

Overview by the Provincial Auditor

1.0 REPORT OVERVIEW

Through *The Provincial Auditor Act* (Act), the Legislative Assembly has made the Provincial Auditor its independent auditor. It makes the Provincial Auditor responsible for auditing the Government of Saskatchewan, including all of its agencies. These agencies include ministries, regional health authorities, school divisions, Crown corporations, commissions, benefit plans and funds, etc. **Appendix 1** lists agencies subject to audit under the Act.

Under the Act, the Provincial Auditor reports to the Legislative Assembly on the results of all examinations, and highlights matters that require the attention of legislators.

This Report (Volume 2) includes the results of our examinations completed by October 27, 2016. Consistent with past reports, we have organized these results into three sections. In addition, we summarize activities related to our work of two key legislative committees. The following provides an overview of each section of the Report.

Annual Integrated Audits

This section of the Report includes the results of annual integrated audits of about 170 agencies with fiscal year ends between January 2016 and July 2016. For the first time, Volume 2 includes the results of the annual audits of the Crown Investments Corporation of Saskatchewan (CIC) and its related subsidiaries (CIC Crowns). This is the result of the Government's November 2015 decision to change the fiscal year-end of CIC Crowns from December 31 to March 31. The Office previously reported the results of these audits in its Volume 1.

This section reports concerns with financial-related controls (including governance controls) at 25 agencies comprised of 13 ministries, 10 Crown agencies, 1 CIC Crown, and 1 benefit plan.

Integrated audits are annual audits of agencies that examine:

- › The effectiveness of their financial-related controls 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
- › The reliability of the financial statements for those agencies that prepare them

Financial-related controls (financial rules and procedures) include processes to plan, evaluate, and co-ordinate the financial activities of an agency. Effective controls help agencies achieve their objectives, and sustain and improve performance.

Similar to prior reports, the bulk of these concerns relate to incomplete or untested disaster recovery plans for critical IT systems, and agencies not removing unneeded IT user access promptly from those systems.

Having solid IT controls is critical today as many government agencies rely on IT systems to deliver their services. Controls over IT require ongoing attention. The Office continues to find some agencies do not give IT sufficient ongoing attention.



Performance Audits

This section of the Report includes the results of eight performance audits covering a broad range of topics. One-half of these are audits of agencies within the health or education sector. The Office focuses on this sector in that almost two-thirds of the Government's spending is on health and education. Below highlights three performance audits.

Performance audits take a more in-depth look at processes related to management of public resources or compliance with legislative authorities.

Chapter 25—Cypress Regional Health Authority—Delivering Accessible and Responsive Ambulance Services: Cypress Regional Health Authority (Authority) provides ground ambulance services to almost 45,000 residents who live within its region of about 44,000 square kilometres.

The Office examined the Authority's processes for delivering accessible and responsive ambulance services. It made seven recommendations, and its findings included the following.

The Authority had properly trained and qualified emergency medical personnel; they operated properly maintained and equipped ambulances located in 12 communities. The Authority operates directly in seven communities, and ambulance service providers, under contract with the Authority, operate in five communities. Because of low call volume in most of these locations, many emergency medical personnel are employed on an on-call basis. The Authority's cost per call varied from \$476 to \$7,082 in 2015-16.

The Authority's contracts with its five ambulance service providers did not include service quality expectations (e.g., response target times) or require key reporting (e.g., incident reports). Legislation, currently in place, restricts the Authority's ability to update, terminate, or renew contracts with its service providers. Weak contracts make monitoring difficult.

In addition, the Authority did not actively monitor or meet all provincial ambulance response-time targets. In 2015-16, its ambulances arrived on scene within 30 minutes of the emergency call, on average, 83% of the time—below the provincial target of 90% of the time. Nine of its twelve ambulance operators were below this provincial target; four of the nine operators responded within the 30-minute time target, on average, between 60% and 69% of the time. The Authority had not analyzed why responses took longer than expected nor had plans to improve response times. Delays in response times may contribute to negative patient outcomes.

Differences exist in the costs and approaches used to deliver ambulance services for similar populations and geographic areas. To date, sharing of experiences and best practices in Saskatchewan on ambulance service delivery and approaches has been limited. A Ministry of Health-led assessment could identify cost-effective approaches to delivering ambulance services in Saskatchewan, and confirm they are appropriately located.

Chapter 28—Justice—Planning for Inmate Capacity of Adult Correctional Facilities:

Over the past 10 years, Saskatchewan's adult inmate population has grown by 51%, mainly due to a 104% increase in the number of inmates on remand. This significant growth creates challenges in planning facility capacity for housing and rehabilitating adult inmates in Saskatchewan's 12 provincial correctional facilities. Short-term measures to provide additional housing for inmates (such as Saskatchewan's current use of double bunking and converting rehabilitation program and visitor space into living space) are not sustainable.

Inmate facility capacity planning considers space that inmates require for both living and rehabilitation programming at the present and in the future. Inmate facility capacity planning is complex and involves a large number of parties.

The Office examined the Ministry of Justice's processes to plan for inmate capacity of provincial adult correctional facilities. It made six recommendations, and its findings included the following.

While Justice had undertaken various projects and initiatives to alleviate pressures resulting from a growing inmate population, it did not have a written long-term plan or guidance to guide the development of such a plan. In addition, it had not forecasted demand for rehabilitation program space, or completed its analysis of alternatives to meet needs for adult correctional facility inmate living and program space.

Analysis of alternatives, including those that do not involve major construction or renovation of facilities, would provide a foundation for developing long-term strategies to plan for inmate capacity in its facilities. Saskatchewan's growing adult inmate population increases the need for Justice to forecast demand and complete its analysis of alternatives as soon as possible.

Poor facility capacity planning can lead to using public resources inefficiently or operating over the capacity of the correctional facilities. Operating over the capacity of facilities can increase risks of violence and illness for inmates, make separating incompatible inmates (e.g., gang members) challenging, cause workplace hazards and risks, and reduce space for rehabilitation programming which may hinder the effectiveness of this programming. A long-term plan would help Justice have the right space to provide adequate housing and rehabilitation programming to adult inmates at the right time.

Chapter 29—Regina Roman Catholic Separate School Division No. 81—English as an Additional Language Programming: English-language proficiency is a key factor in students' academic success. From 2012 to 2015, overall enrolments of students registered in Saskatchewan Grades 1 to 8 English as an Additional Language (EAL) programs increased by 38%. Increased immigration to Saskatchewan during this period contributed to this increase.

The Office examined the processes Regina Roman Catholic Separate School Division No. 81 uses to provide EAL programming to support the academic success of immigrant Kindergarten to Grade 8 (K-8) students. It made four recommendations, and its findings included the following.

Regina Catholic's informal process to estimate K-8 EAL student enrolment did not produce reliable estimates. It did not revise its estimates for the last four years even



though significant differences between its estimate and actual increases occurred for three of those years. Reliable estimates of student enrolment would provide Regina Catholic with better information to help it determine resources (teachers and other supports) needed for EAL programming. Without reliable forecasts of students, it may not assign the right amount of resources to provide EAL students with appropriate support.

145 K-8 students requiring EAL support (14.9% of total EAL K-8 students requiring support) at the beginning of the 2015-16 school year, and 96 K-8 students requiring EAL support (9.5%) at the end of the year did not receive it. Regina Catholic had not developed specific plans to address the needs of these students and was unable to provide analysis to support its EAL teaching resource decisions.

Not having sufficient EAL teachers could result in EAL students not progressing in their English-language acquisition. The longer it takes EAL students to learn English, the harder it is for them to succeed in their academic studies, which can affect when and if they graduate.

Other Performance Audits: The following is a quick recap of the other performance audits in the Report:

Chapter 24—Advanced Education—Approving Capital Projects: The Ministry of Advanced Education, along with SaskBuilds, co-ordinates infrastructure planning for the Saskatchewan post-secondary sector. Capital projects are investments in infrastructure. The Ministry needs to give post-secondary institutions timely feedback about capital project requests not approved. Feedback would provide institutions with insight on what to change when making future requests.

Chapter 26—Finance—Public Employees Benefits Agency—Securing Personal Information: The Public Employees Benefits Agency, a branch of the Ministry of Finance, needs to update its non-IT policies and make all of its procedures used for securing personal information readily accessible to its staff. This would reduce the risk of employees not properly securing personal information (e.g., inadvertently disclosing benefit or pension plan participant information).

Chapter 27—Health—Special Needs Equipment for Persons with Disabilities: To actively manage waitlists for special needs equipment (e.g., wheelchairs, hospital beds) the Ministry of Health needs strategies so clients receive requested equipment within an acceptable timeframe. This includes collecting equipment on loan that is no longer in use so that it is available for clients in need. Having clients wait longer than necessary can negatively affect the quality of their lives putting additional pressure on the health care system. In addition, the Ministry needs to make sure equipment is appropriately maintained to mitigate the risks of equipment breakdown and injuries to clients.

Chapter 30—Western Development Museum—Permanently Removing Historical Artifacts: The Western Development Museum needs better guidance to help it systematically remove historical artifacts from its collection of over 75,000 artifacts. Use of information in its database would aid it in deciding which artifacts to remove, and when. Methodically removing artifacts helps make preservation of artifacts manageable, relieves storage space pressures, and, as such, helps control costs.

Chapter 31—Workers’ Compensation Board—Co-ordinating Injured Workers’ Return to Work: Workers’ Compensation Board needs to increase employer, employee and healthcare professionals’ submission of properly completed injury and progress reports for its return-to-work program. Timely receipt of these reports would facilitate effective co-ordination of the program. It needs to verify the completeness and currency of return-to-work plans, and address impediments to timely recovery of injured workers. In addition, it needs to track and analyze key information about the quality and timeliness of its program. This would help it identify opportunities to use the program to reduce the duration of time-loss claims. In 2015, the average duration of its time-loss claims of 38.92 days was higher than its target of 35.5 days.

Audit Follow Ups

This section of the Report includes the results of 18 follow-ups. **Figure 1—Summary of Results of Audit Follow Ups** summarizes the status of recommendations by agency by follow-up. The Office, systematically, assesses the status of outstanding audit recommendations to determine whether agencies have made recommended improvements.

Audit follow-ups are assessments of the sufficiency of actions taken to address recommendations made in our past performance audits, and those made by standing committees on Public Accounts and on Crown and Central Agencies from their review of our reports. We do the first follow-up either two or three years after our initial audit, and every two or three years thereafter until the recommendations are implemented.

The Office found that agencies had implemented almost three-quarters of the recommendations it followed up, and were making good progress on implementing about one-fifth of the remaining. In the Office’s view, implementation of recommendations reflects a culture of being receptive to improving administration and management of public money.

The Office is particularly impressed with the pace in which the following two agencies implemented recommendations it made just two years ago—**Conseil scolaire fransaskois** and **South East Cornerstone School Division No. 209**.

In 2014, the Office reported that the Conseil scolaire fransaskois—Saskatchewan’s first-language French school system—did not have effective financial management and governance practices. By September 2016, the Conseil scolaire fransaskois had implemented all 10 recommendations from that audit. It established governance and financial policies and procedures key to managing its financial operations, along with processes to develop required Board competencies. Effective financial management and governance practices facilitate maintaining reliable financial records, and monitoring of financial performance and use of public resources.

In 2014, the Office reported the need for the South East Cornerstone School Division to improve its processes for promoting positive student behaviour. By September 15, 2016, the South East Cornerstone School Division had implemented all nine recommendations from that audit. Improvements included schools developing Safe and Caring School Charters, requiring complete documentation of decisions and steps taken to support positive student behaviour, having an escalation process to address continuing problem student behaviour, setting clear expectations for training staff on



student behaviour initiatives, and giving the results of its student-behaviour initiatives to its Board. Student behavior influences the extent and quality of education received by students. Promoting positive student behaviour and addressing problem behaviour is paramount in encouraging student success and providing a safe learning environment at schools.

Figure 1—Summary of Results of Audit Follow Ups

Chapter Name		Related Report ^{A, B}	Number of Recommendations	Status of Recommendations			
				Implemented	Partially Implemented	Not Implemented	No longer Relevant
Initial Follow Ups							
Central Services—Use of Consultants	2014 Report – V2	5	3	1	-	1	
Conseil scolaire fransaskois—Financial Management and Governance Practices	2014 Report – V2	10	10	-	-	-	
eHealth Saskatchewan— Sharing Patient Data	2014 Report – V1	5	3	2	-	-	
Government Relations—Assessing Public Concerns	2014 Report – V2	4	4	-	-	-	
Health Quality Council—Co-ordinating the Use of Lean	2014 Report – V2	5	3	2	-	-	
Prince Albert Parkland Regional Health Authority—Home-Care Services	2014 Report – V2	12	9	3	-	-	
Saskatchewan Rivers School Division No. 119—Maintaining Facilities	2014 Report – V2	5	1	4	-	-	
Saskatoon School Division No. 13—Goods and Services Procurement Processes	2014 Report – V2	11	6	1	4	-	
South East Cornerstone School Division No. 209—Promoting Positive Student Behaviour	2014 Report – V2	9	9	-	-	-	
Water Security Agency—Co-ordinating Flood Mitigation	2014 Report – V2	2	-	1	1	-	
Initial Follow Ups Subtotal		68	48	14	5	1	
Subsequent Follow Ups ^C							
Agriculture—Irrigation Infrastructure Maintenance	2011 Report – V2 2014 Report – V2	2	2	-	-	-	
Finance—Oversight of Information Technology	2009 Report – V3 2011 Report – V2 2013 Report – V1 2015 Report – V1	2	2	-	-	-	
Justice—Maintenance Enforcement	2012 Report – V1 2014 Report – V1	3	1	1	1	-	
Justice—Monitoring Provincial Policing Services Delivered by the RCMP	2009 Report – V1 2012 Report – V2 2014 Report – V2	1	1	-	-	-	
Prairie North Regional Health Authority—Hospital-Acquired Infections	2011 Report – V2 2013 Report – V2	2	2	-	-	-	
Saskatchewan Indian Gaming Authority Inc.—Information Technology Threat and Risk Assessment	2012 Report – V2 2014 Report – V2	4	4	-	-	-	

Chapter Name	Related Report ^{A, B}	Number of Recommendations	Status of Recommendations			
			Implemented	Partially Implemented	Not Implemented	No longer Relevant
Water Security Agency—Dam Safety	2005 Report – V1 2007 Report – V3 2010 Report – V2 2012 Report – V2 2014 Report – V1	2	-	2	-	-
Water Security Agency—Risks to Water Supply	2010 Report – V2 2013 Report – V2	2	2	-	-	-
Subsequent Follow Ups Subtotal		18	14	3	1	-
Overall Total		86	62	17	6	1

Source: Compiled by Provincial Auditor of Saskatchewan.

^A V – means Volume.

^B The related Report reflects the report in which: the Office first made the recommendation(s) (for initial follow ups); and the Office last reported on the status of implementation of outstanding recommendations (for subsequent follow ups).

^C For “Subsequent Follow Ups”, the “Number of Recommendations” is the number of recommendations that remained not implemented after the previous follow up.

Legislative Committee Updates

This section includes two chapters—one on the Standing Committee on Public Accounts (PAC) and another on the Standing Committee on Crown and Central Agencies (CCAC). Each chapter provides an overview of the Committee’s role and responsibilities as they relate to the work of the Office.

The Legislative Assembly has charged each Committee with the responsibility for reviewing the work of the Office. Both Committees report the results of their review (findings and recommendations) to the Legislative Assembly.

The Office appreciates the timelines of PAC’s review of the Office’s work and reports. As reported in **Chapter 51—Standing Committee on Public Accounts**, PAC met three times between April 2016 and September 2016. By September 2016, PAC has almost completed its review of our *2015 Report – Volume 1*, and has commenced its review of all but one report—the *Special Report: Land Acquisition Processes* issued on June 30, 2016.

As reported in **Chapter 50—Standing Committee on Crown and Central Agencies**, CCAC met nine times between April 2016 and September 2016. CCAC has diverse responsibilities as a policy field committee—including the responsibility for reviewing chapters in our reports related to CIC and its subsidiaries. At the time of this Report, CCAC was behind in its review of those chapters. CCAC last met in September 2015 to consider chapters. It has plans to meet in December 2016 to discuss some of them.

Timely review of the Office’s reports by PAC and CCAC (including their discussions with and questioning of government officials) promotes transparency and better management of government operations.



2.0 ACKNOWLEDGMENTS

The Office appreciates and thanks the staff and management of all government agencies along with their appointed auditors (if any) for the co-operation it received in the completion of the work included in this Report.

In addition, as Provincial Auditor, I thank the Provincial Auditor team for their diligence, commitment, and professionalism. Only through their hard work can we fulfill our mission—*We promote accountability and better management by providing Legislators and the public with an independent assessment of the government's use of public resources.*

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