Chapter 11
Regional Health Authorities (Saskatchewan Health Authority)

1.0   MAIN POINTS

This chapter reports the results of our annual audit of the 12 regional health authorities.

The 2016-17 financial statements of each of the health authorities are reliable. Other than Keewatin Yatthé, each health authority complied with their governing authorities. Keewatin Yatthé continued not to have written agreements with healthcare organizations it gives money to.

Each health authority had effective controls to safeguard public resources other than the following. Regina Qu'Appelle and Mamawetan Churchill River both need to strengthen IT controls including having up-to-date and tested disaster recovery plans. Mamawetan Churchill River also needs to pre-approve overtime costs. Regina Qu'Appelle also needs to comply with purchasing policies and implement an internal audit function.

In January 2017, the Government of Saskatchewan announced its plan to consolidate, by the fall of 2017, the 12 health authorities into one authority—the Saskatchewan Health Authority. The Saskatchewan Health Authority is to assume the responsibilities of the health authorities. As a result, we have redirected our recommendations in this chapter to the Authority.

2.0   INTRODUCTION

The Regional Health Services Act (Act) created regional health authorities in Saskatchewan. The Act made health authorities responsible for the planning, organization, delivery, and evaluation of health services. **Figure 1** lists the 12 health authorities in place at March 2017, the names of their appointed auditors, and their key 2016-17 financial results.

Figure 1—2016-17 Appointed Auditors and Financial Highlights by Regional Health Authority

Regional Health Authority	Appointed Auditor at March 31, 2017	2016-17 Revenues	2016-17 Annual Surplus (Deficit)	Fund Balances [A] at March 31, 2017
		(in millions $)		
Cypress	Stark & Marsh LLP	157.7	3.0	249.3
Five Hills	Virtus Group LLP	164.9	(1.9)	136.3
Heartland	KPMG LLP	108.8	(3.1)	94.2
Kelsey Trail	NeuPath Group, PC Inc.	134.9	2.4	63.9
Keewatin Yatthé	MNP LLP	30.5	(1.4)	20.9
Mamawetan Churchill River	Deloitte LLP	32.0	(0.2)	10.0
Prairie North	Vantage Chartered Professional Accountants	299.1	2.4	54.9

Regional Health Authority	Appointed Auditor at March 31, 2017	2016-17 Revenues	2016-17 Annual Surplus (Deficit)	Fund Balances ᴬ at March 31, 2017
		(in millions $)		
Prince Albert Parkland	MNP LLP	243.5	(5.1)	82.4
Regina Qu'Appelle	Provincial Auditor of Saskatchewan	1,078.3	(13.5)	148.1
Saskatoon	KPMG LLP	1,302.2	(3.7)	307.7
Sun Country	Virtus Group LLP	160.5	(3.1)	87.4
Sunrise	Collins Barrow PQ LLP	230.0	(2.0)	19.6

Source: Audited financial statements of each regional health authority.
ᴬ Fund balances largely consist of amounts invested in capital assets.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2017:

➢ **The 12 health authorities listed in Figure 1 had reliable financial statements**

➢ **The health authorities 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 matter described in this chapter about providing funding to healthcare organizations without an agreement:**

> *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 Regional Health Authorities' Bylaws
> Orders in Council issued pursuant to the above legislation

➢ **The health authorities listed in Figure 1 had effective rules and procedures to safeguard public resources except for the matters reported in this chapter summarized in Figure 2**

As noted in **Figure 1**, we audited Regina Qu'Appelle directly. Our Office worked with the health authorities' appointed auditors named in **Figure 1**, to carry out audits of the regional health authorities. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.[1]

The health authorities' primary expenses are payroll, 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, the health authorities use IT systems to operate. We examined the health authorities' processes to safeguard financial-related IT systems and data.

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[1] See our website at www.auditor.sk.ca.

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* to conduct our audits. We used the control framework published by CPA Canada to make our judgments about the effectiveness of the health authorities' 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.

4.0 KEY FINDINGS AND RECOMMENDATIONS

This section set out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 31, 2017, and the health authority's actions up to that date.

Figure 2 shows all outstanding recommendations and the health authority the recommendation was made to. The Saskatchewan Health Authority is to assume responsibility for health authorities in 2017. Therefore, we have redirected all outstanding recommendations to the Saskatchewan Health Authority.

Figure 2—Compilation of Outstanding Matters at March 31, 2017, by Regional Health Authority

Regional Health Authority	Comply with purchasing policies (Section 4.1)	Internal Audit Function Needed (section 4.2)	Approval of Staff Overtime (section 4.3)	Agreements with Healthcare Organizations (section 4.4)	IT controls (section 4.5)	Up-to-Date and Tested Disaster Recovery Plan (section 4.6)
Cypress						
Five Hills						
Heartland						
Kelsey Trail						
Keewatin Yatthé				X		
Mamawetan Churchill River			X		X	X
Prairie North						
Prince Albert Parkland						
Regina Qu'Appelle	X	X			X	X
Saskatoon						
Sun Country						
Sunrise						

Shaded cells reflect a matter with a new recommendation.

4.1 Comply with Purchasing Policies—Regina Qu'Appelle

Regina Qu'Appelle was not always following established policies and procedures when purchasing goods and services.

Regina Qu'Appelle's policies and procedures provide staff with guidance on purchasing goods and services. Signing authority was assigned to individual staff based on their role.

For example, directors can approve purchases up to $100,000. While Regina Qu'Appelle does most purchasing centrally, it allows three areas to do their own.

In March 2017, management identified purchases inappropriately approved by individuals that have signing authority of up to $100,000. These purchases were within one of the three non-centralized purchasing areas.

We reviewed all purchases over $100,000 within this area. We found nine instances where individuals inappropriately approved purchases totalling $2.1 million. One of these purchases was over $350,000. We found the independent review of each of these planned purchases did not occur as required.

Regina Qu'Appelle must ensure all employees involved in purchasing understand established purchasing policies and the importance of following them. In addition, Regina Qu'Appelle staff must consistently review planned purchases, as and when expected, so that only needed items are purchased.

1. **We recommend that the Saskatchewan Health Authority's non-centralized purchasing areas, if any, comply with its purchasing policies.**

4.2 Internal Audit Function Needed—Regina Qu'Appelle

We recommended that the Saskatchewan Health Authority (formerly Regina Qu'Appelle) implement an internal audit function. (2008 Report – Volume 3; Public Accounts Committee agreement December 8, 2008)

Status – Not Implemented

An internal audit function provides value to the Board and senior management of large entities operating in multiple locations like health authorities.

In 2016-17, Regina Qu'Appelle started the hiring process (e.g., developing a job description) for the internal audit function. In March 2017, Regina Qu'Appelle decided not to pursue establishing the internal audit function because of the Government's decision to move to a single health authority—the Saskatchewan Health Authority.

Effective internal audit functions can be set up in various ways (e.g., centralized or distributed in-house teams, co-sourced with external providers). The role of the function can also vary from assisting on risk identification and management; assessing compliance with established processes and policies and providing assurance and expertise in project management, IT projects, contract management, etc.

4.3 Approve Overtime Costs—Mamawetan Churchill River

We recommended that the Saskatchewan Health Authority (formerly Mamawetan Churchill River) 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 – Partially Implemented

Mamawetan Churchill River made progress with establishing a process to control overtime costs resulting from calling staff back to work. At March 2017, management was approving payroll but did not have evidence that timesheets related to call-back[2] expenses were approved prior to processing payroll and making payment.

Not reviewing timesheets prior to making payments could result in system errors or improprieties in payroll without detection.

4.4 Sign Contracts with Healthcare Organizations—Keewatin Yatthé

We recommended that the Saskatchewan Health Authority (formerly Keewatin Yatthé) comply with **The Regional Health Services Act** *when providing funding to healthcare organizations.* (2013 Report – Volume 2; Public Accounts Committee agreement March 26, 2014)

Status – Not Implemented

In 2016-17, Keewatin Yatthé provided $140,000 to a healthcare organization without a written agreement.

The Regional Health Services Act does not allow regional health authorities to provide funding to healthcare organizations without written agreements. Accordingly, Keewatin Yatthé did not comply with the Act.

4.5 IT Controls Need Strengthening—Regina Qu'Appelle and Mamawetan Churchill River

We recommended that the Saskatchewan Health Authority (formerly Regina Qu'Appelle) follow its established procedure for removing unneeded user access to its computer systems and data. (2015 Report – Volume 2; Public Accounts Committee has not yet considered this recommendation)

Status – Partially Implemented

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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.

Regina Qu'Appelle does not always follow established procedures and remove unneeded IT user access promptly.

Regina Qu'Appelle requires managers to notify the payroll department within five days of an employee's termination to remove them from the scheduling and time management system. When the payroll department removes an employee from this system, it automatically notifies the IT department to remove that individual's network access.

For 5 out of 47 individuals examined, Regina Qu'Appelle management did not request within the expected 5 days the removal of unneeded access to the scheduling and time management system. For these individuals, removal requests ranged from 6 to 47 working days after the employees' last day of work. As a result, these individuals continued to have access to the IT network during this period.

Delays in removing unneeded access mean staff continue to have access to data they should no longer be able to access or change.

> **We recommended that the Saskatchewan Health Authority (formerly Mamawetan Churchill River) 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 does not have formalized procedures for making changes to IT systems. This increases the risk of unapproved changes being made.

Also, staff at Mamawetan with network access are using generic accounts. This makes it difficult to determine accountability for actions taken with these accounts and determine staff that may have accessed data they should not have.

4.6 Working with eHealth to Establish Disaster Recovery Plans—Regina Qu'Appelle and Mamawetan Churchill River

> **We recommended that the Saskatchewan Health Authority (formerly Regina Qu'Appelle and Mamawetan Churchill River) 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 (Regina Qu'Appelle);
> Not Implemented (Mamawetan Churchill River)

At March 31, 2017, Regina Qu'Appelle and Mamawetan Churchill River did not have complete and tested disaster recovery plans.

Regina Qu'Appelle had not formally documented its requirements for how long each of its critical IT systems (e.g., accounting, staff scheduling, patient registry systems) can be off-line, and how it plans to restore its critical IT systems and data in the event of a disaster.

During 2016-17, Regina Qu'Appelle engaged a third party to identify significant business impacts of potential failures of critical IT systems that support hospital and healthcare operations.

Mamawetan had not drafted or tested a disaster recovery plan but indicated it plans to address this once the Saskatchewan Health Authority moves to a provincial IT data centre.

eHealth is the current IT service provider for Mamawetan and provides some IT services to Regina Qu'Appelle. eHealth is to become the IT service provider for the Saskatchewan Health Authority. At March 31, 2017, eHealth created detailed recovery plans for 4 of 39 critical IT systems. eHealth tested recovery of one of these IT systems and planned to continue testing the remaining IT systems in 2017-18.

Without an up-to-date and tested disaster recovery plan, there is increased risk that critical IT systems and data, such as lab systems, may not be available when needed.