 26, 2014)

**Status** – Partially Implemented

Starting in 2014-15, Mamawetan required a senior manager to review and approve all changes (journal entries) to the financial records. It has also drafted a policy related to adding and deleting suppliers on its master vendor list. By March 2016, it had not yet approved or implemented this policy.

Not having complete financial policies and procedures increases the risk of staff not having a full understanding of their responsibilities relating to the key financial procedures and reporting processes.

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\(^2\) Based on the Collective Agreement between the Saskatchewan Association of Health Organizations and the Saskatchewan Union of Nurses 2012-2014, a call back is when an employee is brought back to duty during a standby duty period. The employee is deemed to be working overtime for the time worked with a guaranteed minimum payment of two hours on each occasion of call back.
Figure 3 sets out, by RHA, past recommendations and highlights key actions taken to implement each of them during 2015-16.

### Figure 3—Implemented Recommendations by Regional Health Authority

<table>
<thead>
<tr>
<th>Past Recommendation (Initial PAS Report, Date of Agreement of PAC)</th>
<th>Key Actions Taken During 2015-16 to Implement Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>We recommended that Cypress Regional Health Authority, Five Hills Regional Health Authority, Heartland Regional Health Authority, Prairie North Regional Health Authority, Prince Albert Parkland Regional Health Authority, and Sun Country Regional Health Authority follow Canadian generally accepted accounting principles for the public sector to prepare their financial statements. (2013 Report – Volume 2; Public Accounts Committee agreement March 26, 2014)</td>
<td>At March 31, 2016, each of the listed RHAs followed Canadian generally accepted accounting principles to account for the facilities constructed under the co-ownership agreements.</td>
</tr>
</tbody>
</table>

**Sun Country Regional Health Authority**

We recommended that Sun Country Regional Health Authority follow its established policy to remove unneeded user access to its information technology systems and data. (2014 Report – Volume 2; Public Accounts Committee agreement January 13, 2016)

Sun Country identified and removed unneeded user access timely.

**Heartland Regional Health Authority**

We recommended that Heartland Regional Health Authority adequately protect its information technology systems and data. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)

Heartland followed its established information technology policies and procedures.

**Prince Albert Parkland Regional Health Authority**

We recommended that Prince Albert Parkland Regional Health Authority follow its processes to grant and remove user access to its IT systems and data. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

Prince Albert Parkland identified and removed unneeded user access timely.

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*PAS – Provincial Auditor of Saskatchewan. PAC – Standing Committee on Public Accounts.*